

# **DUNA HOUSE BAROMETER**

71. issue

MAY 2017.



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## FORTHCOMING ISSUES

Date of issue	Content
July 10, 2017.	2017. QI-II. data (including price indexes)
August 8, 2017.	2017. July data
September 8, 2017.	2017. August data
October 9, 2017.	2017. Q3 data (including price indexes)

Duna House Barometer is available from the 8th day of each month (forthcoming weekday if weekend) on the webpage: [www.dh.hu/barometer](http://www.dh.hu/barometer)

If you wish to receive Duna House Real Estate Barometer or download previous issues visit our webpage: [www.dh.hu](http://www.dh.hu)

## GENERAL INFORMATION CONCERNING THE CONTENT OF THE PRESENT PUBLICATION

**Please note that the present publication is not appropriate for estimating the business profit of Duna House Holding, or the making of any related conclusions.**

**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.



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## EXECUTIVE SUMMARY



Following a weaker April, the **property market has presented an outstanding** month again in May. The volume, reaching nearly 14 thousand, isn't only the highest of the year so far, but also the most outstanding turnover of the previous years. 4% less transactions took place during the same period last year, while two years ago the same period presented a 12% lower volume.

For the first 5 months of the present year Duna House estimated 61 830 transactions, which is 4% behind last year's same period.

**The Demand Index fell by 4 percent** and at present stands at 81 points. It showed its peak this February, indicating 89 points. The overall peak was seen last February with 106 points, following which a steady decrease resulted in values below 80 points in the second half of 2016.

In May, panel flats in East-Hungary were purchased for HUF 194 thousand, while in the western part for HUF 165 thousand per m<sup>2</sup>. The same type in Pest was sold for HUF 308 thousand, and for HUF 345 thousand in Buda. Brick homes were worth in the eastern parts HUF 294 thousand, and in the west HUF 249 thousand for every m<sup>2</sup>. Buyers paid HUF 421 thousand on the Pest side, HUF 564 thousand on the Buda side, and HUF 683 thousand in the Inner City on average. **Panel flats in Budapest were sold in very a short time**, within a1-month period only, next to which the selling of the same type of flats didn't exceed 70 days on regional level either.

In Budapest, one in every three purchased used flats were in outstanding condition, next to which only 25% of used flats were in condition for renovation. Throughout Pest County lower quality levels were more popular, 35% of buyers decided for it. On regional level, one in every four sold flats were in excellent condition, and one in every three in poor, on average. The rest of transactions belonged to the good, namely average condition.

Bargain position in May reached 7-8% in relation of family houses, but the prior listing price decrease wasn't significant, only 3-4%. Selling of flats showed 3% price lowering in favor of the buyers for flats, with only panel flats in Budapest reaching the slightly higher 4%.

**It seems that District 13 can't be pushed away from the top place on the popularity list.** Nearly 18% of buyers in Budapest indicated it as a preferred location. District 14 is only slightly behind, followed by District 7, accounting for 15% popularity, and District 6 coming in next. On the Buda side, District 11 remains the most popular, chosen by 14% of potential buyers.

**In Budapest, investors' presence accounted for 37% on the buyer's side. They spent HUF 30 Million on average** for properties of 63 m<sup>2</sup>. One in every four buyers was acquiring their first home, purchasing 50 m<sup>2</sup> big flats for HUF 21 Million on average. One fifth of buyers moved into a bigger property, buying 95 m<sup>2</sup> properties for HUF 36 Million. On regional level, the main leading reason behind the purchase -27%- was moving into a bigger place. They bought 112 m<sup>2</sup> properties for around HUF 21 Million. Behind one in every four transactions there was an investor, who spent HUF 14 million on average for flats of around 61 m<sup>2</sup>.

**A high ratio -42%- of sellers in Budapest indicated moving into a bigger flat as the reason behind the sale.** They grew out they average 57 m<sup>2</sup> big flats, which they sold for around HUF 25 Million. Nearly one fourth of the sellers is planning to move into a smaller property, while only 16% sold inherited property. On regional level, those moving into smaller represented the biggest group, namely 30%. They sold their 117 m<sup>2</sup> properties (average) for around HUF 21 Million on average. The amount of those planning to switch for a bigger property wasn't much smaller either. They sold their flats of around 64 m<sup>2</sup> for HUF 13 Million on average. The group of sellers giving away inherited property was nearly the same size.

Changes in the prices are clearly indicated when comparing the parameters of properties of transactions from last May and this year. While a year ago 17% of sale and purchases fell in the HUF 300-350 thousand/m<sup>2</sup> price range, by this year it reached only 3%. In addition, the ratio of **price range above HUF 600 thousand/m<sup>2</sup> rose from 17% to 30%**. The same trend stands for Pest as well, where the ratio in the price range above HUF 600 thousand/m<sup>2</sup> rose from 8% to 14%. On regional level, properties with prices in the range above HUF 300 thousand/m<sup>2</sup> accounted for 6% of the transactions last year, and 18% one year later. In Pest County, the change was less significant, with a move from 10% to 14% only in relation of the same price range.

*Further information:*

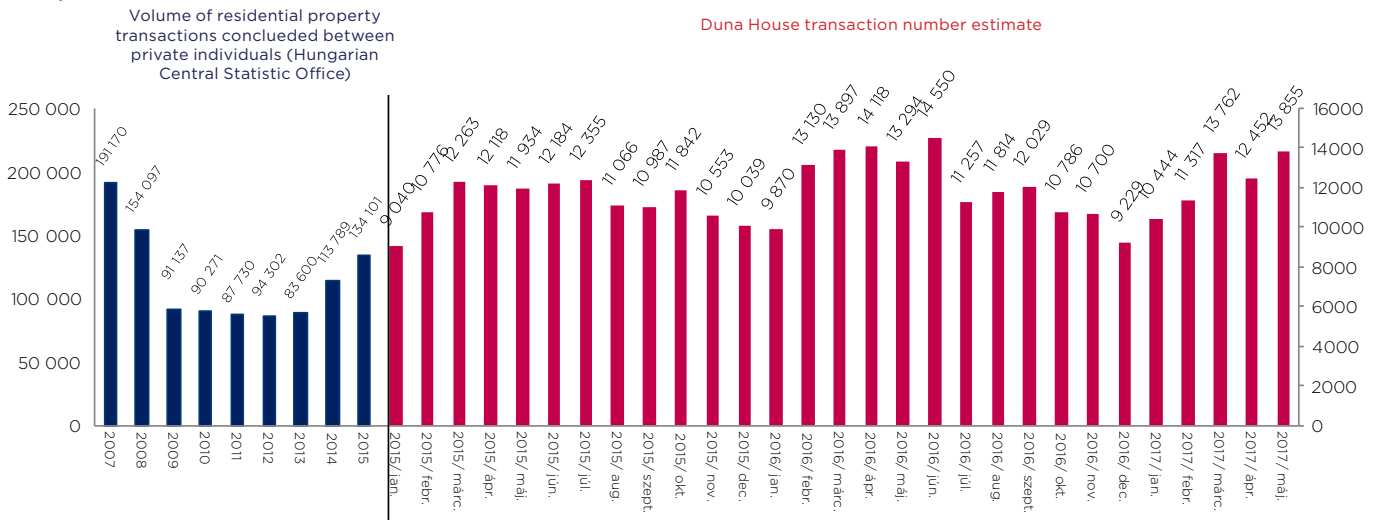
*Gábor Rutai  
Head of PR and analysis  
rutai.gabor@dh.hu*

## TRANSACTION NUMBER AND DEMAND INDEX

### DH -TE (Duna House Transaction Number Estimate)

Following a weaker April, the property market has presented an outstanding month again in May. The volume, reaching nearly 14 thousand, isn't only the highest of the year so far, but also the most outstanding turnover of the previous years. 4% less transactions took place during the same period last year, while two years ago the same period presented a 12% lower volume.

For the first 5 months of the present year Duna House estimated 61 830 transactions, which is 4% behind last year's same period.



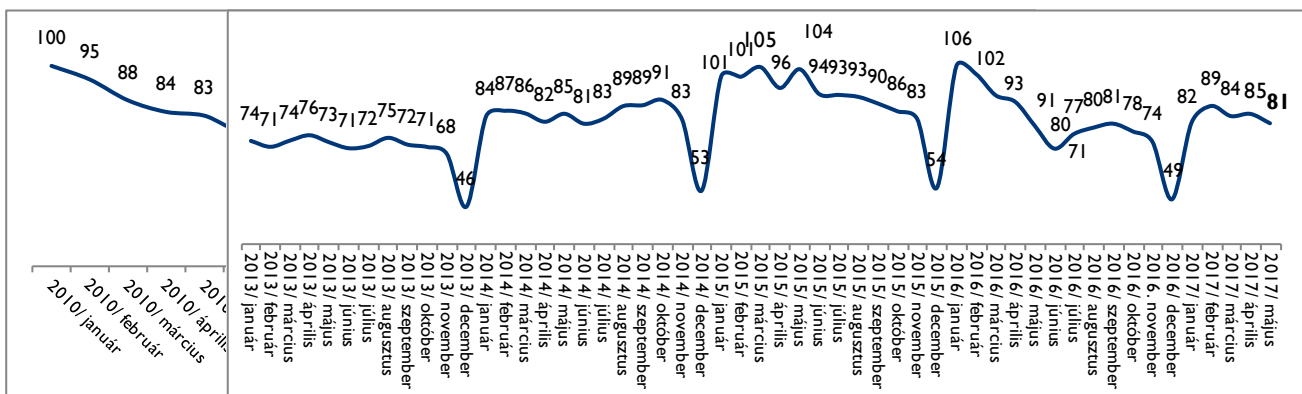
### METHODOLOGY BEHIND DH-TE

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!

### DH - DEMAND INDEX

The Demand Index fell by 4 percent and at present stands at 81 points. It showed its peak this February, indicating 89 points. The overall peak was seen last February with 106 points, following which a steady decrease resulted in values below 80 points in the second half of 2016.

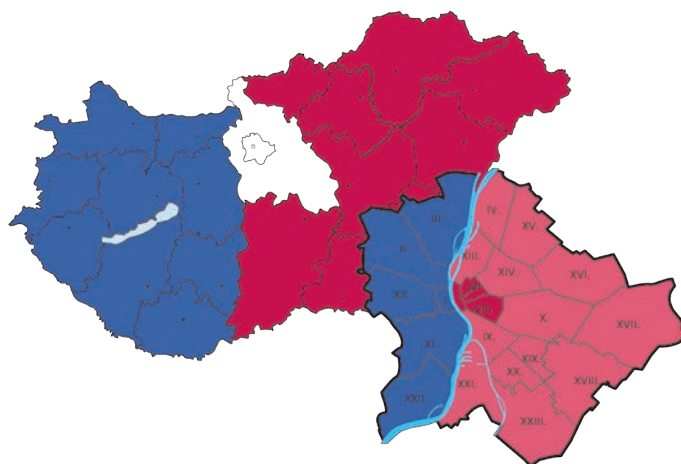


### METHODOLOGY BEHIND DEMAND INDEX

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 transaction numbers. The latter is a qualitative issue highly effected by market environment and available financial product.

## RESIDENTIAL FLAT DATA - MAY 2017.

In May, panel flats in East-Hungary were purchased for HUF 194 thousand, while in the western part for HUF 165 thousand per m<sup>2</sup>. The same type in Pest was sold for HUF 308 thousand, and for HUF 345 thousand in Buda. Brick homes were worth in the eastern parts HUF 294 thousand, and in the west HUF 249 thousand for every m<sup>2</sup>. Buyers paid HUF 421 thousand on the Pest side, HUF 564 thousand on the Buda side, and HUF 683 thousand in the Inner City on average. Panel flats in Budapest were sold in very a short time, within a 1-month period only, next to which the selling of the same type of flats didn't exceed 70 days on regional level either



PANEL COUNTRYWIDE			
	Price	m <sup>2</sup> price	Time need of sale/day

<b>East</b>	9 614 000	194 000	76
<b>West</b>	8 462 000	165 000	68

BRICK COUNTRYWIDE			
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<b>East</b>	18 330 000	294 000	190
<b>West</b>	13 641 000	249 000	138

PANEL BUDAPEST			
	Price	m <sup>2</sup> price	Time need of sale/day

<b>Buda</b>	18 375 000	345 000	35
<b>Pest</b>	18 395 000	308 000	119

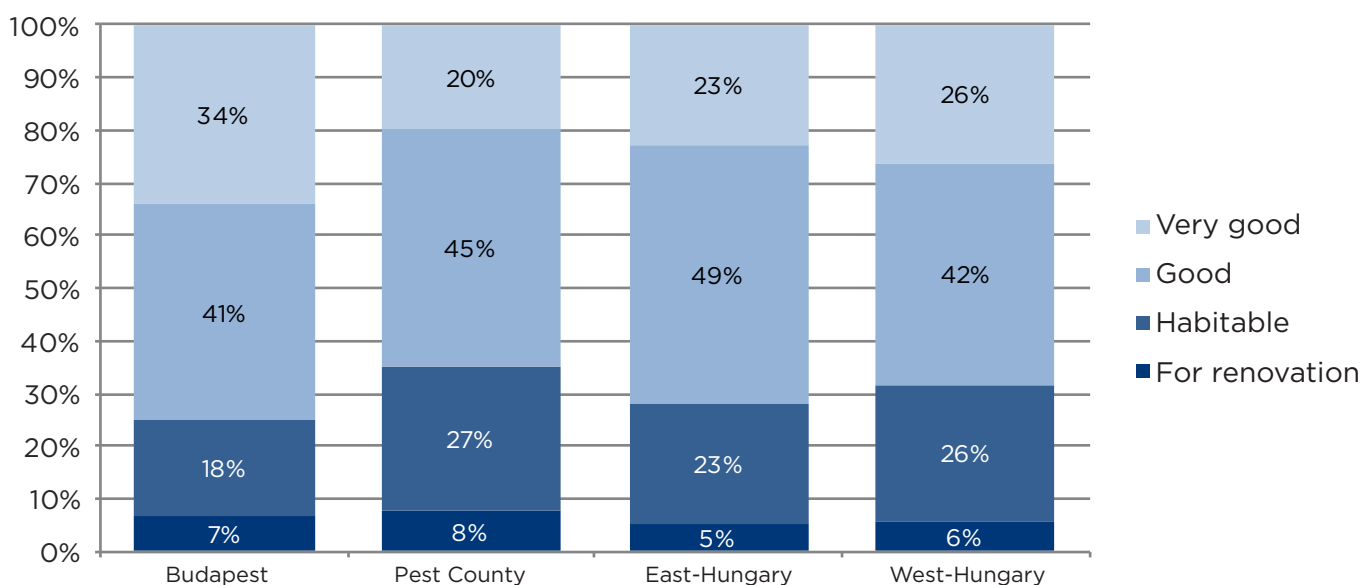
BRICK BUDAPEST			
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<b>Buda</b>	37 123 000	564 000	155
<b>Pest</b>	22 637 000	421 000	127
<b>Inner City</b>	42 790 000	683 000	104

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

## QUALITY PREFERENCE (USED FLATS)

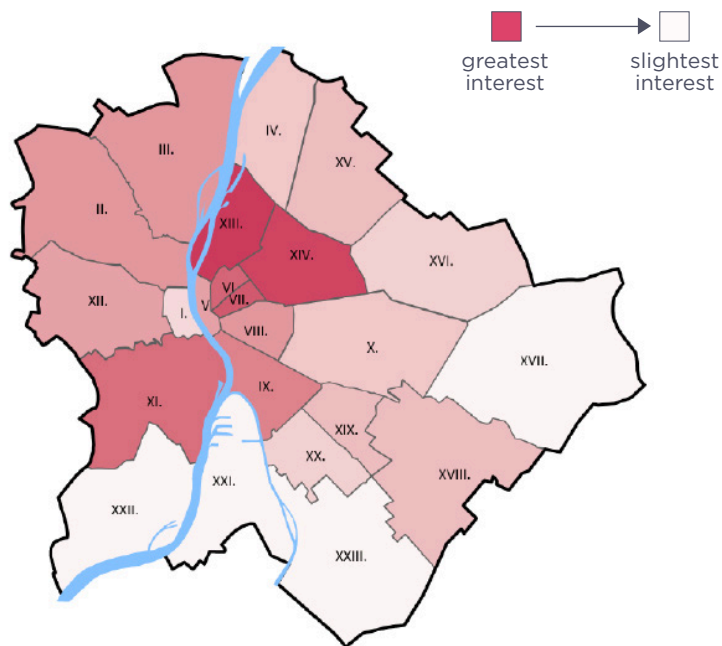
In Budapest, one in every three purchased used flats were in outstanding condition, next to which only 25% of used flats were in condition for renovation. Throughout Pest County lower quality levels were more popular, 35% of buyers decided for it. On regional level, one in every four sold flats were in excellent condition, and one in every three in poor, on average. The rest of transactions belonged to the good, namely average condition



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.

## INTEREST TOWARD DISTRICTS

DISTRICT	APR 2017	MAY 2017
Budapest 01.	6,8%	6,7%
Budapest 02.	12,1%	11,5%
Budapest 03.	11,3%	11,5%
Budapest 04.	7,6%	7,9%
Budapest 05.	9,7%	10,5%
Budapest 06.	14,7%	14,5%
Budapest 07.	14,2%	15,0%
Budapest 08.	11,4%	11,3%
Budapest 09.	11,4%	12,4%
Budapest 10.	7,7%	7,5%
Budapest 11.	14,1%	14,1%
Budapest 12.	9,9%	10,3%
Budapest 13.	17,8%	17,6%
Budapest 14.	15,3%	16,4%
Budapest 15.	8,6%	8,7%
Budapest 16.	6,9%	7,1%
Budapest 17.	5,4%	4,7%
Budapest 18.	8,4%	8,6%
Budapest 19.	8,4%	8,5%
Budapest 20.	8,0%	7,3%
Budapest 21.	4,9%	3,8%
Budapest 22.	3,8%	4,0%
Budapest 23.	2,8%	3,4%



**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.

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It seems that District 13 can't be pushed away from the top place on the popularity list. Nearly 18% of buyers in Budapest indicated it as a preferred location. District 14 is only slightly behind, followed by District 7, accounting for 15% popularity, and District 6 coming in next. On the Buda side, District 11 remains the most popular, chosen by 14% of potential buyers

## BARGAIN - MAY 2017

Bargain position in May reached 7-8% in relation of family houses, but the prior listing price decrease wasn't significant, only 3-4%. Selling of flats showed 3% price lowering in favor of the buyers for flats, with only panel flats in Budapest reaching the slightly higher 4%.

	CHANGE IN LISTING PRICE	BARGAIN
<b>HOUSE</b>		
Budapest	-3%	-7%
Pest County	-3%	-7%
Regionally	-4%	-8%
<b>PANEL</b>		
Budapest	-2%	-3%
Regionally	-1%	-4%
<b>BRICK</b>		
Budapest	-3%	-3%
Regionally	-1%	-3%
<b>TOTAL</b>		
Budapest	-3%	-4%
Regionally	-2%	-6%

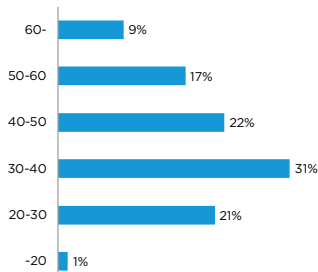
**Methodology:** Change in the listing price is the difference between the first price indicated by the seller and the last registered price at the time of the appearance of the buyer. Bargain shows additional changes in the price agreed upon by the seller and buyer. The two indicators together give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

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

## CLIENT PROFILE: BUYERS

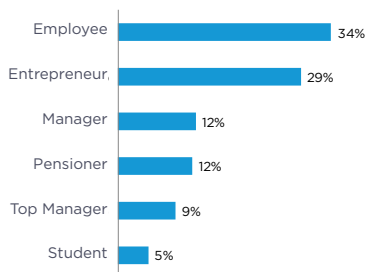
In Budapest, investors' presence accounted for 37% on the buyer's side. They spent HUF 30 Million on average for properties of 63 m<sup>2</sup>. One in every four buyers was acquiring their first home, purchasing 50 m<sup>2</sup> big flats for HUF 21 Million on average. One fifth of buyers moved into a bigger property, buying 95 m<sup>2</sup> properties for HUF 36 Million.

### AGE BP.



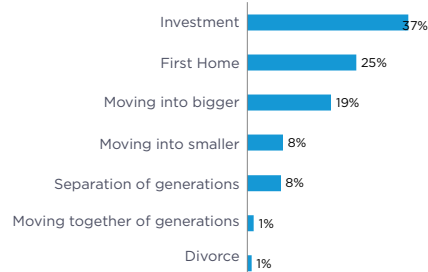
AGE	AVERAGE PRICE	m <sup>2</sup>
-20	15 550 000	40
20-30	22 122 000	55
30-40	26 831 000	69
40-50	37 042 000	78
50-60	25 750 000	63
60-	27 683 000	61

### STATUS BP.



STATUS	AVERAGE PRICE	m <sup>2</sup>
Student	21 145 000	54
Top Manager	38 025 000	84
Pensioner	24 861 000	60
Manager	29 085 000	68
Entrepreneur	35 564 000	76
Employee	19 188 000	52

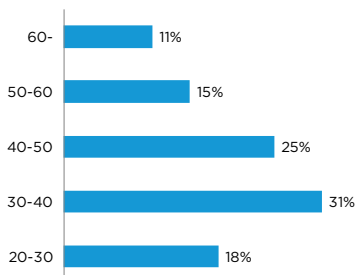
### MOTIVATION BP.



SITUATION	AVERAGE PRICE	m <sup>2</sup>
Divorce	22 750 000	73
Moving together of generations	55 167 000	212
Separation of generations	20 242 000	51
Moving into smaller	25 041 000	58
Moving into bigger	35 645 000	95
First Home	20 867 000	50
Investment	30 043 000	63

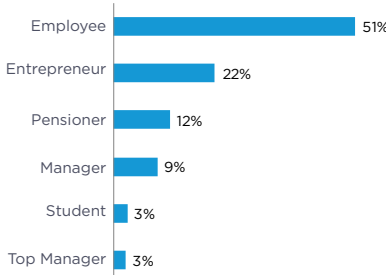
On regional level, the main leading reason behind the purchase -27%- was moving into a bigger place. They bought 112 m<sup>2</sup> properties for around HUF 21 Million. Behind one in every four transactions there was an investor, who spent HUF 14 million on average for flats of around 61 m<sup>2</sup>.

### AGE, REGIONAL



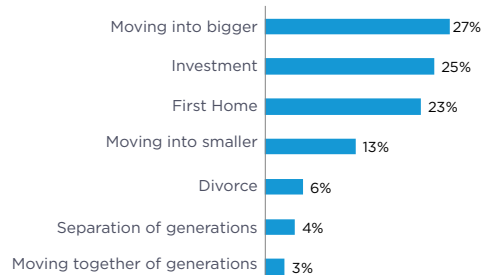
AGE	AVERAGE PRICE	m <sup>2</sup>
-20	9 600 000	31
20-30	12 655 000	80
30-40	15 875 000	88
40-50	17 025 000	87
50-60	20 054 000	89
60-	13 783 000	70

### STATUS, REGIONAL



STATUS	AVERAGE PRICE	m <sup>2</sup>
Top Manager	23 420 000	113
Student	16 773 000	66
Manager	16 979 000	81
Pensioner	14 426 000	71
Entrepreneur	22 413 000	100
Employee	12 647 000	80

### MOTIVATION, REGIONAL



SITUATION	AVERAGE PRICE	m <sup>2</sup>
Moving together of generations	18 630 000	102
Separation of generations	15 061 000	94
Divorce	11 129 000	73
Moving into smaller	14 488 000	66
First Home	12 166 000	80
Investment	13 760 000	61
Moving into bigger	21 197 000	112

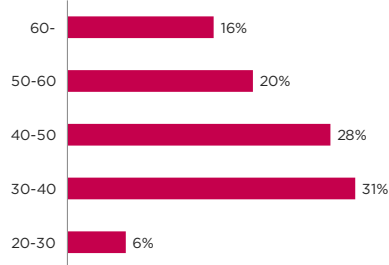
Data presented above relating age, status and reason of purchase have been acquired through the volunteer declaration of our clients. They qualify as sampling and are regarded as estimated value.



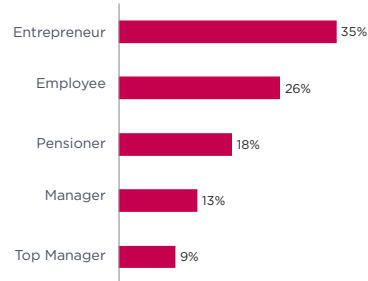
## CLIENT PROFILE: SELLERS

A high ratio -42%- of sellers in Budapest indicated moving into a bigger flat as the reason behind the sale. They grew out they average 57 m2 big flats, which they sold for around HUF 25 Million. Nearly one fourth of the sellers is planning to move into a smaller property, while only 16% sold inherited property.

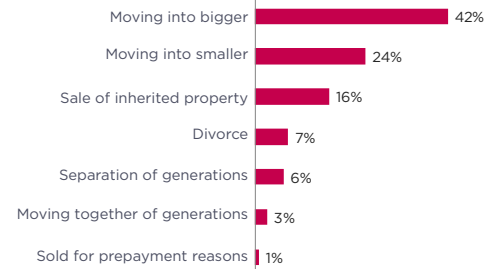
### AGE BP.



### STATUS BP.



### MOTIVATION BP.



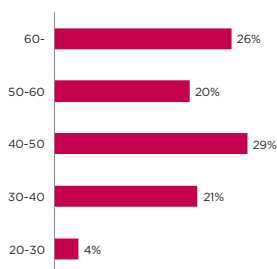
AGE	AVERAGE PRICE	m <sup>2</sup>
20-30	17 092 000	47
30-40	26 209 000	58
40-50	31 696 000	71
50-60	25 910 000	67
60-	33 495 000	95

STATUS	AVERAGE PRICE	m <sup>2</sup>
Top Manager	32 932 000	66
Manager	19 797 000	49
Pensioner	28 424 000	77
Employee	20 823 000	58
Entrepreneur	38 945 000	79

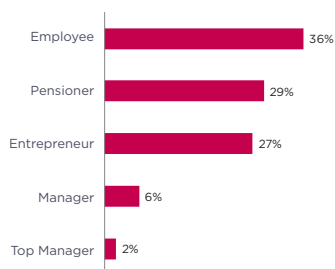
SITUATION	AVERAGE PRICE	m <sup>2</sup>
Sold for prepayment reasons	27 000 000	160
Moving together of generations	50 134 000	103
Separation of generations	20 627 000	71
Divorce	29 763 000	71
Sale of inherited property	17 475 000	58
Moving into smaller	31 334 000	94
Moving into bigger	24 618 000	57

On regional level, those moving into smaller represented the biggest group, namely 30%. They sold their 117 m2 properties (average) for around HUF 21 Million on average. The amount of those planning to switch for a bigger property wasn't much smaller either. They sold their flats of around 64 m2 for HUF 13 Million on average. The group of sellers giving away inherited property was nearly the same size

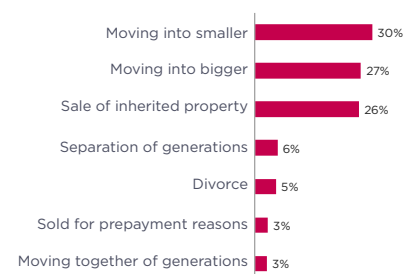
### AGE, REGIONAL



### STATUS, REGIONAL



### MOTIVATION, REGIONAL



AGE	AVERAGE PRICE	m <sup>2</sup>
20-30	13 325 000	67
30-40	13 400 000	75
40-50	16 182 000	85
50-60	16 453 000	99
60-	14 773 000	88

STATUS	AVERAGE PRICE	m <sup>2</sup>
Top Manager	22 689 000	107
Manager	13 454 000	77
Entrepreneur	20 813 000	91
Pensioner	13 477 000	87
Employee	13 201 000	82

SITUATION	AVERAGE PRICE	m <sup>2</sup>
Moving together of generations	13 223 000	94
Sold for prepayment reasons	12 029 000	69
Divorce	19 216 000	90
Separation of generations	22 224 000	126
Sale of inherited property	8 811 000	82
Moving into bigger	13 327 000	64
Moving into smaller	21 004 000	117

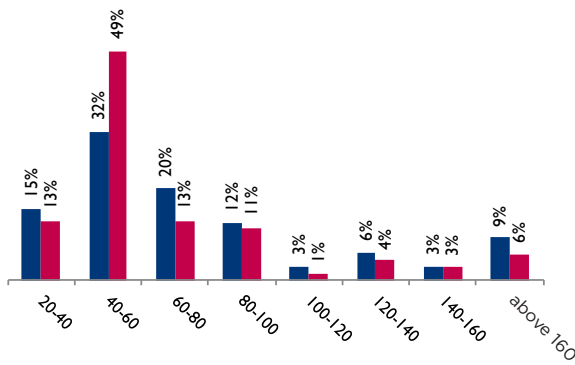
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## TRANSACTION PARAMETERS – BUDAPEST

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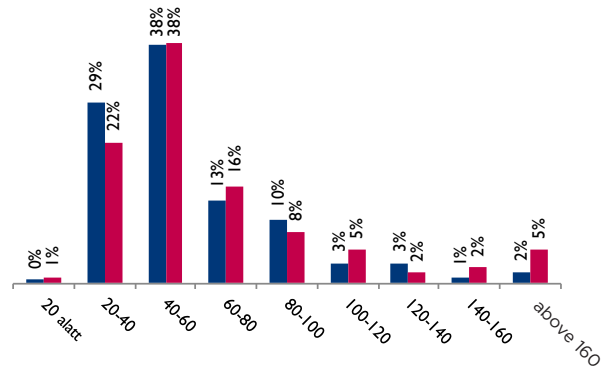
### BUDA

Size (m2)

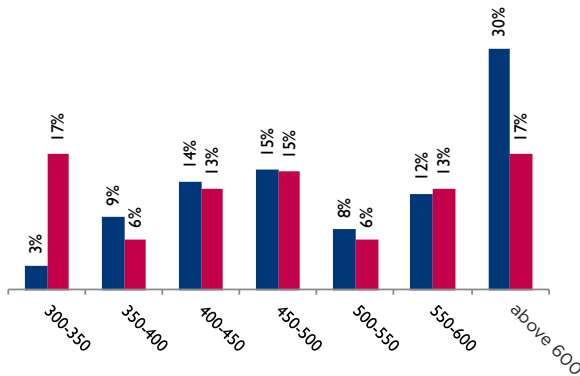


### PEST

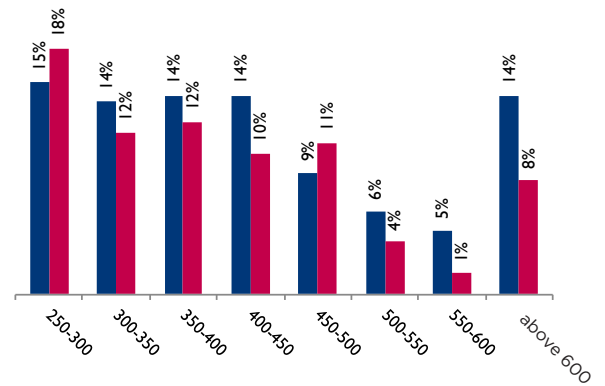
Size (m2)



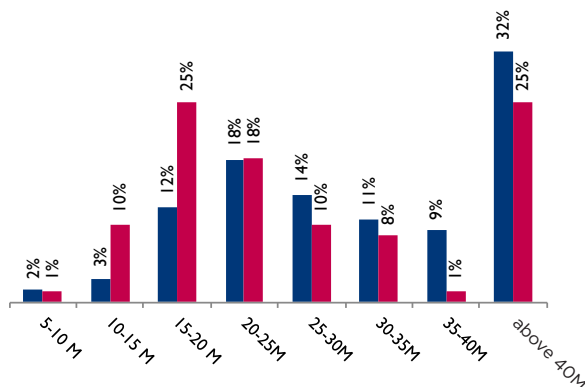
m2 price (HUF thousand)



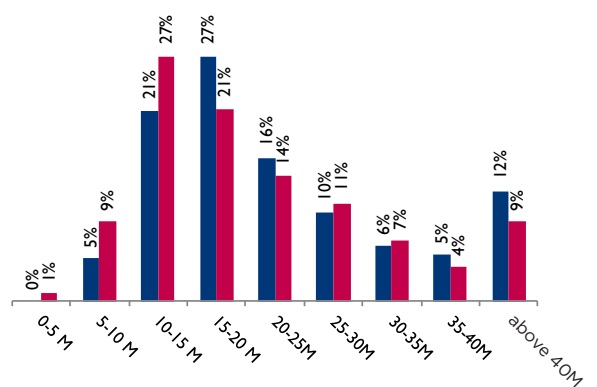
m2 price (HUF thousand)



Price (HUF Million)



Price (HUF Million)



■ May 2016.  
■ May 2017.

Based on property sold by Duna House Franchise network.

## TRANSACTION PARAMETERS — REGIONAL

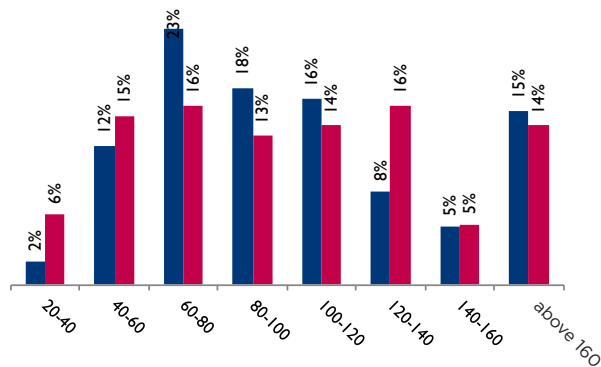
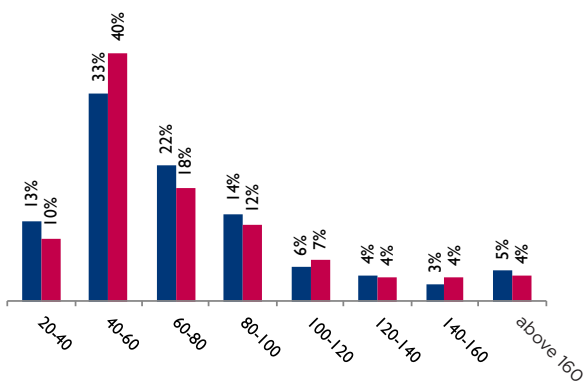
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### COUNTRYWIDE (WITHOUT CENTAL-HUNGARY)

### PEST COUNTY

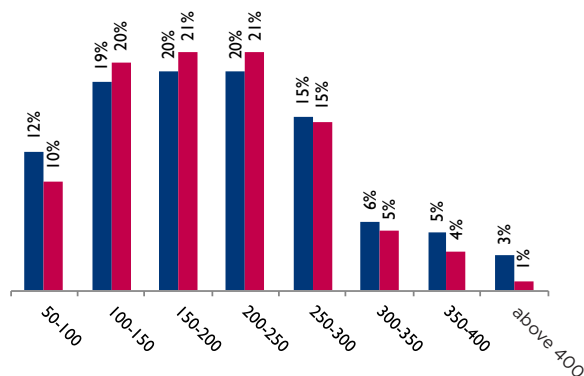
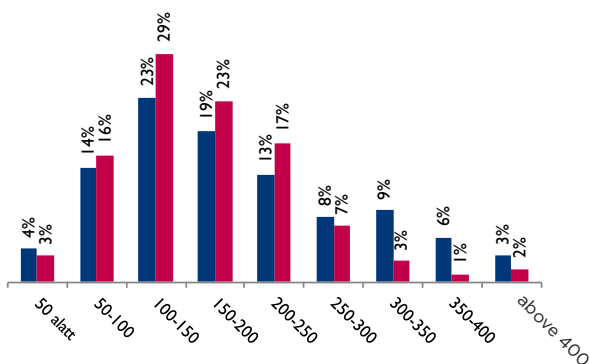
Size (m<sup>2</sup>)

Size (m<sup>2</sup>)



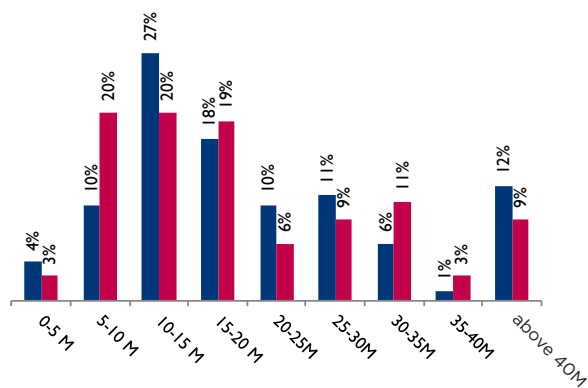
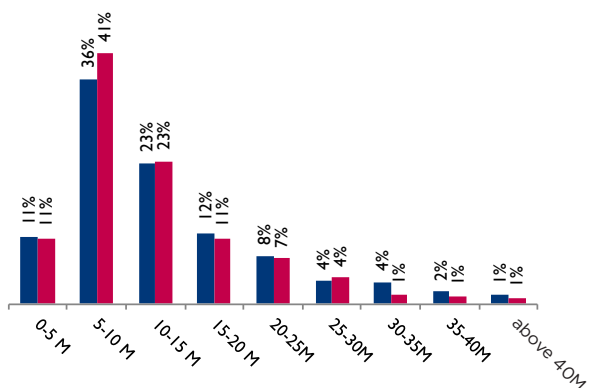
m<sup>2</sup> price (HUF thousand)

m<sup>2</sup> price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ May 2016.  
■ May 2017.

Based on property sold by Duna House Franchise network.



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