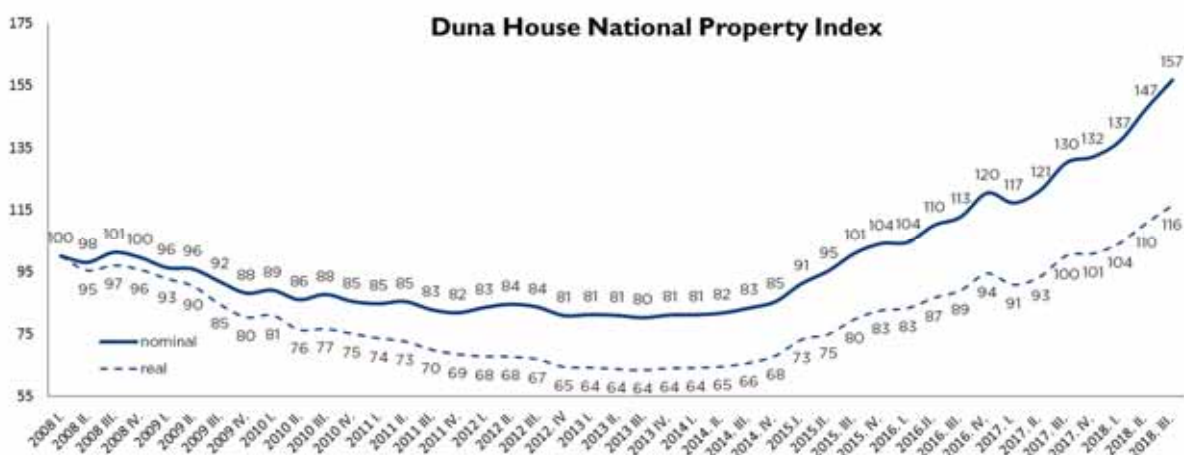


## Duna House: property market in 2018

### 2019 remains strong on the property market

Budapest, December 3, 2018 – This year has presented plenty of changes on the property market; in addition to government incentives, stabilizing housing loan market tendencies, and the boom on the newly-built segment have all greatly affected both supply and demand. On countrywide level, the volume of expansion reached two digits, in cases exceeding 20% in Budapest, and presenting a 9-12% growth on regional level. Duna House expects further expansion on the property market in 2019, bringing along rising in the prices and turnover, as well as the growth of the mortgage market.

In early 2017 Duna House forecasted a 10% price increase for 2018, which seems to be confirmed. The countrywide average was 11.8%, with Budapest and other regions, as well as the different property types showing significant differences.



*“2018 was forming in accordance with our expectations, with both the prices and transaction numbers presenting significant increase. This year’s turnover volume will most likely exceed last year’s record, as data for the January-November period is 3% stronger than in the previous year” – told us Károly Benedikt, Head of Analysis in Duna House. “Panel flat prices are getting closer and closer to used brick prices every year, with data for outside the capital indicating even nearly same square meter price levels for both types. In Budapest, brick flats are 24.8% more expensive than panel flats, a difference that was a higher 28% last year” – added the analysis expert.*

### **Growing activity in 2019**

According to Duna House analysts the market will be active next year as well. The continuously growing tendency of transaction numbers is expected to remain; therefore the volume of sales and purchases is foreseen to be between 160-180 thousand – a result greatly affected by the project closings on the newly-built market. Duna House experts calculate with 15-20 thousand

new flats on the market. In means of prices, further growth is expected, around a countrywide 8-12% level with higher value in Budapest, around 10-15%. Based on the analysis, the volume of new housing loans may reach a 20-30% expansion. *“Based on residential market specialties and economic market indicators we expect further growth on the Hungarian residential property market, which will be seen in the prices and transaction volume too”* – summarized the forecast Mr. Benedikt.

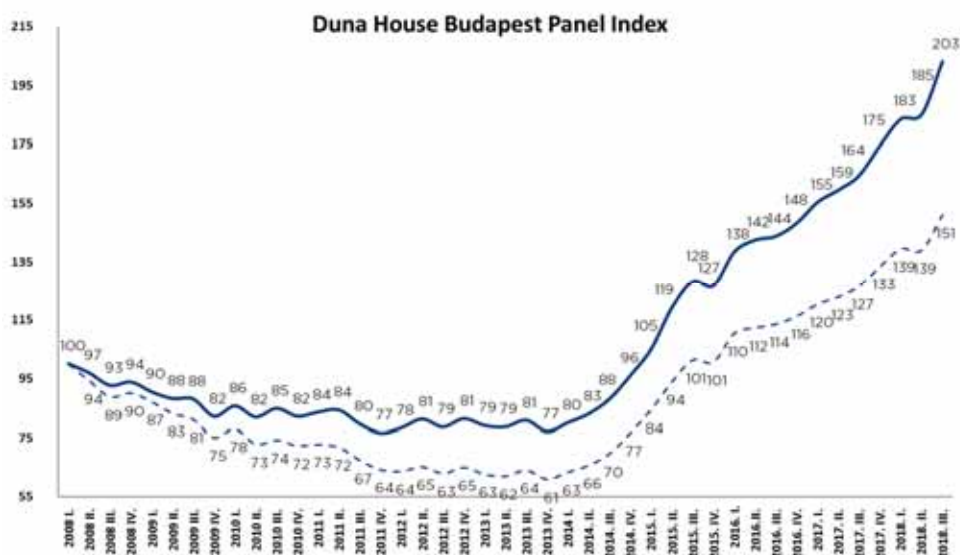
### **2018 prices and transaction data**

The lowest volume of growth was seen in case of rental fees, with a 4.5% increase in Budapest, and 9% on regional level. In means of prices it accounts for HUF 2.549/m<sup>2</sup> in Budapest, and HUF 1.692 regionally.

Among sold properties, the price of used brick flats shows the least amount of price increase. Following a 14.2% growth in 2018, the average square meter price in Budapest was HUF 553 thousand; while on regional level it ended on HUF 234 thousand as a result of a 7.7% price increase.

The price increase volume of family homes is close to the tendencies of used brick flats, presenting 14.7% in Budapest and 10.7% on regional level. On the contrary, the average square meter price is far behind the price of used brick flats, accounting for HUF 366 thousand in the capital and HUF 147 thousand in the other parts of the country.

The m<sup>2</sup> price increase of panel flats was rather impressive, exceeding 20% in Budapest (21.5%), and also presenting the highest growth volume among different property types outside the capital (12%). This shortened the gap between the price of brick and panel properties; outside Budapest the two types were sold a on a nearly same price level (HUF 232-234 thousand). In Budapest, the average m<sup>2</sup> price of panel flats is way above HUF 400 thousand – we will see the expansion volume competitiveness can take without fallback.



As far as property size is concerned, the 50-60 m<sup>2</sup> properties for sale and rent were the most demanded in 2018. This generally stands for a one living room, one or two bedroom home, ideal for couples or even families with children.

The time needed for the sale of properties also shows a shortening tendency, as panel flats are sold within 2-2.5 months, while brick properties find their new owner in 3-4 months, according to the latest data.

The shortening time need for sale indicates that growing prices pose no real threat to market expansion. Duna House transaction number estimate proves the same, as it presents a sale and purchase transaction volume over 140 thousand up to November 2018. Experts forecasted 160-180 thousand transactions for the full year, and the annual data will most likely be around the bottom value of the estimate. One reason behind the weaker growth is the delay in newly-built projects.

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For more Duna House property market studies and latest publications see the Duna House Barometer:  
<https://dh.hu/barometer>

Press contact:

Károly Benedikt  
Head of Marketing and PR  
+36-(30) 811-0690  
[benedikt.karoly@dh.hu](mailto:benedikt.karoly@dh.hu)