

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

97. ISSUE

2019. JULY



DHS
BÉT
**PRIME
MARKET**

Listed on the Prime Market of
the Budapest Stock Exchange

PRIVACY POLICY

Statistical information and estimates published in the Duna House Barometer are the intellectual property of Duna House Franchise Ltd. Statistical information and estimates presented in the Duna House Barometer are for information purposes only, for the complexity and accuracy of which Duna House Holding does not take responsibility.

Statistical information and estimates published in the Duna House Barometer can be used for individual purposes and responsibility by any person with reference to the following conditions:

- Statistical information and estimates published in the Duna House Barometer must remain unchanged when presented.
- Statistical information and estimates presented in the Duna House Barometer must be published only with exact source indication: words "Source: Duna House Barometer" must be indicated right prior or following the text. If in context, it must directly refer to Duna House Barometer as source.

Any use other than the above will imply legal juridical measures. Duna House is entitled to claim the termination of misuse and refund of the entire damage caused. In case of breaching regulations of link posting Duna House is entitled to instantly remove the link pointing to the webpage and claim the refund of its damages.

FORTHCOMING ISSUES

Date of issue	Content
September 12, 2019.	August data
October 12, 2019.	2019. Q3 data (including price indexes and housing loan data)
November 12, 2019.	October data

Duna House Barometer is available from the 12th day of each month (forthcoming weekday if weekend) on the webpage: www.dh.hu/barometer

If you wish to receive Duna House Real Estate Barometer or download previous issues visit our webpage: www.dh.hu

GENERAL INFORMATION CONCERNING THE CONTENT OF THE PRESENT PUBLICATION

Attention! The present publication must not serve as grounds for estimating, or making conclusions in relation of Duna House business profitability.

All data, information, estimates and professional statements presented in the publication are developed based on data gained from the activities of Duna House Holding members, or in some cases are based on subjective experience. Application of those for the entire Hungarian property market may require additional corrections. Data sources – unless indicated differently at the given section – derive from the database operated by Duna House Holding, the content of which is compiled by members of the network upon their individual judgement and information gained from clients. The operator does not take responsibility for the comprehensiveness of the data. Data presented in the present publication is mainly based on parameters of property transactions in major Hungarian cities given by Duna House branch offices and agents.



CONTENT:

- 2.** Privacy Policy, Forthcoming issues
- 4.** Executive Summary
- 5.** Duna House Transaction Estimate
- 6.** Transaction parameters in Budapest
- 7.** Transaction parameters regionally
- 8.** Residential Flat data
- 9.** Demand Index and Interest toward the districts
- 10.** Quality preference and Transaction time
- 11.** Client profile: buyers
- 12.** Client profile: sellers

EXECUTIVE SUMMARY

Following the June bottom point, property market has begun its recovery, although still somewhat behind last year's values in transaction numbers and buyers' interest. Prices reacted fastest for the growing market expectations, continuing to present a two-figure increase in all segments. Increase in the time need for sale, as well as fallback in investment purpose acquisition also indicate a hesitating market. Duna House believes the months to come will show whether these weaker indicators are a temporary slowdown or the very first signs of a market trend switch.

In Budapest, proportion of investors has decreased by 5% to 39%, which may also be connected to the launch of the Hungarian Government Security Plus. Number of "first home buyers" supported by family aid measures has not increased during the first months, as they still represent 21% on the market.

In Buda, 27% of properties were sold for above 900.000 HUF per one square meter, indicating a 23% increase since 2018. Square meter prices are less outstanding on the Pest side where most properties are sold in the 500-600.000 HUF/m² price range.

Values outside Central-Hungary are significantly behind the capital, including Pest County. While 20% of properties in the central part were sold for over 600.000 HUF/m², the same price range accounts for only 2% outside the central region.

Average square meter price on regional level in case of the two main flat types has exceeded 300.000 HUF. In Budapest it was above 500.000 HUF in case of panel flats and over 600.000 HUF for brick flats. Lowest measured price increase in comparison with the previous year was 12%.

In line with growing prices the time need for sale has also increased, i.e. sellers should calculate with a few weeks' longer time. Depending on the type and location of the properties, average time now is 2-4 months, with Inner City of Budapest requiring still the longest time.

Further information

Károly Benedikt • Head of PR and analysis

+36 30 811 0690

benedikt.karoly@dh.hu

Duna House Holding Nyrt.

H-1016 Budapest Gellérthegy str. 17.

+36 1 555 2222

www.dh.hu



3 INTERESTING FACTS:

28% of flats in Budawas sold for more than **70 Million HUF**.

On countrywide level, the final price of a property is **4-7% lower** than the original selling price.

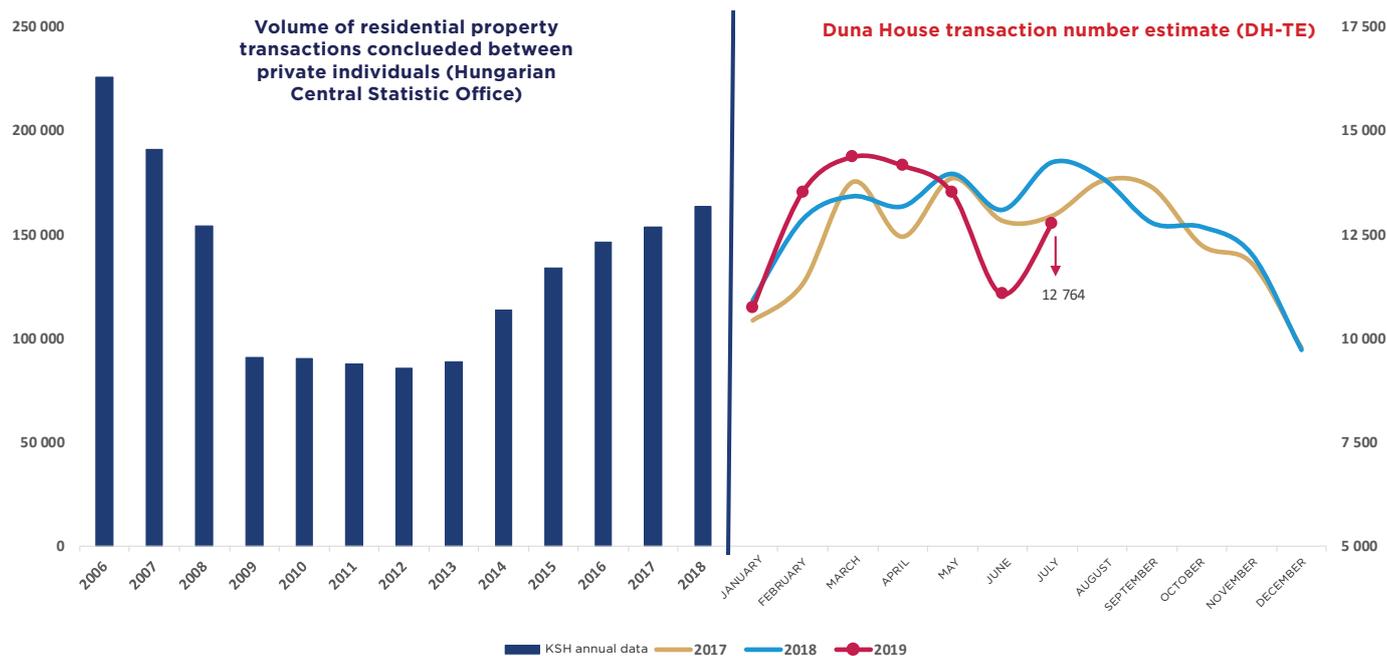
Buyers moving into a bigger home have spent **50 Million HUF** in Budapest on average.



TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

Following a bottom point in June, Duna House measured a 15% growth on the Hungarian residential property market since last month. This July's value is still behind last year's record numbers, indicating a 10% lower transaction volume. Duna House believes the months to come will show whether these weaker indicators are a temporary slowdown (due to residential expectations for example) or the very first signs of a market trend switch.



Attention! After analyzing market data and trends we have updated and refined DHTE methodology and calculations, resulting in a one-time retroactive correction of this year's data. Both the upper figure and table below show updated values, based on the refined methodology. Data from previous years are not affected.

The below table shows monthly transaction volume estimates by Duna House, prepared in the current month.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
2017	10 444	11 317	13 762	12 452	13 855	12 836	12 951	13 787	13 639	12 246	11 820	9 787
2018	10 918	12 869	13 426	13 180	13 967	13 098	14 246	13 869	12 787	12 689	12 033	9 721
2019	10 741	13 532	14 373	14 166	13 512	11 069	12 764					



Methodology behind DH-TE: Regardless of the time, the most important indicator of the real estate market is the yearly sale-purchase transaction number. DH-TE is an estimate published by Duna House showing interim approximate data. The estimate is based on monthly transaction number of property brokered by Duna House and the estimated market ratio of Duna House. The estimate of the actual monthly market ratio of Duna House is based on the following indicators: 1. data published by the Hungarian Central Statistical Office on transactions among private individuals Since the Statistical Office publishes data with a months' delay, the correction of market ratio can be carried out retroactively with refining of the estimate as well. Attention! After 2016 and by the newly built flat boom, pre-contracted transactions are visible in the statistics of the Statistical Office with a delay of several months, even 1-2 years, only following the tariff of the capital transfer tax, resulting in anomalies in the statistics. 2. Amount of issued Energy certificates. 3. Subjective assessment based on other management information from the Duna House Holding.

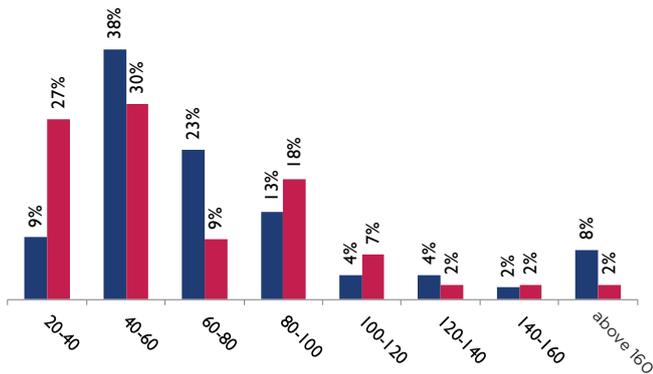
Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

TRANSACTION PARAMETERS IN BUDAPEST

Although proportion of 40-60 m² size properties has decreased since last year, it still remains the most demanded type in Budapest. Smaller flats are similarly popular, while the proportion of bigger size flats is low. In Buda, 27% of properties were sold for more than 900.000 HUF/m², while the same price accounted for 9% in Pest in July. Next to this price level it is no surprise that 28% of properties in Buda cost over 70 Million HUF. In Pest, most buyers acquired properties in the 20-25 Million HUF price range.

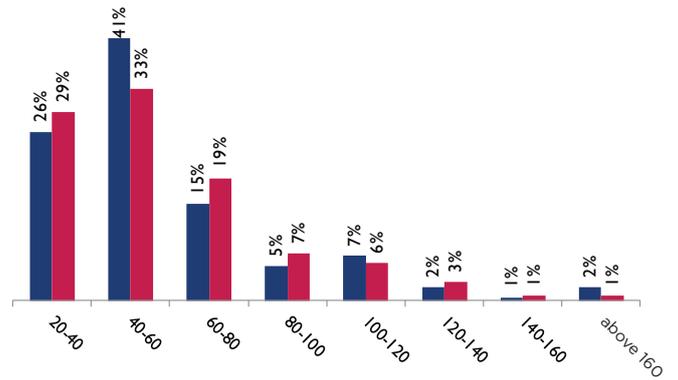
BUDA

Size (m²)



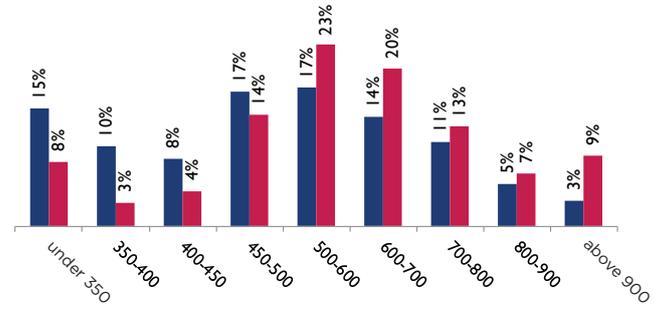
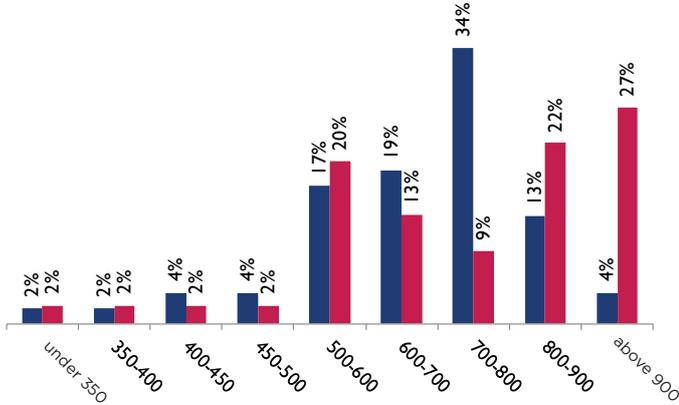
PEST

Size (m²)



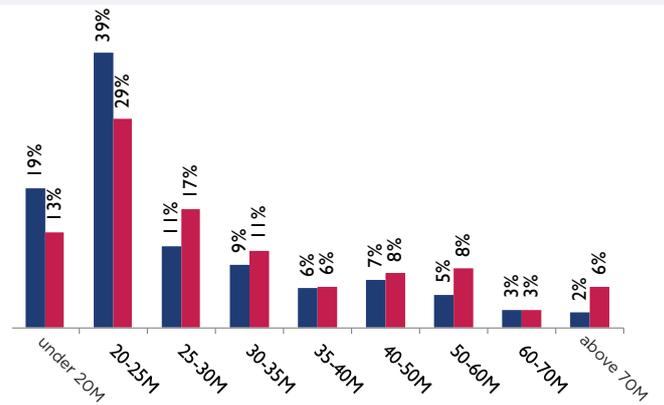
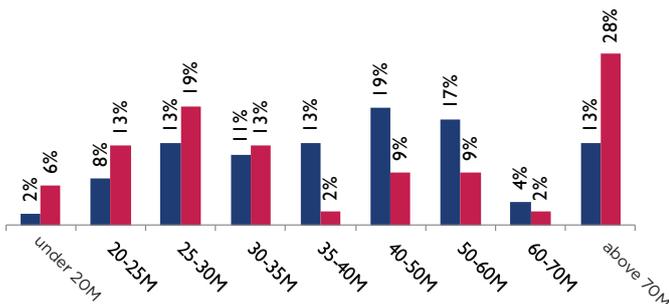
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ July 2018.
■ July 2019.

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

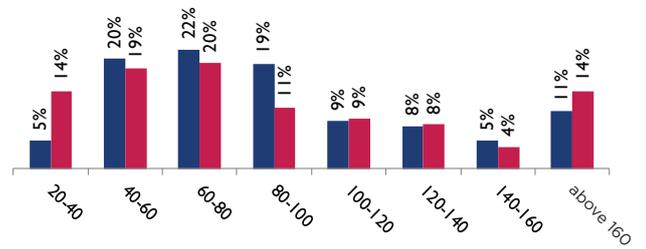
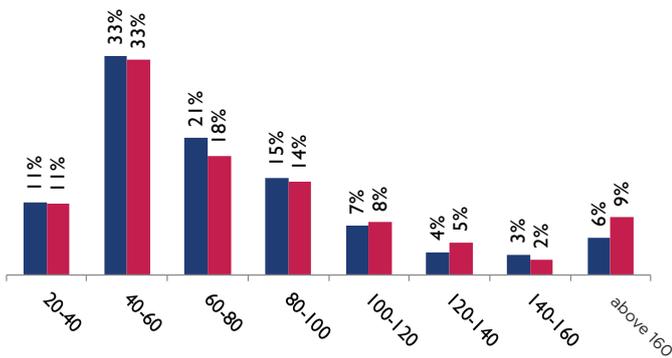
On regional level, majority looked for medium and bigger size properties, with the fact that in Pest County the proportion of the 20-40 m² size range has increased significantly. Average square meter prices have clearly moved toward higher categories, still, 50% of properties are sold for less than 250.000 HUF/m² outside the central region. Prices are in a constant rise outside the capital too; in Pest County 27% of properties were sold for more than 40 Million HUF in the last month.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

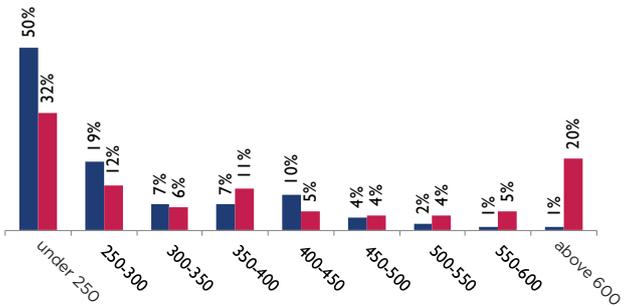
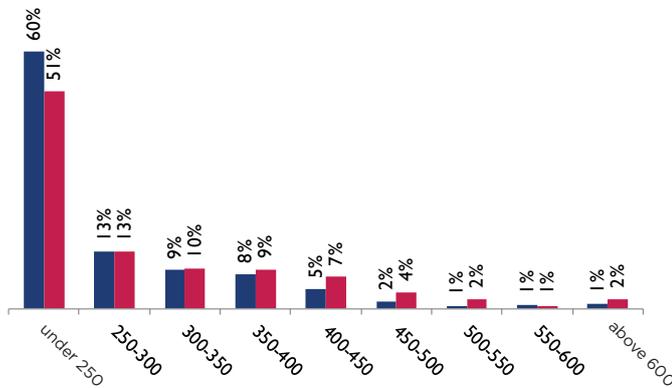
Size (m²)

Size (m²)



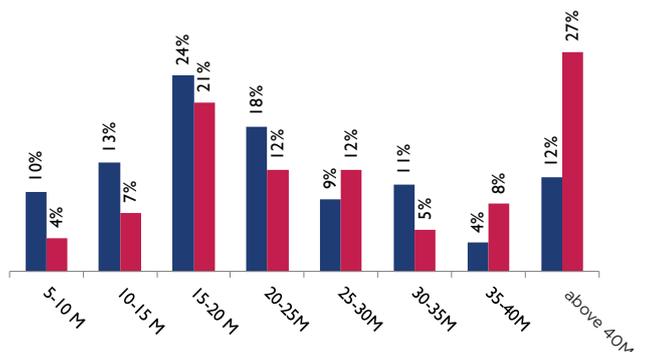
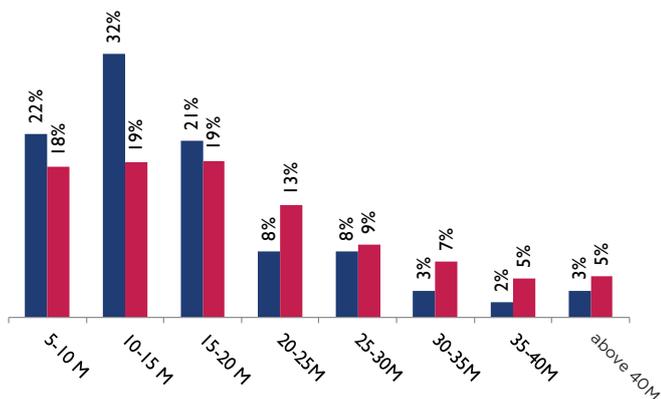
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ July 2018.
■ July 2019.

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

On regional level, the average square meter price has increased by 12-39% depending on the location and type of property. We see the highest price increase in case of panel flats in East-Hungary. Lowest price increase in case of brick properties is in the western part. Average price in all cases exceeds 300.000 HUF/m², getting closer to 400.000 HUF in the East. Level of price decrease has basically not changed since last year.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
July 2018.	14 119 000	267 000	1%	4%	13 300 000	255 000	1%	4%
July 2019.	19 742 000	370 000	1%	3%	17 627 000	324 000	2%	3%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
July 2018.	15 530 000	305 000	2%	5%	14 029 000	271 000	1%	6%
July 2019.	21 233 000	370 000	2%	2%	16 602 000	304 000	4%	3%

Price increase hasn't stopped in the capital either, as we see 17-22% higher prices on the property market now than last July. Price of panel flats exceeds 500.000 HUF/m² on both sides of the Danube, while in case of brick flats we can calculate with average 609-852.000 HUF/m².

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
July 2018.	25 725 000	478 000	3%	5%	21 363 000	416 000	1%	2%
July 2019.	27 262 500	557 000	1%	4%	26 803 000	503 000	1%	3%

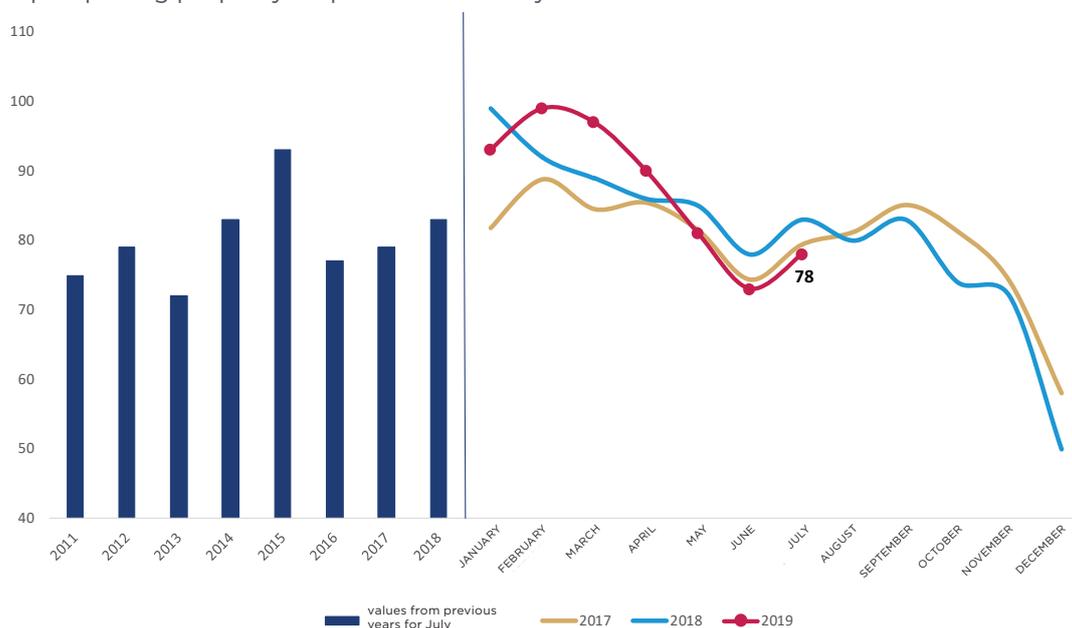
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
July 2018.	49 467 000	700 000	2%	4%	27 288 000	522 000	1%	4%	41 519 000	673 000	3%	6%
July 2019.	50 864 000	852 000	3%	4%	32 332 000	609 000	2%	3%	48 828 000	802 000	3%	4%

Based on purchase prices of the given period of properties brokered by Duna House.

Methodology: Change in the listing price is the difference between the first price indicated by the seller in the Duna House assignment and the last registered price at the time of the appearance of the buyer. Bargain shows additional changes in the price agreed upon by the seller and buyer. The two indicators together give a good picture of the difference in price between the original idea of the seller and the actual final price

BUYERS - DEMAND INDEX

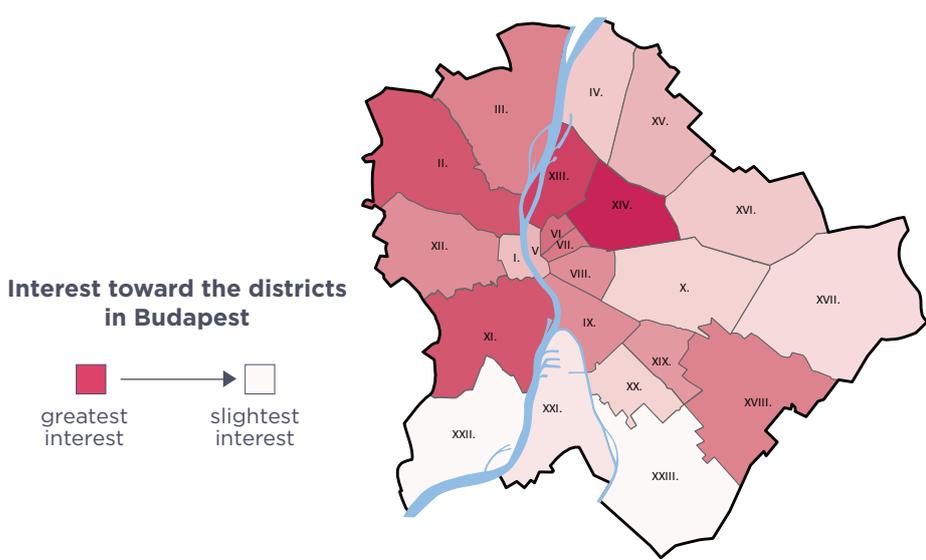
Demand has somewhat grown after the June bottom point, but it is still behind the values of previous years. In line with annual trends we can expect further decrease, as towards the end of the year and the holiday season, many tend to decide postponing property acquisition for next year.



Methodology behind Demand Index: The basis of the estimate is the activity registered by our agents in various, mainly major cities and Duna House offices. Corrections are made depending on the number of active agents and working days. The Demand Index is an important indication of buyer side's reactions to political decision or solutions offered by the financial sector. Demand Index is a quantitative indicator which has no direct connection with the realized or future transaction numbers. The latter is a qualitative issue highly affected by market environment and available financial product.

INTEREST TOWARD THE DISTRICTS

District 14. was the most popular location in Budapest in July, with 15.8% of potential buyers voting for it. District 13 is still demanded, with Buda districts also on top of the list.



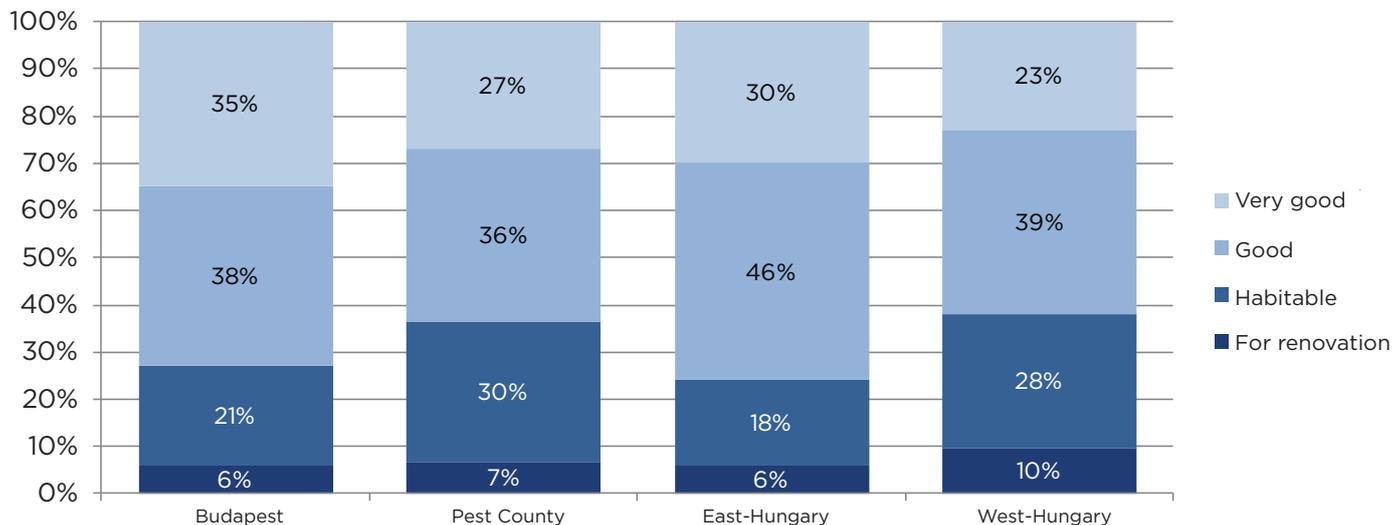
DISTRICT	2018. JULY	2019. JULY
Budapest 01. ker.	9,2%	7,6%
Budapest 02. ker.	15,6%	13,5%
Budapest 03. ker.	11,8%	11,4%
Budapest 04. ker.	8,3%	6,9%
Budapest 05. ker.	10,8%	8,5%
Budapest 06. ker.	17,0%	12,3%
Budapest 07. ker.	17,1%	12,1%
Budapest 08. ker.	12,9%	11,0%
Budapest 09. ker.	13,9%	10,5%
Budapest 10. ker.	6,4%	6,2%
Budapest 11. ker.	15,3%	13,8%
Budapest 12. ker.	11,5%	10,4%
Budapest 13. ker.	20,4%	14,6%
Budapest 14. ker.	15,3%	15,8%
Budapest 15. ker.	6,9%	8,0%
Budapest 16. ker.	6,2%	7,0%
Budapest 17. ker.	4,4%	5,6%
Budapest 18. ker.	10,5%	11,2%
Budapest 19. ker.	9,5%	10,1%
Budapest 20. ker.	7,2%	6,5%
Budapest 21. ker.	4,7%	5,0%
Budapest 22. ker.	3,6%	3,7%
Budapest 23. ker.	2,4%	3,1%

Methodology: Our clients with purchasing aims indicate their preferences of districts (more at the same time) when meeting with our agents. The above preference map is put together based on this information.

Data is assessed based on real estate sold by Duna House. Territorial distribution of transactions brokered by Duna House may differ from the territorial distribution of the market in whole. Duna House Holding carries out its real estate agency activities mainly in Budapest and major cities. Duna House Holding does not make corrections in relation of the territorial distribution of own and market transactions.

QUALITY PREFERENCE

Very good and good quality properties are, similarly to previous months, well-demanded. Lack of skilled labor and instable prices in the building sector stop many from major renovation, therefore lower quality properties are less looked for throughout the country.



TIME NEED OF SALE

Time need for sale has become a few weeks longer in July in comparison with the same period of last year. In case of panel flats it means 52-82 days, while the average time in case of brick flats is 77-108 days.

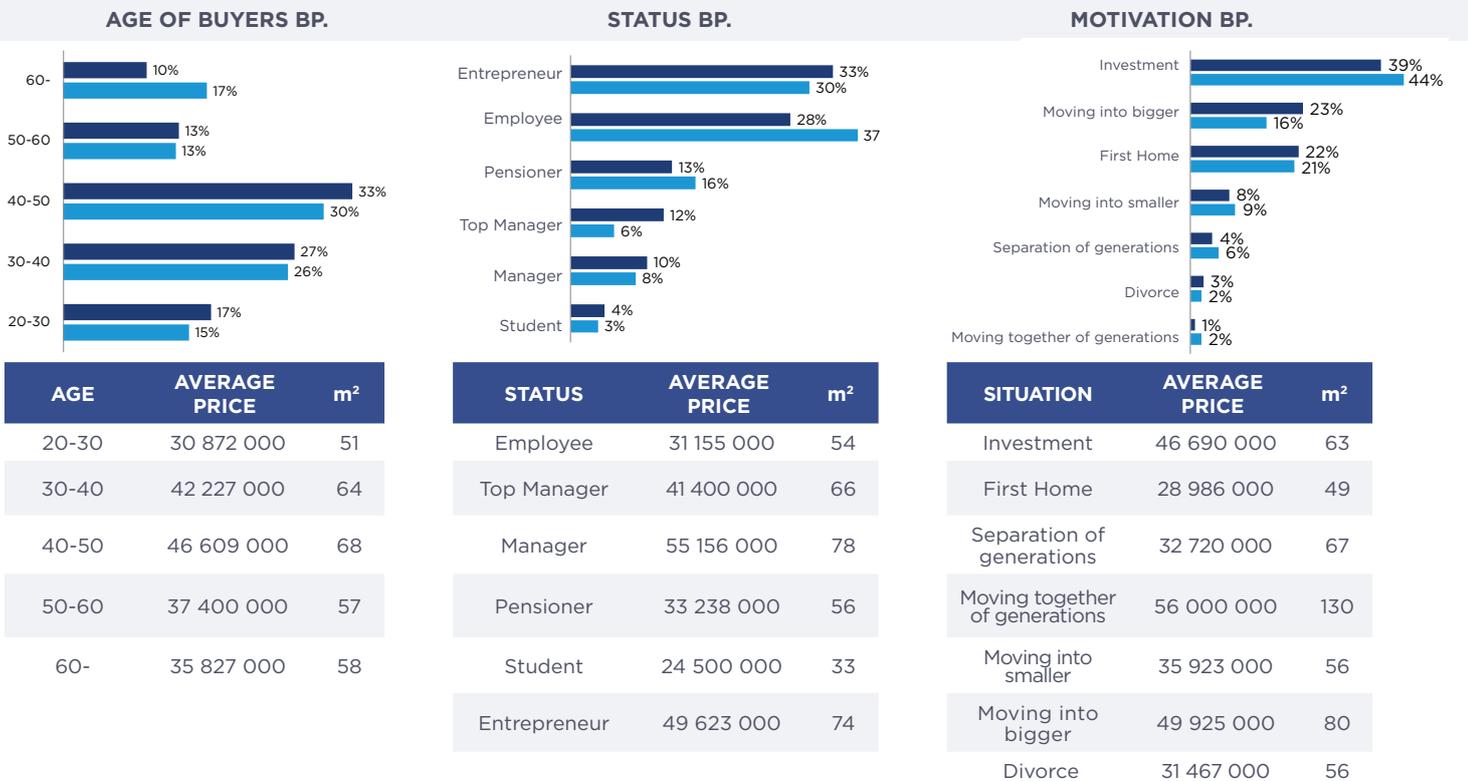
PANEL				
Time need of sale/day				
	East	West	Buda	Pest
July 2018.	67	59	64	55
July 2019.	52	70	82	70

BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
July 2018.	101	113	106	107	107
July 2019.	77	86	98	91	108

Data is assessed based on real estate sold by Duna House. Territorial distribution of transactions brokered by Duna House may differ from the territorial distribution of the market in whole. Duna House Holding carries out its real estate agency activities mainly in Budapest and major cities. Duna House Holding does not make corrections in relation of the territorial distribution of own and market transactions.

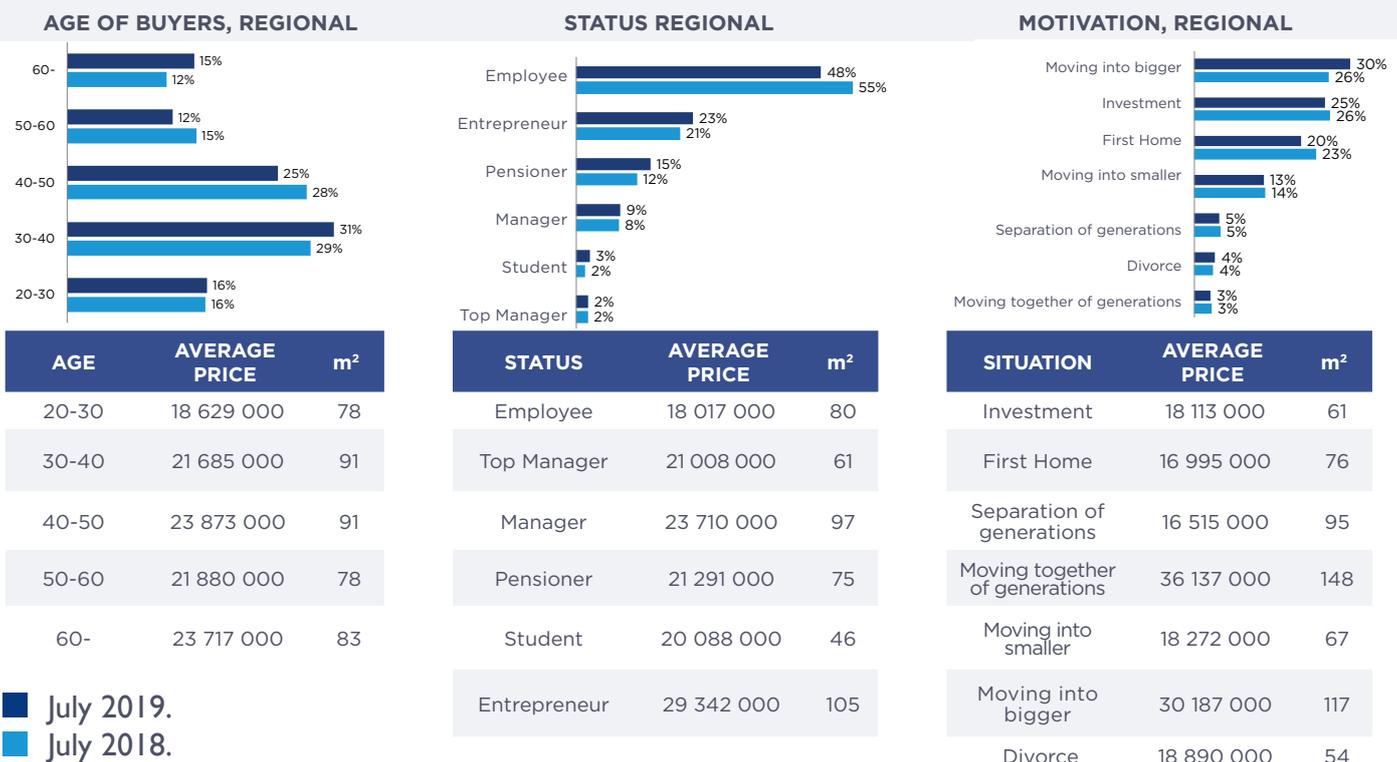
BUYER'S PROFILE BUDAPEST

33% of buyers in Budapest was in the 40-50 age group, spending 46.6 Million HUF on average on the chosen property. Proportion of entrepreneurs was nearly the same, paying 50 Million HUF on average. The main reason behind the acquisition is still investment, but with its proportion falling below 40% in July. Average price of these properties nearly reached 47 Million HUF. Next to investors, those moving into bigger property and clients acquiring their first home were also significantly represented.



BUYER'S PROFILE ON REGIONAL LEVEL

On regional level, a younger age group represented itself in the highest ratio – the 30-40 age group, spending 21.7 Million HUF on average. Employees accounted for the highest part of buyers in July, but their proportion decreased since last year. Investment on countrywide level is only the 2nd most important reason, more clients moved to bigger property, spending 30 Million HUF on average.



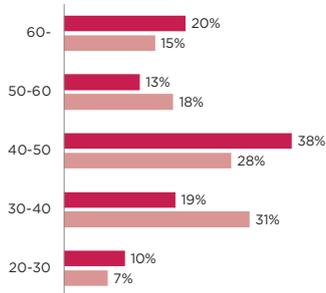
■ July 2019.
■ July 2018.

Based on the methodology, investment purpose acquisitions include every property transaction, which is regarded as investment by the buyer, i.e. it is not a strictly business approach qualification. Thus, the category includes family investments, or short time investments targeting properties for renovation, sold following the renovation. The latter case has a positive effect on the preservation of property, being a rather useful activity in the present building industry and property market environment. Data presented above relating age, status and reason of purchase have been acquired through the voluntary declaration of our clients. They qualify as sampling and are regarded as estimated values.

SELLER'S PROFILE BUDAPEST

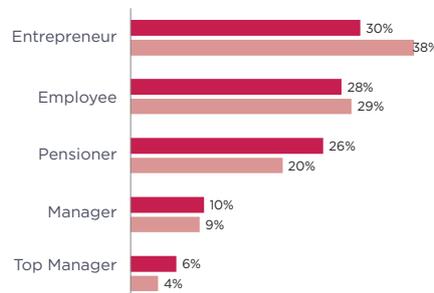
Majority of sellers in Budapest was in the 40-50 age group, receiving nearly 42 Million HUF for their property. Characteristically sellers were entrepreneurs and employees. Leading reason behind the sale was moving into bigger property (49%), with the selling of inherited property being 2nd showing much lower presence.

AGE OF SELLERS BP.



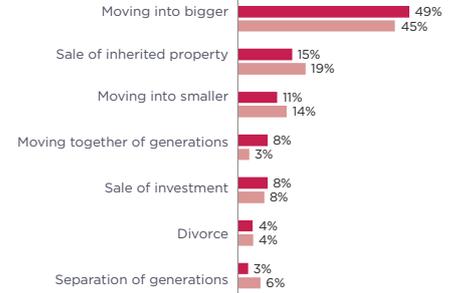
AGE	AVERAGE PRICE	m ²
20-30	36 146 000	60
30-40	46 178 000	63
40-50	41 848 000	66
50-60	36 097 000	57
60-	38 882 000	58

STATUS BP.



STATUS	AVERAGE PRICE	m ²
Employee	36 353 000	58
Top Manager	55 400 000	80
Manager	40 207 000	57
Pensioner	32 210 000	55
Entrepreneur	52 550 000	72

MOTIVATION BP.

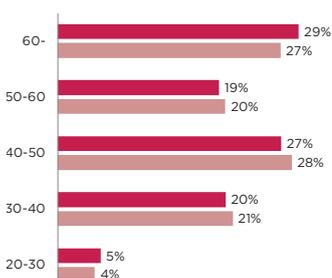


SITUATION	AVERAGE PRICE	m ²
Sale of investment	27 608 000	52
Separation of generations	51 250 000	80
Moving together of generations	31 317 000	51
Moving into smaller	43 850 000	64
Moving into bigger	35 976 000	57
Sale of inherited property	30 546 000	48
Divorce	46 367 000	92

SELLER'S PROFILE ON REGIONAL LEVEL

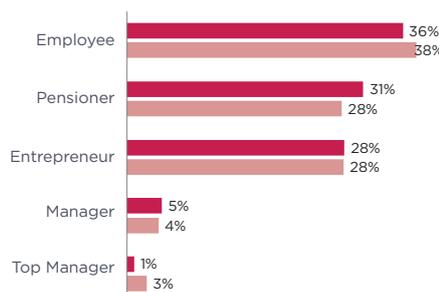
On regional level, age groups show a mixed picture, as most were in the 60+ age group, with nearly the same ratio of the 40-50 age group. 36% of sellers were employees. Leading reason behind the sale was moving into bigger property likewise, but moving into smaller property finished 2nd, with the selling of inherited property being only the third reason.

AGE OF SELLERS, REGIONAL



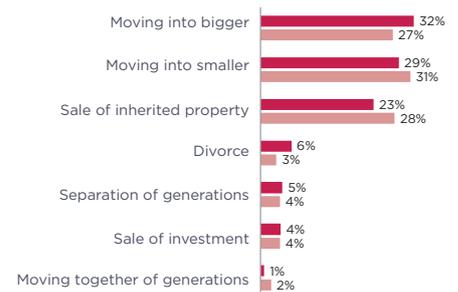
AGE	AVERAGE PRICE	m ²
20-30	20 602 000	71
30-40	21 803 000	76
40-50	25 271 000	86
50-60	24 940 000	98
60-	17 517 000	88

STATUS REGIONAL



STATUS	AVERAGE PRICE	m ²
Employee	18 369 000	79
Top Manager	30 634 000	90
Manager	22 686 000	82
Pensioner	16 317 000	89
Entrepreneur	31 361 000	88

MOTIVATION, REGIONAL



SITUATION	AVERAGE PRICE	m ²
Sale of investment	24 772 000	81
Separation of generations	37 004 000	110
Moving together of generations	16 225 000	71
Moving into smaller	25 979 000	116
Moving into bigger	20 958 000	66
Sale of inherited property	12 718 000	82
Divorce	21 419 000	113

■ July 2019.
■ July 2018.