MARKETBEAT HUNGARY INVESTMENT 2024

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.25% Prime Yield (OFF)	▲	–
€ 387 M 2024 Total Volume (EUR)	▼	▲
-39% YTD Volume y/y change	▼	▲

(All Property Classes, prime yield as of 31 December 2024,
Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.7% GDP*	▼	▲
4.6% Unemployment Rate	▲	▲
4.11% 5-Yr EUR SWAP**	▲	▲
6.60% 10-Yr Interest Rate	–	–

** Annual Growth Forecasts*
*** As of end of December 2024*
Source: Moody's as of 10 January 2025

ECONOMY: STRONGER GROWTH EXPECTED FROM H2 2025

In Q3 2024, Hungary's GDP contracted by 0.8% year over year, driven by declines in industrial production, construction, and agriculture, despite strong growth in the services sector. Inflation remained stable, with the central bank holding the base interest rate at 6.5%, while unemployment remained resilient. Real wages grew at an average rate of 10% y-o-y since January 2024.

By the end of Q3, most industrial subsectors had begun to recover, reinforcing Hungary's projected 2.6% GDP growth for 2025. Industrial production is set to rise as new manufacturing plants, particularly in the automotive sector, begin operations. With improving macroeconomic conditions, business confidence and production volumes are expected to strengthen further.

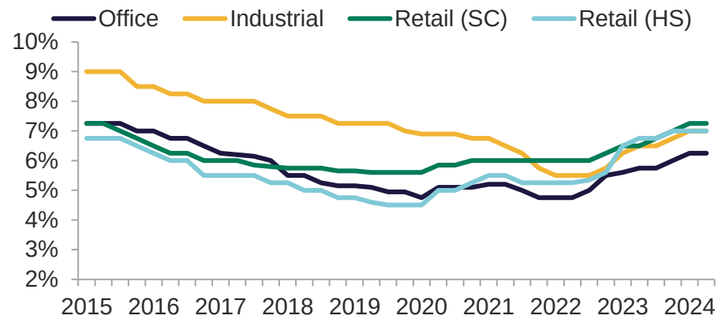
INVESTMENT OVERVIEW: SMALLER TRANSACTIONS DOMINATE

Hungary's investment market remained subdued in 2024, with an annual transaction volume of €387 million—reminiscent of post-Great Financial Crisis levels. The absence of large-scale deals weighed heavily on overall market performance, with most activity concentrated in assets valued under €30 million.

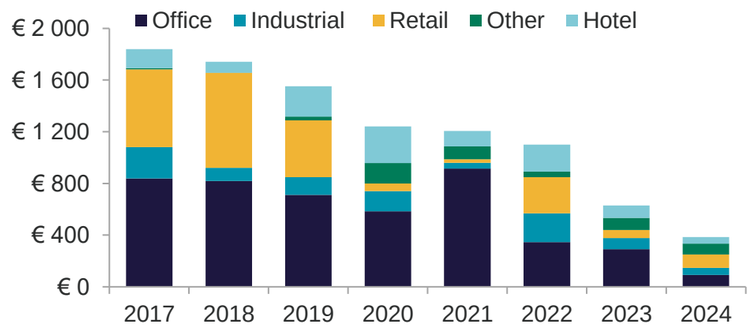
Retail emerged as the leading sector, accounting for 27% of total investment volume, with high street properties and hypermarkets attracting the most interest. One of the year's largest transactions, the sale of the iconic Vörösmarty 1, was successfully completed in March. Office investment activity remained subdued, representing only 24% of total volume; however, notable deals, such as Honvéd Center and Váci Utca Center, were concluded towards the year's end. The logistics and industrial sectors saw moderate investor interest, making up 14% of the market, with a growing focus on smaller regional assets as regional cities gain traction on the investment radar.

New asset types, including living and student housing sectors, also began to emerge, offering alternatives to traditional commercial real estate investments. Domestic buyers continued to dominate in 2024, a trend expected to persist, though German investors were involved in several key transactions. Yield stabilisation appears to be on the horizon as repriced levels start to consolidate. Looking ahead to 2025, sentiment is cautiously optimistic, with several transactions already in progress and many expected to close in the first half of the year.

PRIME YIELD TRENDS



INVESTMENT SALES VOLUME BY SECTOR



Source: Cushman & Wakefield Research

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HUNGARY
INVESTMENT 2024

INVESTMENT ACTIVITY

PROPERTY TYPE	YTD NO. OF TRANSACTIONS	YTD SALES VOLUME (€ MILLION)	AVERAGE VOLUME PER PROPERTY (€ MILLION)	PRIME SECTOR-YIELD (%)
Office	8	92	11.5	6.25
Industrial	7	55	7.9	7.00
Retail	8	104	13	High Street 7.00 Shopping Centre 7.25 Retail Park 7.50
Hotel	3	50	16.7	7.25
TOTAL				

ECONOMIC INDICATORS*	2018	2019	2020	2021	2022	2023	2024
GDP growth (%)	5.4	4.6	-4.9	7.1	4.6	-0.8	0.7
Private consumption expenditure (%)	5.1	5.0	-1.4	4.2	5.1	-6.4	4.0
Unemployment rate (%)	3.6	3.3	4.1	4.1	3.6	4.1	4.6
Inflation (%)	2.9	3.7	3.3	5.1	15.3	17.1	3.8
HUF/USD (average)	270.2	290.7	308.0	303.1	372.6	352.9	365.6
Interest Rates: 10-year bond yield (%)	3.1	2.5	2.2	3.1	7.6	7.5	6.4

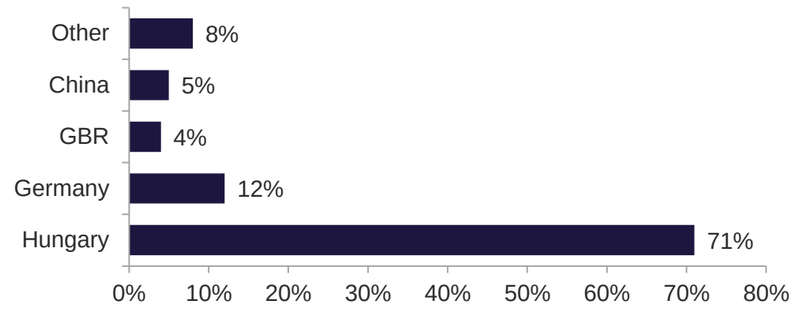
** Annual % growth unless otherwise indicated. Source: Moody's Analytics as at 10 January 2025.*

SIGNIFICANT SALES - 2024

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M/ ROOMS)	MARKET
Vörösmarty 1	Hight Street	Indotek	Confidential	6,350	Budapest CBD
Faedra22 Park	Industrial	German private	Faedra Group	16,600	Budapest, District 22
DS Smith Warehouse	Industrial	DS Smith	OTP RE Fund	28,300	Győr
Hotel Budapest (Körszálló)	Hotel	Property Market Zrt.	Danubius Hotel Groups	280	Budapest Central Buda
2 Interspar stores	Retail	Unione Group	Confidential	17,800	Multi-City
Honvéd Center	Office	Greve Group	WING	6,500	Budapest CBD
Exchange Palace	Mixed-use	Gránit Alapkezelő	Tippin Corporation	29,000	Budapest CBD
Váci Utca Center	Office	Forestay Group	Generali	10,200	Budapest CBD

Closed transactions. Sources: Real Capital Analytics, Cushman & Wakefield Research

2024 ACQUISITIONS BY CAPITAL SOURCE COUNTRY



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