# MARKETBEAT
# HUNGARY
## INDUSTRIAL Q4 2024

### MARKET FUNDAMENTALS

| | YOY Chg | 12-Month Forecast |
|---|---|---|
| **7.6%** Vacancy Rate | — | ▲ |
| **€5.7** Prime Rent, Sq m/month | ▼ | — |
| **7.00%** Prime Yield | ▲ | ▼ |

*(Overall, All Property Classes, as of 31 December Source: Cushman & Wakefield, Budapest Research Forum)*

### ECONOMIC INDICATORS

| | YOY Chg | 12-Month Forecast |
|---|---|---|
| **0.7%** GDP real (F) | ▲ | ▲ |
| **4.6%** Unemployment rate | ▲ | ▲ |
| **0.8%** Industrial Production Index* | ▲ | ▲ |

*Annual growth forecast unless otherwise indicated; *Quarterly data*
*Source: Moody's Analytics, 10 January 2024*

### ECONOMY: STRONGER GROWTH EXPECTED FROM H2 2025

Despite the setback in the fall, Hungary's outlook for 2025 remains positive. While industrial production continued to decline year over year, it did so at the slowest pace observed. By the end of Q3, most industrial subsectors began showing signs of growth. Inflation remained stable, with the central bank maintaining the base interest rate at 6.5% for the third consecutive time since halting rate cuts. The unemployment rate peaked at 4.6% in February but has remained resilient through 2024. Moody's Analytics forecasts a 2.6% GDP growth for 2025, driven by the return of global demand and rising consumer confidence, which will likely boost domestic consumption and investment. Industrial production is expected to increase in 2025 with new manufacturing plants, particularly in the automotive sector, beginning operations. While inflation will temporarily rise in Q1 2025, it is expected to decline steadily until 2026, though it will average near the upper limit of the central bank's 4% tolerance band.
Investor interest remained subdued in 2024, continuing the trends from 2023. The primary focus was on smaller industrial assets, although two mid-sized transactions were completed in H1. The total investment volume for industrial properties amounted to €55 million in 2024.

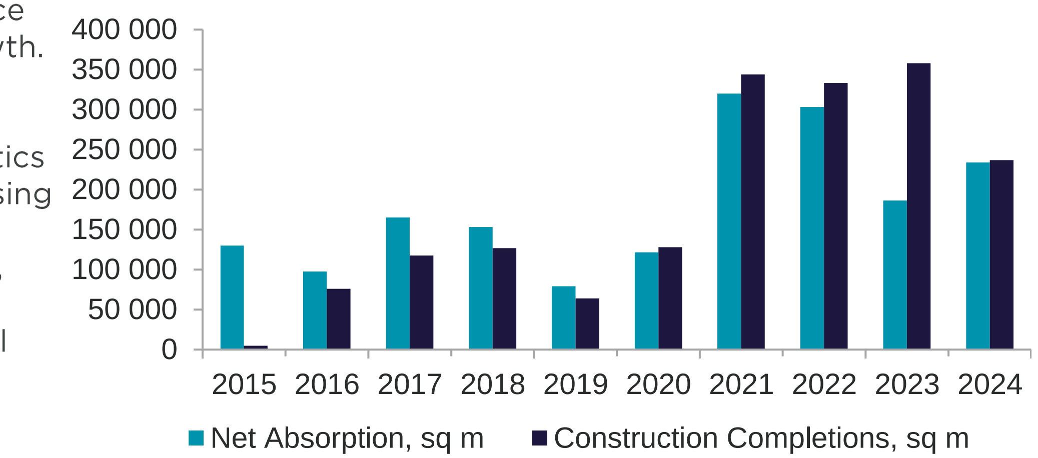
### SUPPLY & DEMAND: ROBUST GROWTH IN INDUSTRIAL STOCK

In line with previous trends, Hungary's industrial stock continued to expand in 2024, growing by 9% compared to the last quarter of 2023. A total of 486,395 sq m of new industrial space was completed in 2024, with 51% of this new space delivered outside of Budapest. Net absorption reached an exceptionally high level, driven by the fact that the majority of new completions in Q4 were already pre-let. As a result, the vacancy rate in Greater Budapest decreased by 166 basis points quarter-on-quarter, reaching 7.9%. In contrast, the countryside experienced a slight increase in vacancy, rising by 20 basis points quarter-on-quarter to 6.8% by the end of the year.
While the growth of industrial stock will continue, it is expected to occur at a slower pace. Currently, 499,325 sq m of industrial space is under construction for 2025 and 2026, with a pre-let rate of 30%. In 2024, gross take-up in Hungary declined by 7% compared to 2023, while net take-up remained stable nationwide and retained its share against renewals. The ratio of pre-leases decreased in 2024, with tenant preferences shifting towards new leases. Notably, demand from manufacturing companies surged, reaching a similar share to logistics companies in 2024.

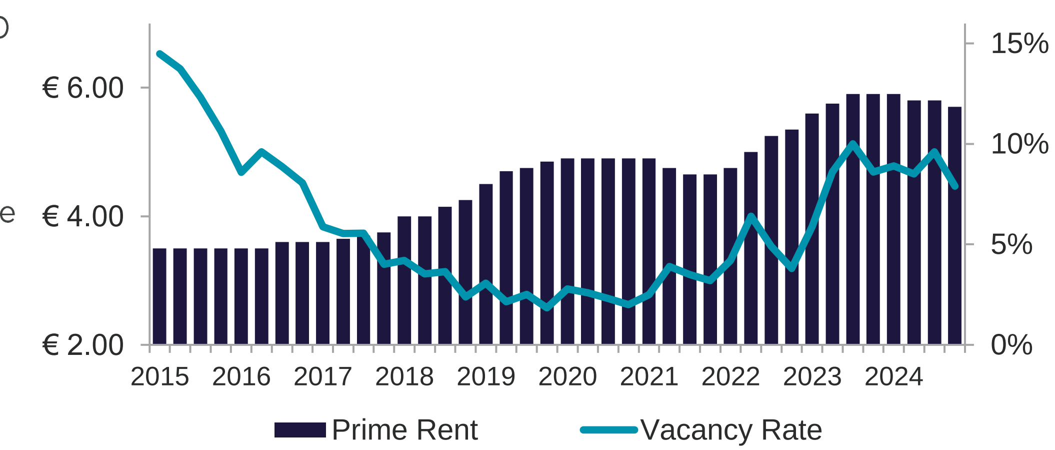
### PRICING: PRESSURE ON RENTS

In Q4, prime rents in Greater Budapest decreased by 10 basis points to €5.70 per sq m, marking a 3.4% year-on-year decline. Market-wide rental rates are facing downward pressure, leading landlords to offer increased incentives, such as rent-free periods and fit-out contributions, to attract and retain tenants.

### GREATER BUDAPEST SPACE DEMAND / DELIVERIES




### GREATER BUDAPEST OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

| SUBMARKET | STOCK (SQ M) | AVAILABILITY (SQ M) | OVERALL VACANCY RATE | CURRENT QUARTER TAKE-UP (SQ M) | YTD TAKE-UP (SQ M) | YTD COMPLETIONS (SQ M) | UNDER CNSTR (SQ M) | PRIME RENT (€/SQ M/MONTH) |
|---|---|---|---|---|---|---|---|---|
| Budapest North | 449,285 | 80,270 | 17.9% | 1,945 | 42,175 | 4,255 | 54,535 | 5.70 |
| Budapest South | 1,336,355 | 80,365 | 6.0% | 120,280 | 183,840 | 120,880 | 59,695 | 5.70 |
| Budapest East | 901,930 | 45,710 | 5.1% | 26,850 | 141,555 | 45,415 | 106,120 | 5.70 |
| Budapest West | 1,068,180 | 91,905 | 8.6% | 76,890 | 247,360 | 66,460 | 97,330 | 5.70 |
| GREATER BUDAPEST TOTAL | 3,755,750 | 298,250 | 7.9% | 225,960 | 614,935 | 237,010 | 317,680 | 5.70 |
| Central Hungary | 22,540 | 17,300 | 76.8% | 0 | 0 | 0 | 0 | 5.70 |
| Central Transdanubia | 501,860 | 41,505 | 8.3% | 59,245 | 82,650 | 73,190 | 10,205 | 5.70 |
| Northern Great Plain | 293,655 | 8,950 | 3.0% | 24,865 | 42,430 | 75,650 | 121,445 | 5.70 |
| Northern Hungary | 245,410 | 31,675 | 12.9% | 0 | 0 | 22,795 | 10,000 | 5.70 |
| Southern Great Plain | 263,535 | 550 | 0.2% | 19,200 | 62,550 | 54,500 | 40,000 | 5.50 |
| Southern Transdanubia | 52,950 | 2,010 | 3.8% | 0 | 0 | 0 | 0 | 5.00 |
| Western Transdanubia | 416,770 | 20,165 | 4.8% | 19,510 | 30,010 | 23,250 | 0 | 5.50 |
| COUNTRYSIDE TOTAL | 1,796,720 | 122,155 | 6.8% | 122,820 | 217,640 | 249,385 | 181,650 | 5.70 |
| **HUNGARY TOTAL** | **5,552,470** | **420,405** | **7.6%** | **348,780** | **832,575** | **486,395** | **499,325** | **5.70** |

*Prime rents reflect prime asking rents €/sq m/month.*

## KEY LEASE TRANSACTIONS Q4 2024

| PROPERTY | SUBMARKET | TENANT | SQ M | TYPE |
|---|---|---|---|---|
| CTPark Tatabánya, TBN5 | Central Transdanubia | Confidential manufacturing company | 35,200 | New |
| Debrecen Déli Gazdasági Övezet – Xanga Park | Northern Great Plain | Confidential | 22,000 | Pre-lease |
| Prologis Park Budapest - Budaörs | Budapest West | Logistics Service provider | 22,200 | Renewal* |
| CTPark Budapest Szigetszentmiklós | Budapest South | Confidential | 20,750 | New |
| Prologis Park Budapest - Gyál | Budapest South | Multi-Customer 3PL | 20,700 | Renewal* |

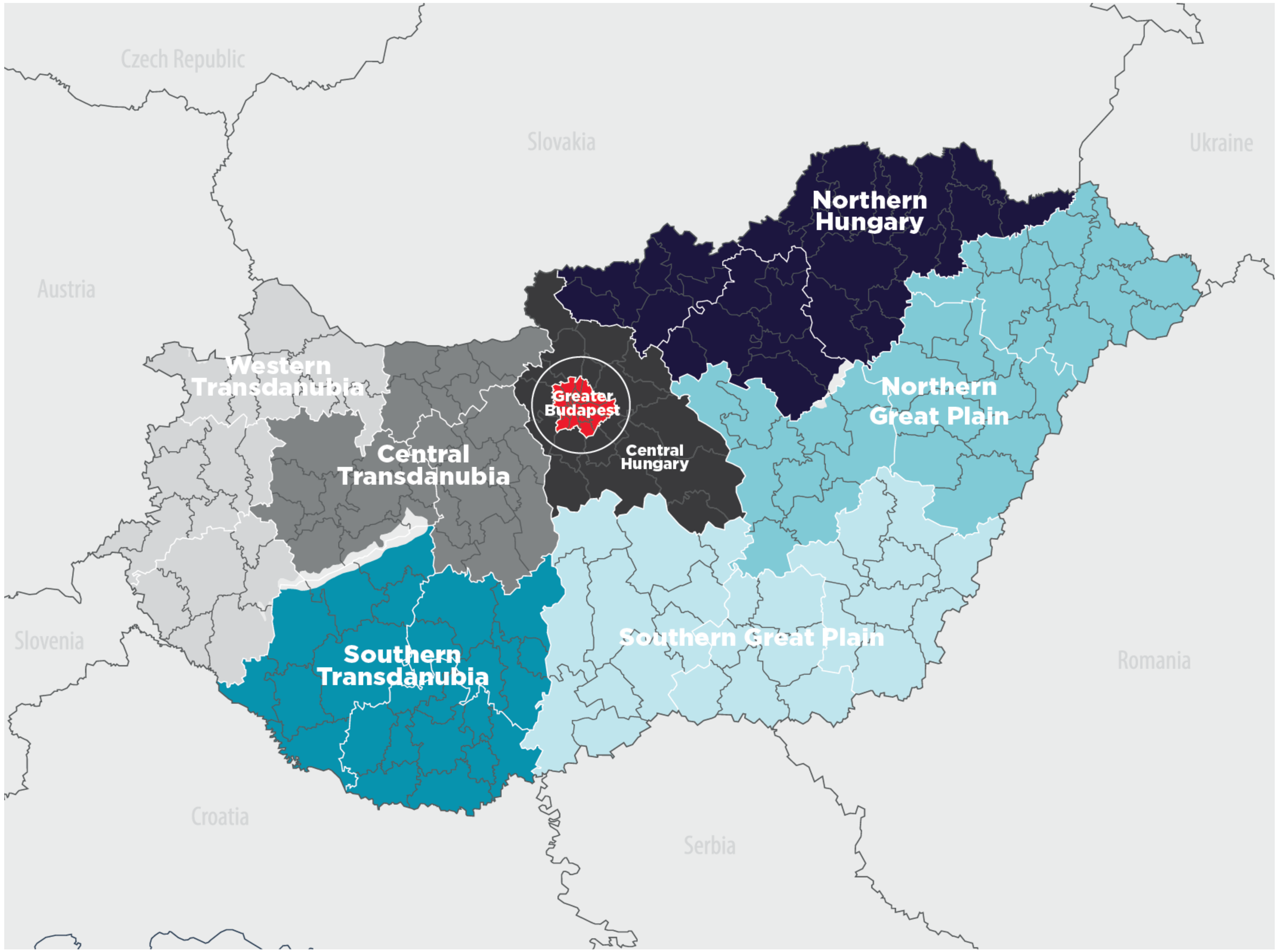
*Renewals included in leasing statistics*

## KEY CONSTRUCTION COMPLETIONS Q4 2024

| PROPERTY | SUBMARKET | MAJOR TENANT | SQ M | OWNER/DEVELOPER |
|---|---|---|---|---|
| CTP Park Sziget - SZG1 | Budapest South | Tesco | 99,900 | CTP |
| CTPark Tatabánya - TBN5 | Central Transdanubia | Confidential manufaturing company | 35,200 | CTP |
| CTP Park Sziget - SZG2 | Budapest South | Confidential | 20,950 | CTP |
| VGP Kecskemét –D | Southern Great Plain | Confidential | 20,000 | VGP |
| VGP Győr Beta-C | Western Transdanubia | Transdanubia | 19,750 | VGP |
| InPark Tatabánya | Central Transdanubia | Raben | 16,600 | InPark |
| Panattoni Kecskemét | Southern Great Plain | ZF | 16,600 | Panattoni |

*Source: Cushman&Wakefield & Budapest Research Forum*

## INDUSTRIAL SUBMARKETS

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