

DUNA HOUSE BAROMETER

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January 2018



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FORTHCOMING ISSUES

Date of issue	Content
March 12, 2018.	2018. February data
April 12, 2018.	2018. Q1 data (including price indexes)
May 12, 2018.	2018. April data

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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.



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EXECUTIVE SUMMARY



By analyzing the data from the first month of 2018, we can get a fair picture on how the positive tendencies and great expectations indicated by all property market players have affected the sector. Duna House Barometer presents a status report and information in relation of expected tendencies based on real market data.

The current estimate with reference to transaction numbers indicates a positive status. In January 10.918 property sale and purchase transactions have taken place countrywide, which is a 4.5% stronger value than in the same period of the previous year. The Demand Index has also presented a major jump, and, with its current 99 point value, accounts for one of the strongest results of the past two years. The indicated high demand index values tend to transfer into actual transactions during the first half of the year, which also seems to confirm analyst expectations.

In relation of prices, the growing tendency is clear for now, keeping in mind, that data from a single month will not present adequate bases for further estimates. It is a fact that in January the prices of both panel and brick-built flats have increased, even when compared to the average from the previous quarter or the months of January last year. In the east part of the country the average price per m² was HUF 225 thousand, whereas in Budapest it reached HUF 362 thousand. The highest prices were indicated in case of brick-built flats in Budapest Inner City and Buda, where an average HUF 564 thousand/m² was the price level.

In Budapest, the interest toward the districts shows an interesting tendency, with District 13 being nearly reached for the first time in a long time. The challenging location is Zugló, indicated by 18% of potential buyers as a target location in January.

Further information

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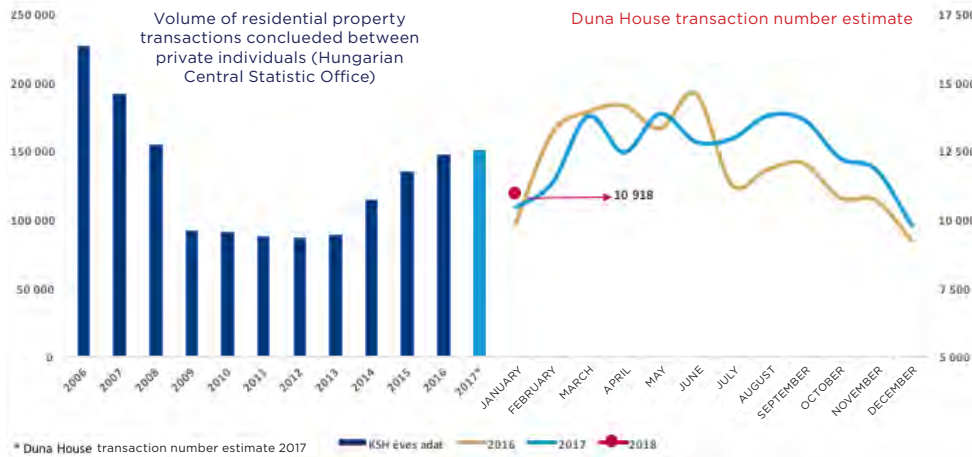
www.dh.hu

TRANSACTION NUMBER AND DEMANDS INDEX

DH-TE (Duna House Transaction Number Estimate)

In January 10.918 property sale and purchase transactions have taken place countrywide. This indicates that the first month of 2018 produced a 4.5% stronger start than the same period of the previous year. January, traditionally, is among the weaker months on the property market, in spite of which Duna House has estimated a transaction volume exceeding 10 thousand this year and last year as well – confirming the transaction volume growth expected for the current year.

Based on seasonality, forthcoming months of the year are expected to generate a stronger turnover, with February and March usually exceeding January by even 20-30%. This year, the boom on the newly-built flat market, together with lower amount of available information on them, including uncertainties in connection with the terms, makes market analysis more difficult.



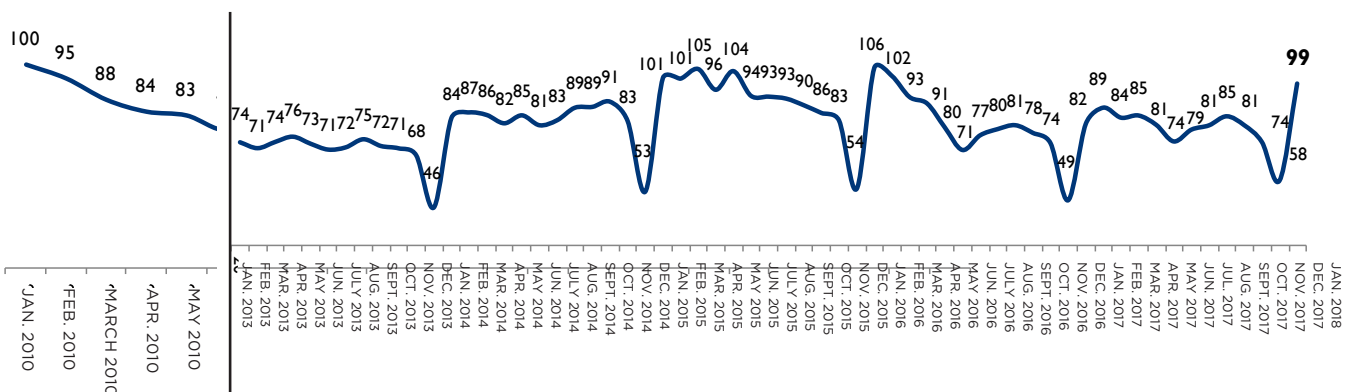
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
2016	9 870	13 130	13 897	14 118	13 294	14 550	11 257	11 814	12 029	10 786	10 700	9 229
2017	10 444	11 317	13 762	12 452	13 855	12 836	12 951	13 787	13 639	12 246	11 820	9 787
2018	10 918											

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

In line with known seasonality effects, the Demand Index has produced a significant increase in comparison with the previous month, reaching 99 percentage points. The property market generally is re-activated following the Holiday season, confirmed by the current year as well. Although the latest data suggest that it is under the 2016 values, it is still 17% higher than last year's value.

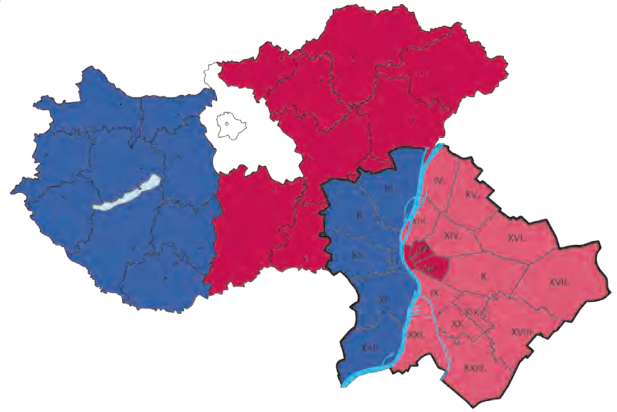


METHODOLOGY BEHIND DEMAND INDEX

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 - JANUARY 2018

In January, panel flats in the eastern part of the country were sold for HUF 225 thousand, while in the western part for HUF 203 thousand average square meter prices. This indicates price increase, both in relation of the same period of the previous year, and the average from the previous quarter. Price of used brick-built flats presented a more significant growth after the previous month, accounting for a HUF 21 thousand higher average m² price in the western part of the country, and an extra HUF 10 thousand/m² in the eastern regions. The average time for sale seemed to be higher in case of brick-built flats in the entire country. On the Pest side of Budapest panel flats were sold for HUF 362 thousand on average in January. When looking at brick-built flats, the same average m² price was found in the Inner City and Buda side (HUF 564 thousand/m²), next to a 53 days shorter time need for sale.



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

East	11 653 000	225 000	67
West	10 345 000	203 000	110

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

Buda	25 605 000	427 000	72
Pest	19 049 000	362 000	91

BRICK COUNTRYWIDE			
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East	14 358 000	250 000	118
West	12 883 000	230 000	111

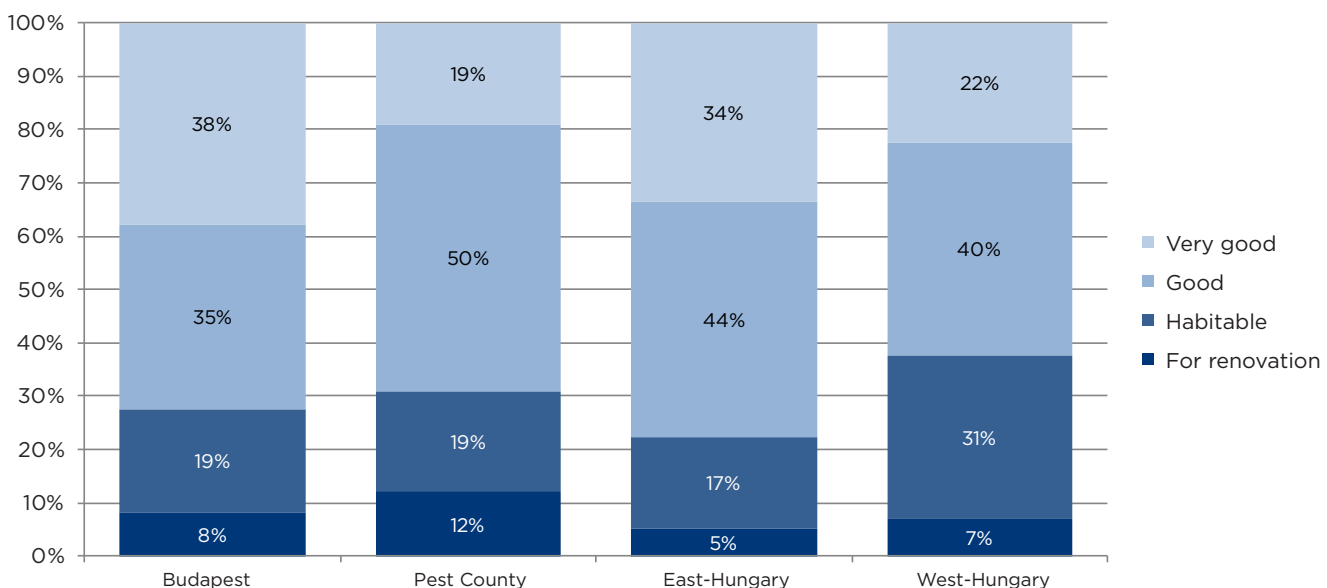
BRICK BUDAPEST			
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Buda	42 696 000	564 000	132
Pest	24 996 000	486 000	134
Inner City	35 124 000	564 000	79

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

QUALITY PREFERENCE (USED FLATS)

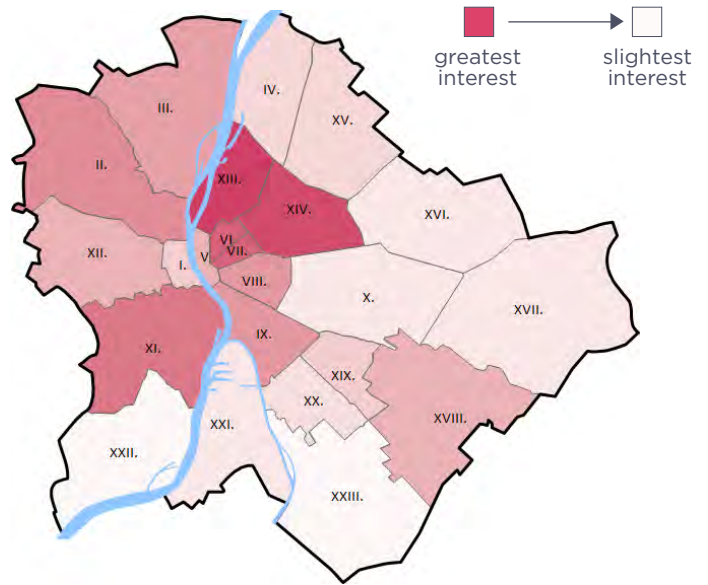
While the majority of buyers in Budapest (38%) has decided in favor of “very good” quality property, on regional level “good quality” class flats were the most popular – indicating a result above 50% in Pest County. Properties “for renovation” were among the least popular, with the highest ratio found in Pest County, with 15% only.



In relation of geographical regions we do not consider the given territory's coverage by Duna House agencies. The analysis is based on properties sold by Duna House network.

INTEREST TOWARD DISTRICTS

DISTRICT	2017. JAN.	2018. JAN.
Budapest 01.	7,5%	8,0%
Budapest 02.	13,0%	13,3%
Budapest 03.	10,5%	11,9%
Budapest 04.	9,5%	7,4%
Budapest 05.	10,5%	10,5%
Budapest 06.	14,7%	16,2%
Budapest 07.	15,1%	16,5%
Budapest 08.	11,1%	12,7%
Budapest 09.	12,9%	12,9%
Budapest 10.	8,3%	6,4%
Budapest 11.	15,8%	14,8%
Budapest 12.	10,1%	10,7%
Budapest 13.	18,8%	18,8%
Budapest 14.	18,1%	18,0%
Budapest 15.	9,5%	7,2%
Budapest 16.	5,8%	5,9%
Budapest 17.	5,8%	5,8%
Budapest 18.	9,0%	10,6%
Budapest 19.	8,7%	8,5%
Budapest 20.	6,3%	6,9%
Budapest 21.	4,1%	5,9%
Budapest 22.	4,0%	3,5%
Budapest 23.	2,4%	3,6%



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.

District 13 is still the most popular in Budapest, but with a clearly weakening position in the last months. District 14 came in second with only 1% less, with District 7 presenting the third highest interest ratio. The demand in the majority of outer districts remained under 8%.

BARGAIN - JANUARY 2018

The beginning of 2018 showed the best bargain position in connection with stand-alone houses. In Budapest, it accounted for 4%, while in pest County and regionally 7% on average. The bargain for both panel and brick-built flats ended up around 3% in Budapest, and 4% regionally.

	CHANGE IN LISTING PRICE	BARGAIN
HOUSE		
Budapest	-2%	-4%
Pest county	-2%	-7%
Regional	-2%	-7%
PANEL		
Budapest	-2%	-3%
Regional	-2%	-4%
BRICK		
Budapest	-1%	-3%
Regional	-1%	-4%
TOTAL		
Budapest	-2%	-3%
Regional	-2%	-5%

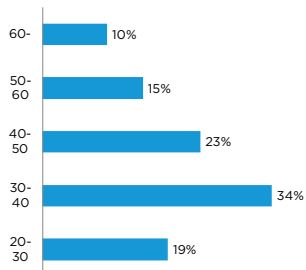
Methodology: Change in the listing price is the difference between the first price indicated by the seller and the last registered price at the time of the appearance of the buyer. Bargain shows additional changes in the price agreed upon by the seller and buyer. The two indicators together give a good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

Based on the sales price of properties sold in the given period within Duna House network.

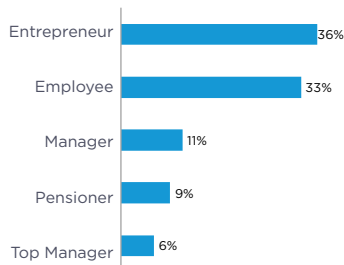
CLIENT PROFILE: BUYERS

In Budapest, as earlier, the age group of 30-40 accounted for the highest ratio among all buyers (34%). Entrepreneurs were represented with the highest volume (36%), with the main reason behind the acquisition still being investment (43%) in Budapest. It is worth mentioning that, in January, those buying their first property presented the second highest result with 26%, paying HUF 23 Million on average for their new homes. Average value of investments was around HUF 31 Million, for around 59m² size properties.

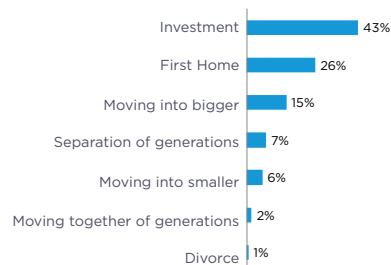
AGE BP.



STATUS BP.



REASON BEHIND THE ACQ. BP.



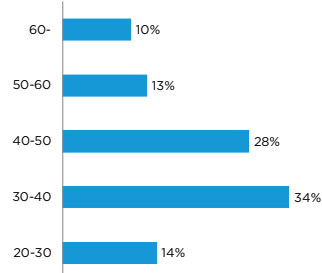
AGE	AVERAGE PRICE	m ²
20-30	23 432 000	54
30-40	32 479 000	66
40-50	36 173 000	65
50-60	34 118 000	73
60-	29 817 000	60

STATUS	AVERAGE PRICE	m ²
Employee	21 392 000	53
Top Manager	44 988 000	74
Manager	38 193 000	65
Pensioner	27 604 000	62
Student	18 938 000	47
Entrepreneur	34 525 000	65

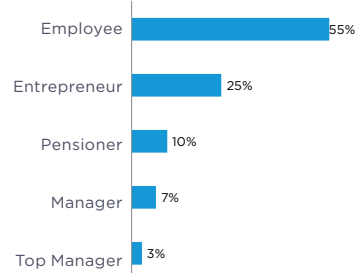
SITUATION	AVERAGE PRICE	m ²
Investment	31 228 900	59
First Home	23 364 000	51
Separation of generations	20 229 000	50
Moving together of generations	30 800 000	85
Moving into smaller	37 100 000	71
Moving into bigger	46 438 000	97
Divorce	24 800 000	59

Similarly to Budapest, on regional level it was also the age group of 30-40 buying the greatest part of properties (34%). On the other hand, the highest ratio among buyers was employees (55%). The main reason behind the acquisition on regional level was also investment (30%), in addition to which moving into a bigger property (25%) and the acquisition of first home (22%) was also significantly present. The value of investments was nearly half of the values measured in Budapest, whereas in means of size, presented a 5 m² bigger average value.

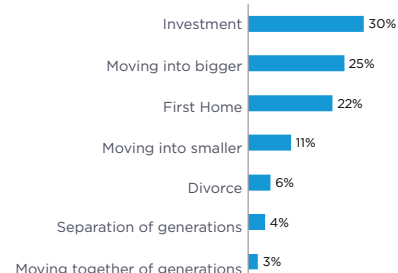
AGE REGIONAL



STATUS REGIONAL



REASON BEHIND THE ACQ. REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	14 091 000	78
30-40	17 161 000	82
40-50	15 639 000	75
50-60	16 634 000	75
60-	16 859 000	79

STATUS	AVERAGE PRICE	m ²
Employee	14 151 000	76
Top Manager	19 675 000	65
Manager	20 694 000	81
Pensioner	15 752 000	71
Student	13 367 000	53
Entrepreneur	18 968 000	82

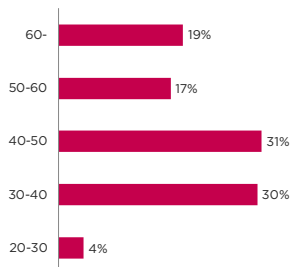
SITUATION	AVERAGE PRICE	m ²
Investment	14 850 000	64
First Home	13 461 000	70
Separation of generations	12 413 000	57
Moving together of generations	21 881 000	110
Moving into smaller	14 925 000	68
Moving into bigger	22 310 000	108
Divorce	13 496 000	70

We acquire the data used in relation of the buyers' status, age and motivation for the purchase through our client's voluntarily given verbal declaration, thus it shall be regarded as estimation.

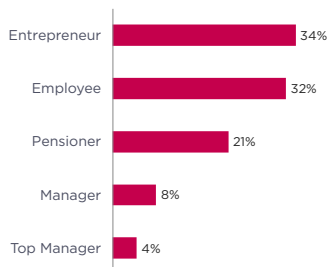
CLIENT PROFILE: SELLERS

In Budapest, over 60% of the sellers fell in the age group of 30-50. Mainly entrepreneurs and employees decided to sell their properties (66%). The main reason behind the sale was moving into a bigger property, accounting for 42%. Those moving into a bigger property sold average 79 m² size properties for around HUF 32 Million.

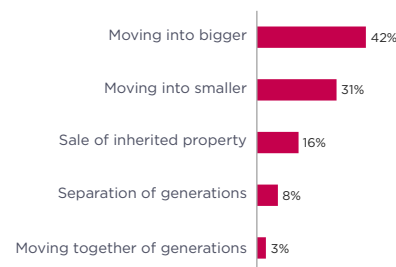
AGE BP.



STATUS BP.



REASON BEHIND THE SELLING BP.



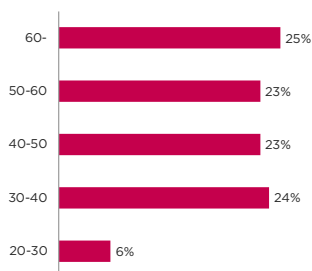
AGE	AVERAGE PRICE	m ²
20-30	21 193 000	42
30-40	30 986 000	62
40-50	36 813 000	77
50-60	30 626 000	67
60-	29 102 000	57

STATUS	AVERAGE PRICE	m ²
Employee	24 611 000	60
Top Manager	41 928 000	80
Manager	37 939 000	75
Pensioner	26 966 000	55
Entrepreneur	38 756 000	67

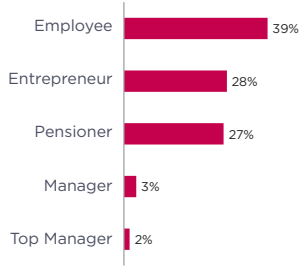
SITUATION	AVERAGE PRICE	m ²
Separation of generations	33 871 000	58
Moving together of generations	37 267 000	100
Moving into smaller	32 116 000	79
Moving into bigger	25 172 000	51
Sale of inherited property	35 000 000	72

In January, the age group division among sellers was rather even on regional level, with all age groups represented by similar ratios. No major differences were detected in connection with status types either – the ratio of employees being the highest (39%), but entrepreneurs (28%) and pensioners (27%) also around the same volume. Divorce (8%) and separation of generations (6%) was not significant. It was more the change in the size of property that motivated clients, with 31% buying bigger, and 28% voting for smaller properties.

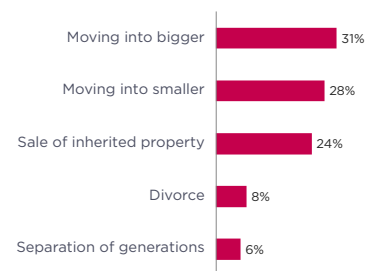
AGE REGIONAL



STATUS REGIONAL



REASON BEHIND THE SELLING REG.



AGE	AVERAGE PRICE	m ²
20-30	13 061 000	70
30-40	14 864 000	71
40-50	17 609 000	77
50-60	17 135 000	88
60-	14 559 000	84

STATUS	AVERAGE PRICE	m ²
Employee	14 056 000	80
Top Manager	43 379 000	136
Manager	15 150 000	83
Pensioner	15 028 000	94
Entrepreneur	19 109 000	81

SITUATION	AVERAGE PRICE	m ²
Separation of generations	15 088 000	100
Moving together of generations	8 825 000	51
Moving into smaller	19 129 000	110
Moving into bigger	13 674 000	62
Sale of inherited property	9 355 000	71
Divorce	19 513 000	79

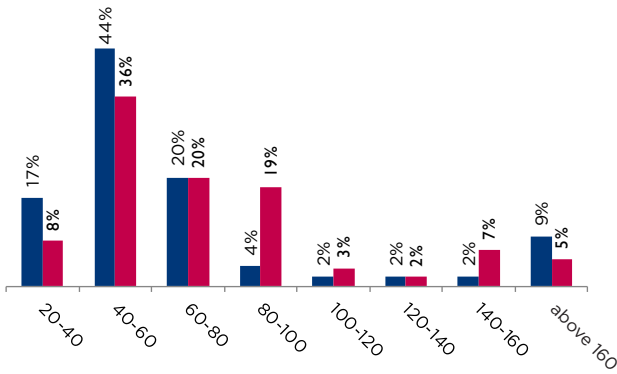
We acquire the data used in relation of the clients' status, age and motivation for the purchase through our client's voluntarily given verbal declaration, thus it shall be regarded as estimation .

TRANSACTION PARAMETERS – BUDAPEST

In Buda, when compared to the January of the previous year, the ratio of flats in the 80-100 m² size range has increased the most, by nearly 15%. The ratio of the most expensive flats among all has grown significantly both in Buda and Pest, with the former accounting for 40% within the named category, and 19% on the Pest side. When comparing present values with the ones from a year before, no major changes are detected in the flat sizes in Pest, with the 20-40 and the 40-60 size categories still being the most popular.

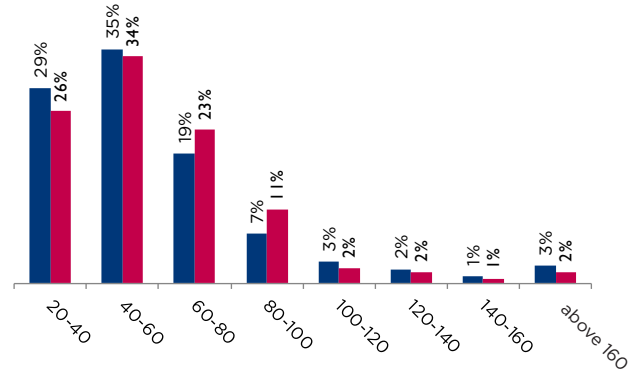
BUDA

Size (m²)

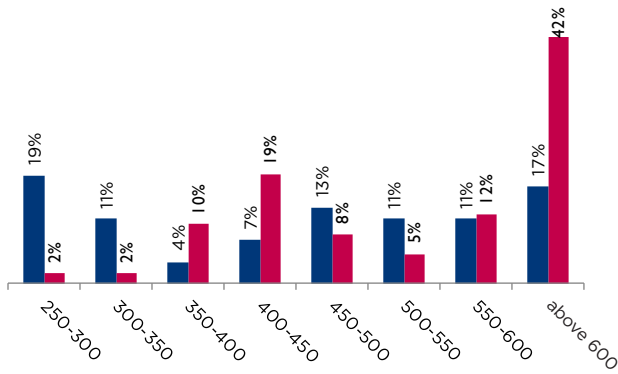


PEST

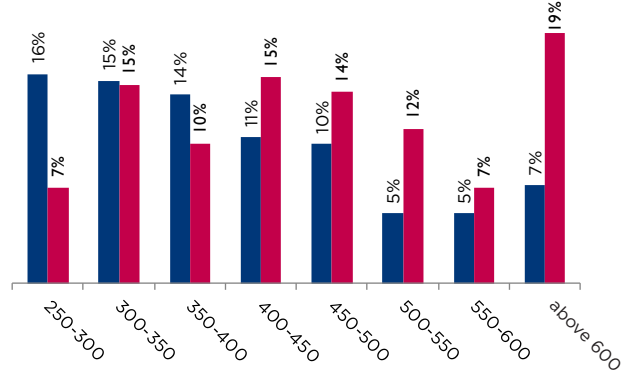
Size (m²)



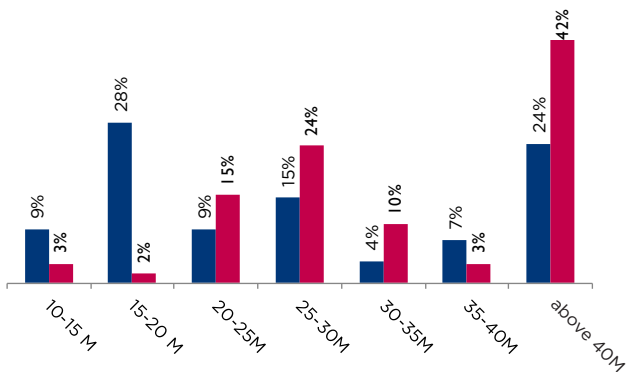
m² price (HUF thousand)



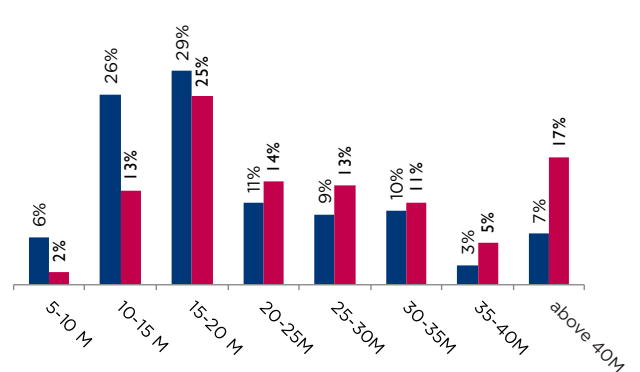
m² price (HUF thousand)



Price (HUF million)



Price (HUF million)



■ January 2017
■ January 2018

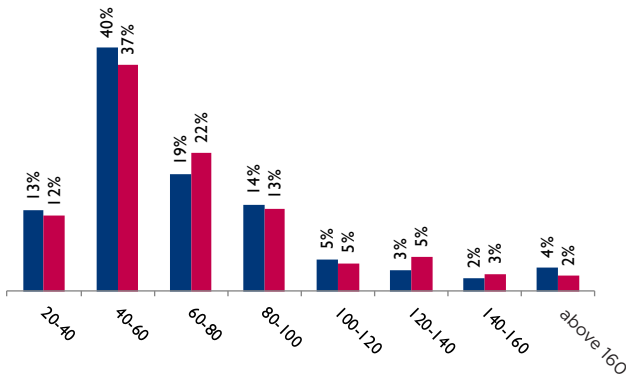
Based on properties sold by the Duna House Franchise network.

TRANSACTION PARAMETERS — REGIONAL

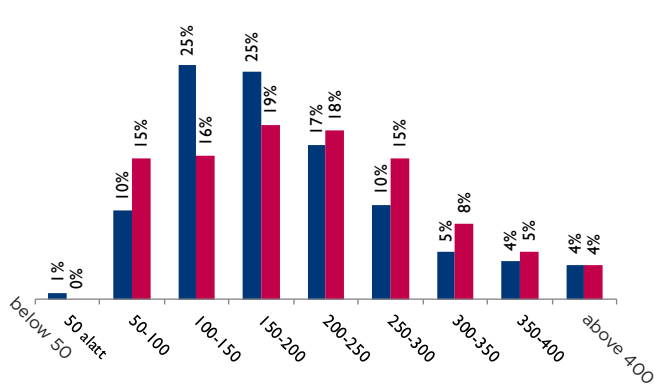
On regional level (without Pest County) in January 2017 and 2018 the highest ratio of flats fell in the 40-60 m² category (40% and 37%), with the 60-80 size category showing increase as well. The price increase is also detected on regional level, as all higher price ranges grew when compared to the same period of the previous year. In Pest County, the 60-100 m² size category ruled the property market, with the HUF 300-350 thousand and the HUF 350-400 thousand price ranges increasing the most proportionally. As a result, the ratio of flats in the HUF 20-25 Million category has grown on regional level and in Pest County as well.

COUNTRYWIDE (EXCLUDING CENTRAL HUNGARY)

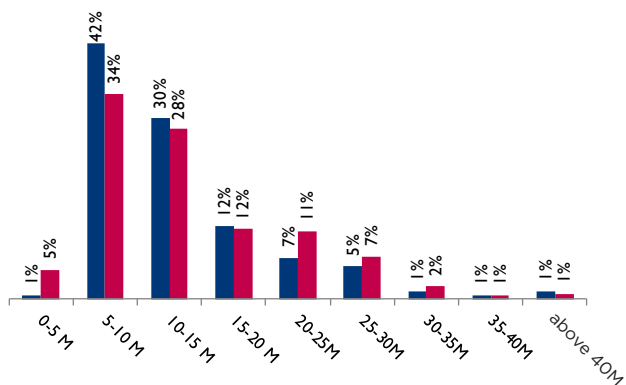
Size (m²)



m² price (HUF thousand)

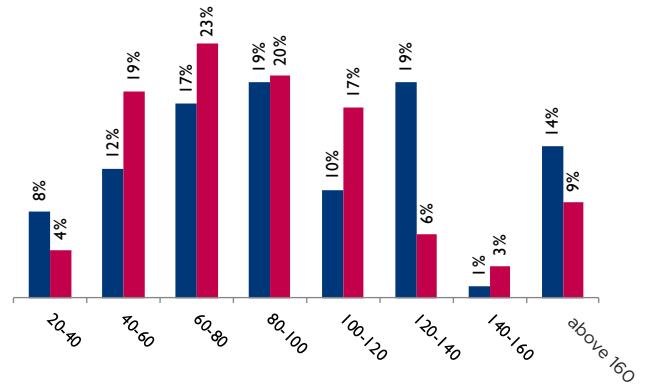


Price (HUF million)

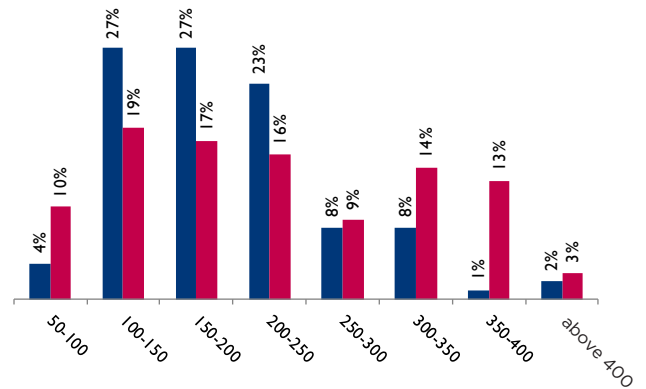


PEST COUNTY

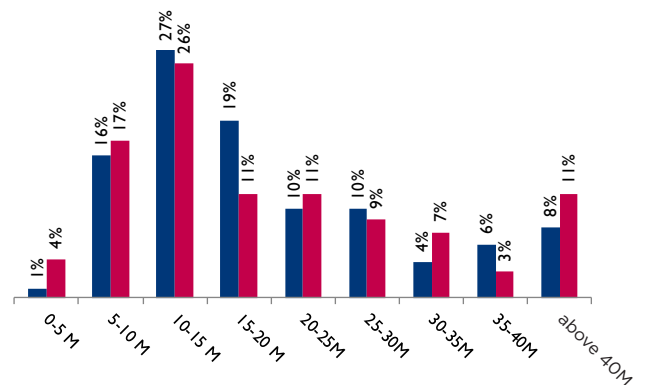
Size (m²)



m² price (HUF thousand)



Price (HUF million)



■ January 2017
■ January 2018

Based on properties sold by the Duna House Franchise network.



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