

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

81. ISSUE

2018. QI. AND 2018. MARCH



DHS
BÉT

**PRIME
MARKET**

Listed on the Prime Market of
the Budapest Stock Exchange

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FORTHCOMING ISSUES

Date of issue	Content
2018.05.14.	April data
2018.06.12.	May data
2018.07.12.	2018. Q1-2 data (including price indexes)

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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.



CONTENT:

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

EXECUTIVE SUMMARY

During the past ten years since the 2008 economic crisis, regarded as milestone today, the Hungarian property market has undergone several changes. Following the serious fallback, it took 5-6 years for the market and economic trends to settle and get back on a prospering track. The 2018 jubilee year may be the year of return. Every expanding transaction volume and property price index has exceeded or nearly reached the values present a decade ago, with further growth to be expected.

The transaction number of Q1, exceeding 37 thousand, presents the strongest first quarter in the past ten years. Moreover, the tendency is expected to continue in the next quarter as well. The strong property turnover level was supported by increasing transaction numbers. Duna House's national residential property index has broken a record both on nominal and real value, with the latter outgrowing the last pre-crisis value by 4 %.

Recovery is also clearly visible when assessing transaction parameters. When looking at the square meter prices of sold properties, the highest category -above HUF 600 thousand- has been the most dynamically increasing one, on both sides in Budapest. Flats of 40-60 m² size are the most popular in the capital and countrywide as well, with the next category -the 60-80 m²- showing significant growth in Budapest. The latter has already been the most popular size category in Pest County.

Further information

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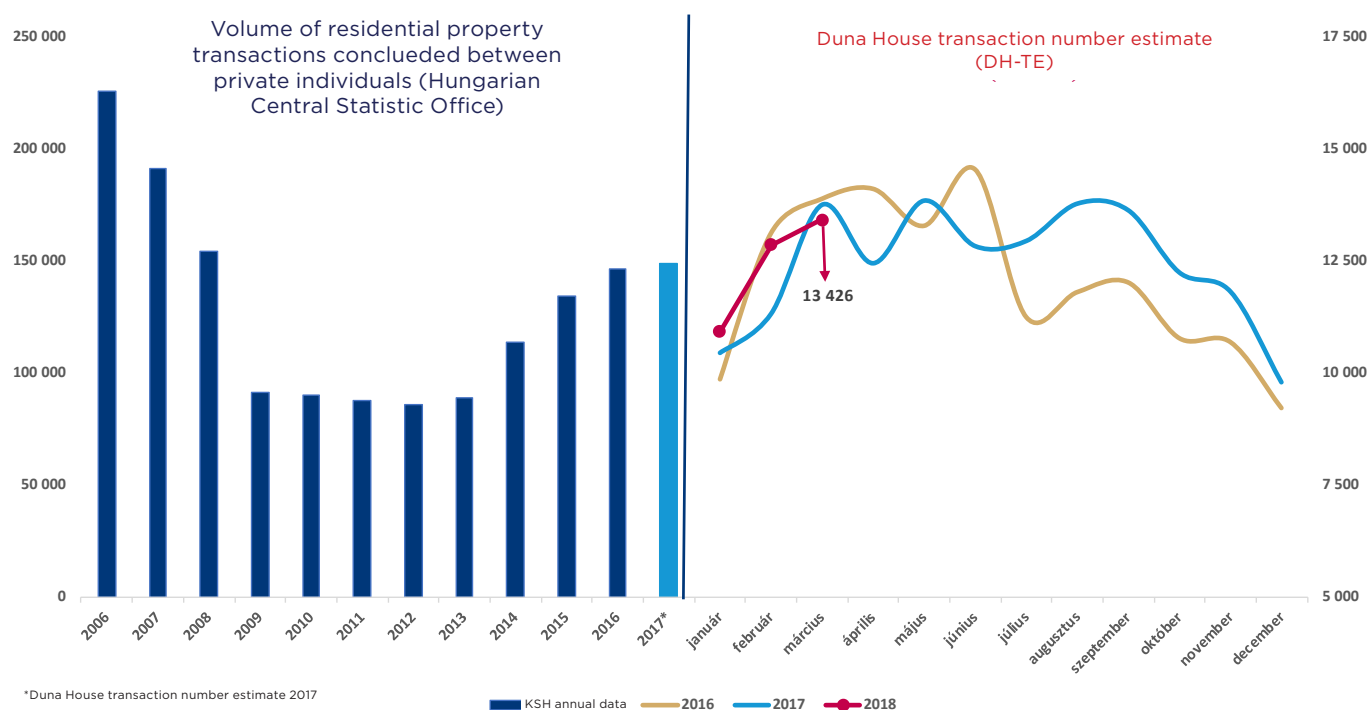
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TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

Q1 of 2018 has ended up being the strongest year start since the 2008 crisis. Based on yearly seasonality trends, March is generally one of the strongest months. Although the estimate for March 2018 is around 3% behind the values measured in March of the previous two years, in total there have been 1% and 5% more sale and purchase transactions since January this year than in 2016 and 2017



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
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	12 869	13 426									



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.

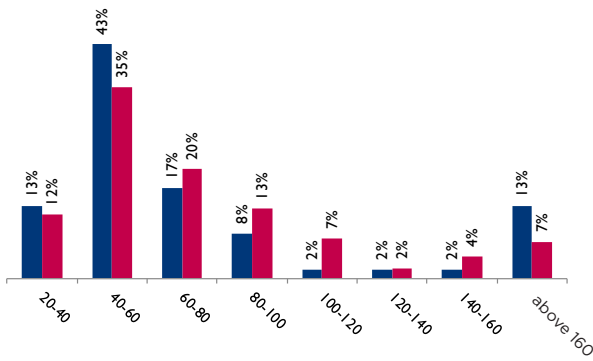
Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

TRANSACTION PARAMETERS IN BUDAPEST

In Budapest and in comparison with Q1 2017, the ratio of flats in the 60-80 m2 size category has increased, while the 40-60 m2 category has decreased. The ratio of flats sold for above HUF 600 thousand/m2 has risen on both sides of the Danube when compared to the beginning of 2017, accounting for 15% in Buda and 9% in Pest. In early 2018 in Buda, 42% of sold flats was sold above HUF 40 Million, while the same category on the Pest side reached 16%.

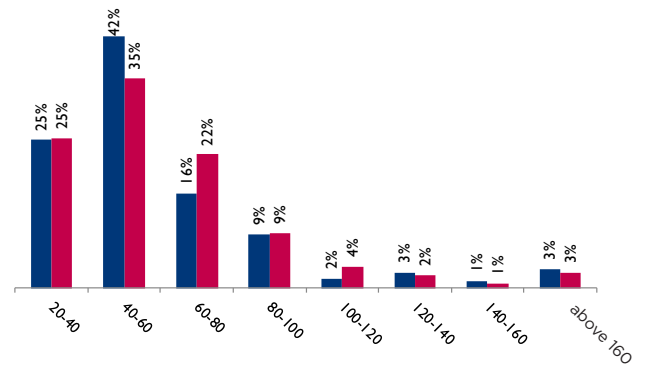
BUDA

size (m2)

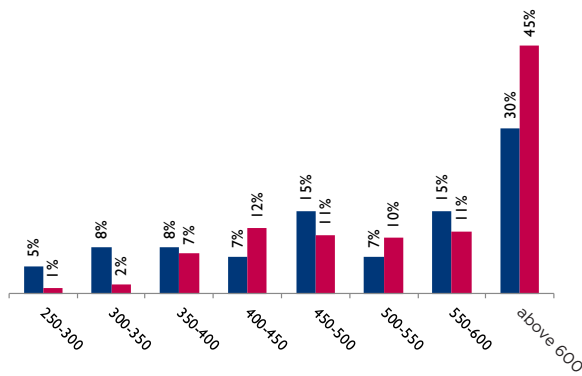


PEST

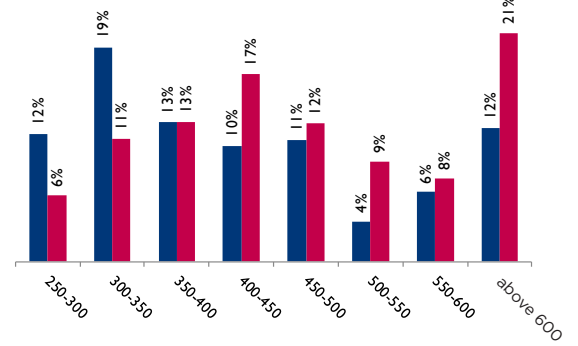
size (m2)



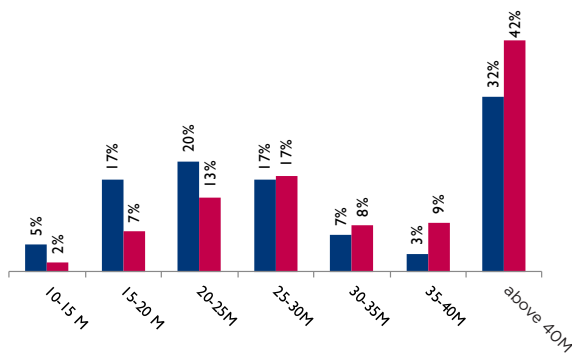
m2 price (HUF thousand)



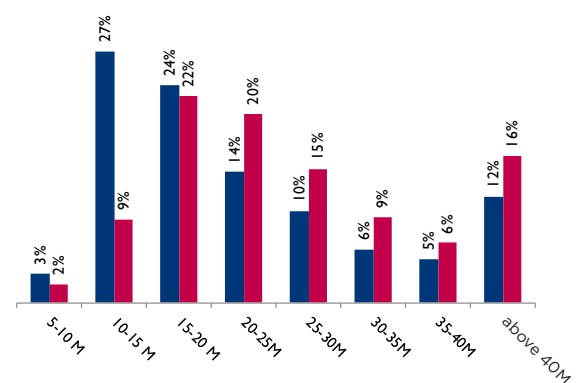
m2 price (HUF thousand)



price (HUF Million)



price (HUF Million)



■ 2017. Q1
■ 2018. Q1

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

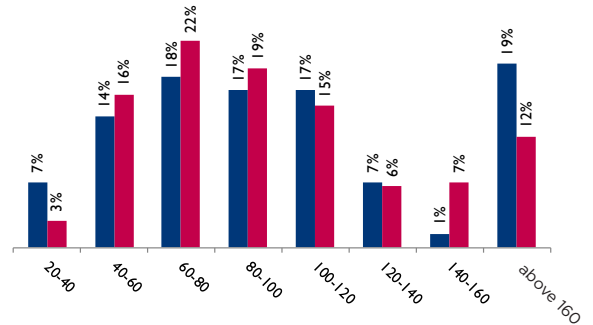
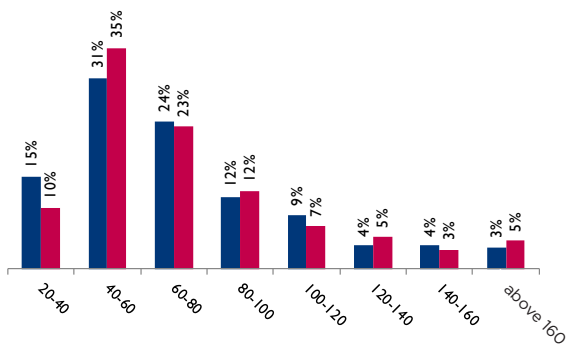
On regional level –excluding Central-Hungary- the most popular size category was the 40-60 m2, both in 2017 Q1 and the first three months of the present year. When looking at Pest County, the 60-80 m2 and the 80-100 m2 categories were more popular than in the other regions. In means of m2 prices, no outstanding category can be named, but the values have clearly moved toward higher levels in comparison with the previous year. The ratio of properties sold for above HUF 40 Million is insignificant outside the Central-Hungary region, while the ratio of properties for above HUF 25 Million is just slightly above 10%.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

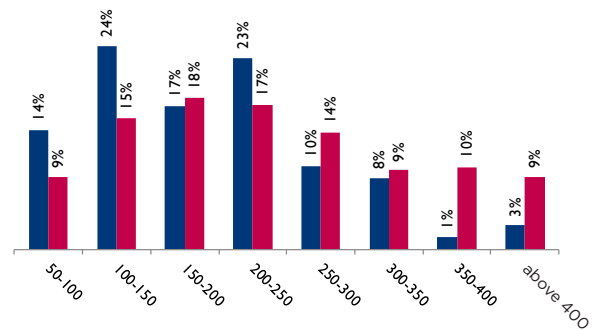
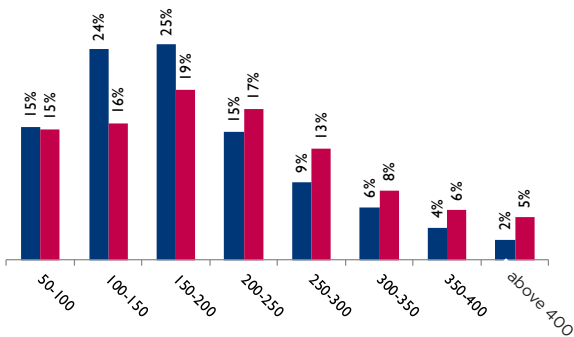
size (m2)

size (m2)



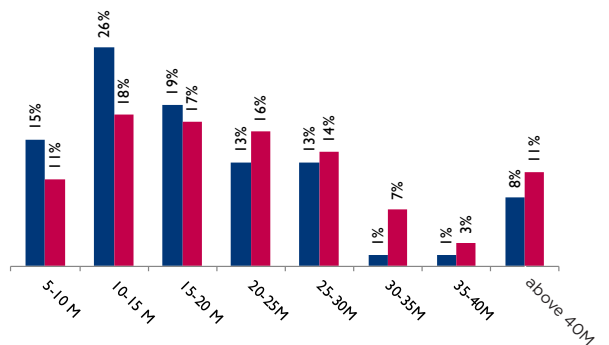
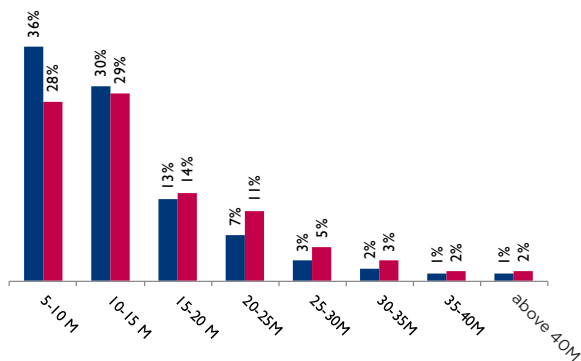
m2 price (HUF thousand)

m2 price (HUF thousand)



price (HUF Million)

price (HUF Million)



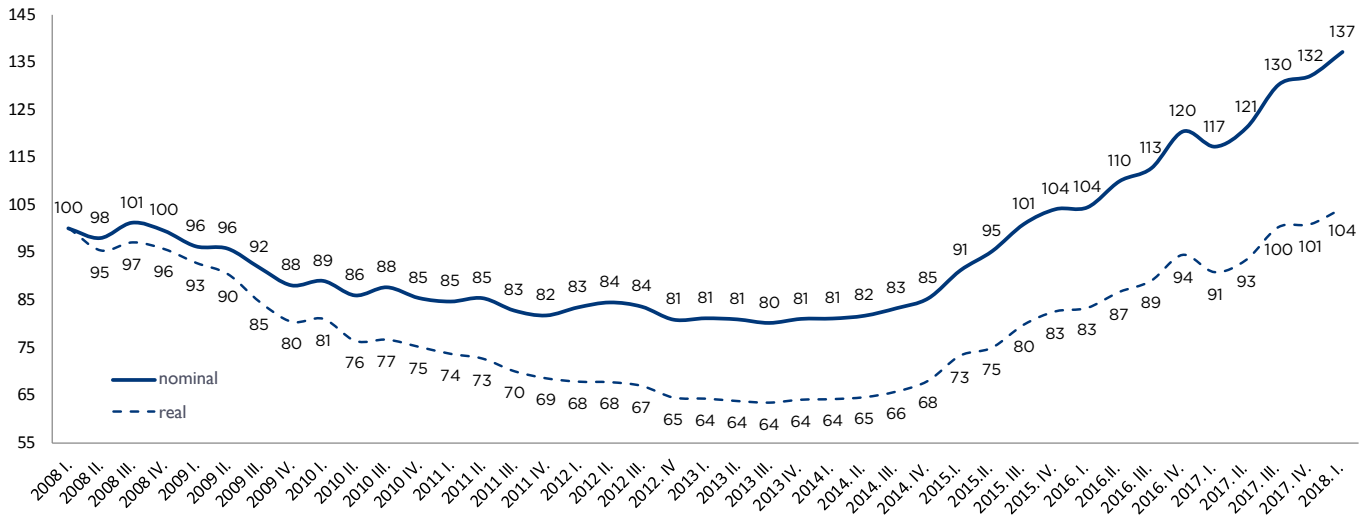
■ 2017. Q1
■ 2018. Q1

Based on properties sold by Duna House Franchise Network.

PRICES – PROPERTY PRICE INDEXES

Duna House National Property Price Indexes

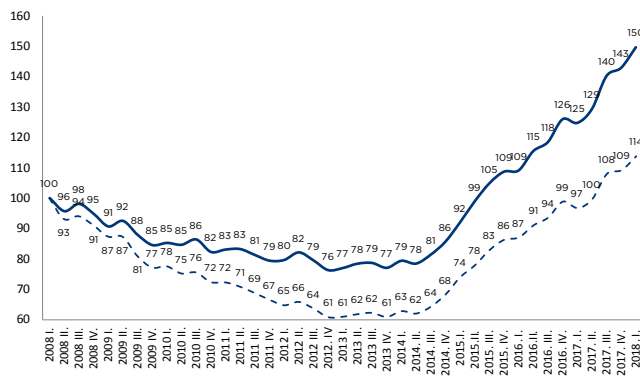
The increase of property prices has continued in Q1 2018, resulting in a 137 point nominal value, and a 4 point higher real value than the base data from 2008.



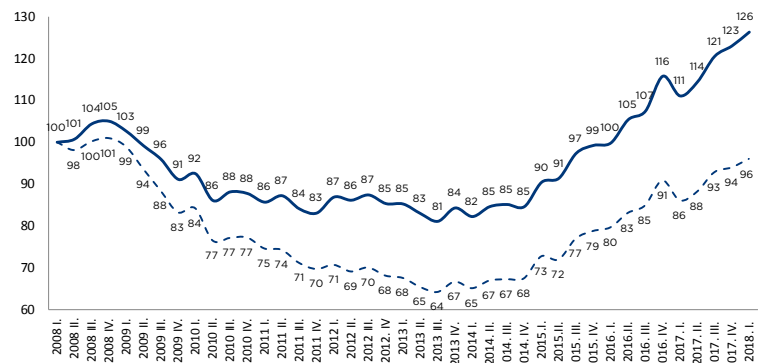
About our residential property indexes: We apply a system which tries to eliminate all kinds of type related differences. Similar indicators generally use normal averaging which does not take into consideration the variable elements of transactions. When developing DH residential property indexes we use the so called hedonic method, taking into account structure, state (scale 1-5), size, year of construction as well as parameters such as floor and location. Formed customer baskets are weighted unchanged on the time scale. For the weighing of national indexes we use the regional rate of transactions published by the Central Statistical Office.

The growing tendency has remained in relation of countrywide data. The nominal value of the Panel price index is 150, while the Brick price index is on 126 points currently – the latter only 4 points behind the base value on real value.

NATIONAL PANEL INDEX



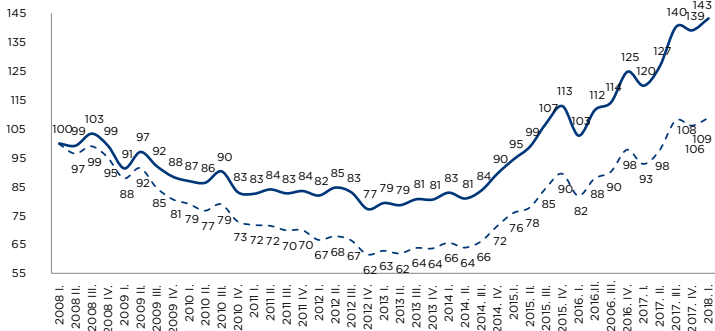
NATIONAL BRICK INDEX



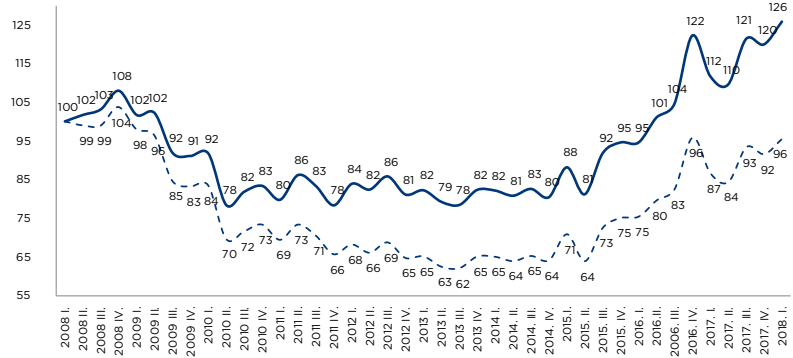
Duna House Regional Price Indexes

In the eastern part of the country, following stagnation in the previous quarter, the price index has begun to grow again, accounting for 4% increase for panel flats, and 6% plus in case of brick flats. As a result, the brick index on real value is at 96 points, slowly reaching the starting value - a point, the panel index has exceeded three quarters before.

EAST-HUNGARY PANEL INDEX

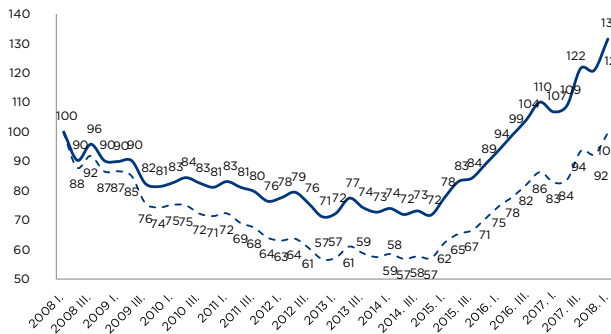


EAST-HUNGARY BRICK INDEX

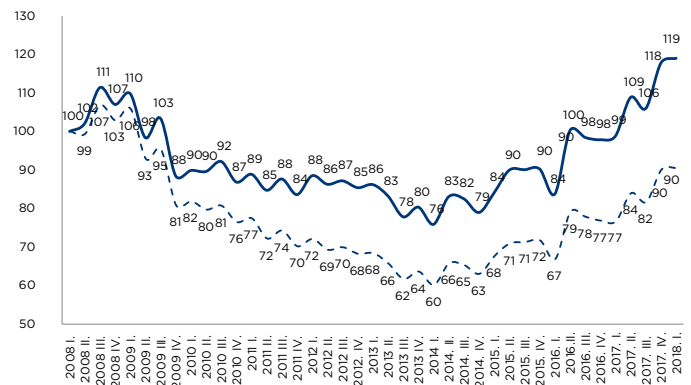


In the western part of the country, by the increase of the Panel index, the values on real value have reached the 2008 base value, while on nominal value, with the 11% growth, have reached 132 points. The brick index has increased by a minor 1% on nominal value, which means a stagnation on real value.

WEST-HUNGARY PANEL INDEX



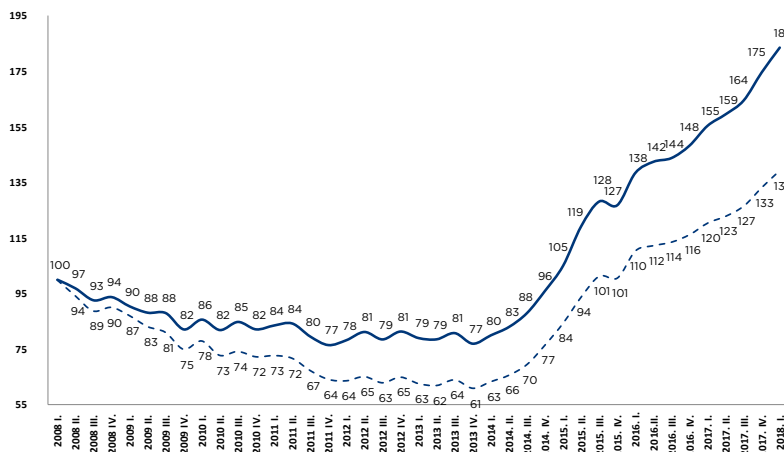
WEST-HUNGARY BRICK INDEX



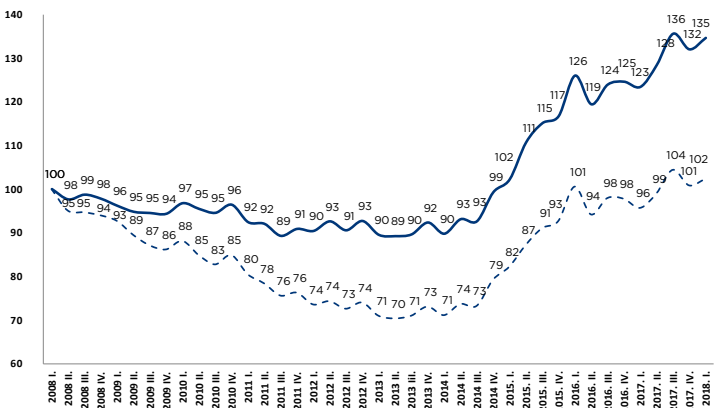
DUNA HOUSE BUDAPEST PRICE INDEXES

Prices on the Budapest property market are still in the boom. The Panel index has broken another record with its 8% growth on nominal value, meaning a 6% increase on real value. The price index of brick flats has, in a lower volume, also grown.

BUDAPEST PANEL INDEX



BUDAPEST BRICK INDEX



RESIDENTIAL FLAT DATA

By analyzing property prices on a countrywide level, it can be stated that the price of panel flats has risen both in the eastern and western part of the country, and both regarding average prices and m2 prices. Change in the listing price, as well as the possible bargain values, are nearly the same as in the previous years. It means that sellers rarely change their original prices, and when they do so, it is a slight change and generally a difficult act until the very last phase when a somewhat wider bargain potential seems so be present.

When looking at used brick flats, East-Hungary shows price increase, while the western part seems to be stagnating in means of m2 prices.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain
2017. Q1	9 847 000	189 000	1%	6%	9 386 000	179 000	2%	4%
2018. Q1	11 981 000	221 000	1%	5%	10 981 000	213 000	1%	4%

BRICK COUNTRYWIDE								
	EAST				WEST			
	Lakásár	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain
2017. Q1	13 436 000	247 000	1%	4%	13 619 000	226 000	2%	4%
2018. Q1	14 693 000	252 000	2%	4%	12 270 000	225 000	2%	5%

In case of panel flats in Buda, prices are well above HUF 400 thousand per m2, and HUF 23 Million overall average price, as indicated by the latest data. On the Pest side, the market is close to HUF 400 thousand m2 prices and HUF 20 Million overall average price. When comparing the two quarters, a price increase exceeding 20% is shown.

Used brick flats present a somewhat less significant, but still notable change. In the districts in the Inner City and Buda, average m2 prices are above HUF 600 thousand, with Pest also presenting price levels above HUF 460 thousand. Bargain potential is nearly the same 4% in relation of all categories, with only the panel flats in Pest suggesting lower values, around 2%.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain
2017. Q1	18 984 000	339 000	1%	2%	15 868 000	311 000	2%	3%
2018. Q1	23 842 000	435 000	1%	4%	19 590 000	379 000	1%	2%

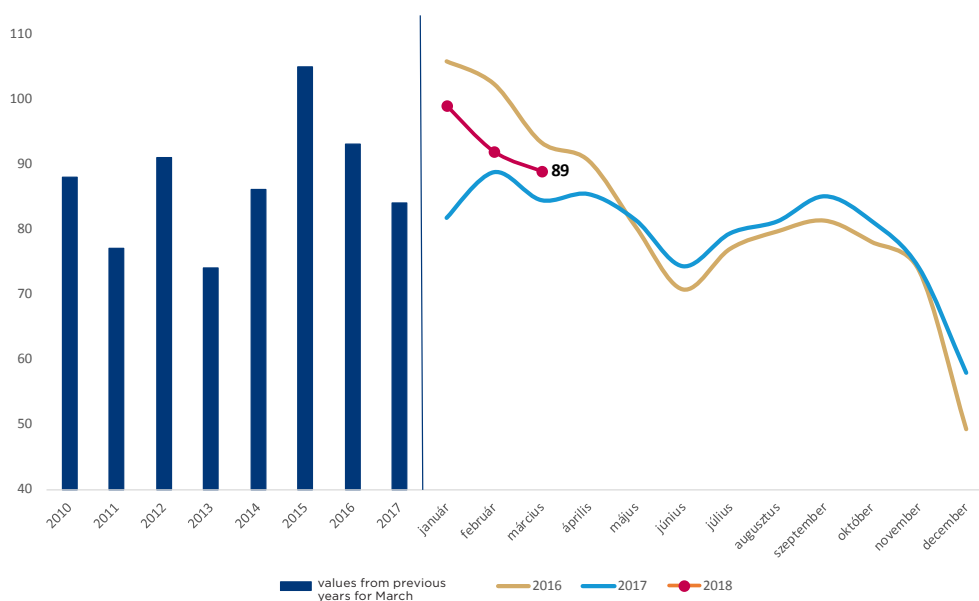
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain
2017. Q1	41 498 000	595 000	3%	3%	22 592 000	429 000	2%	3%	33 956 000	559 000	3%	6%
2018. Q1	45 228 000	654 000	1%	4%	25 731 000	463 000	2%	4%	39 222 000	641 000	2%	5%

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

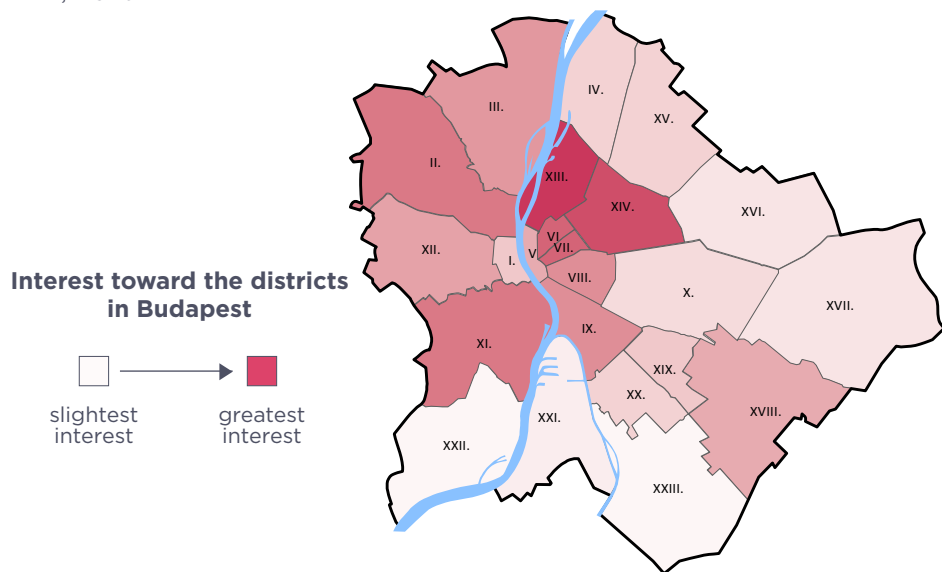
Following the seasonally expected growth in demand during the beginning of the new year, a minimal 3% fallback was experienced on the market in March – still exceeding last year’s value. Despite the minor decrease in demand, the market is still active.



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 13 remained the most popular location in March in Budapest. When compared to the previous year, the highest growth was experienced in District 6 (3.8%), which was the third most popular district in the capital. In addition to Angyalföld and District 6, outstanding interest was detected towards districts 2, 7 and 14



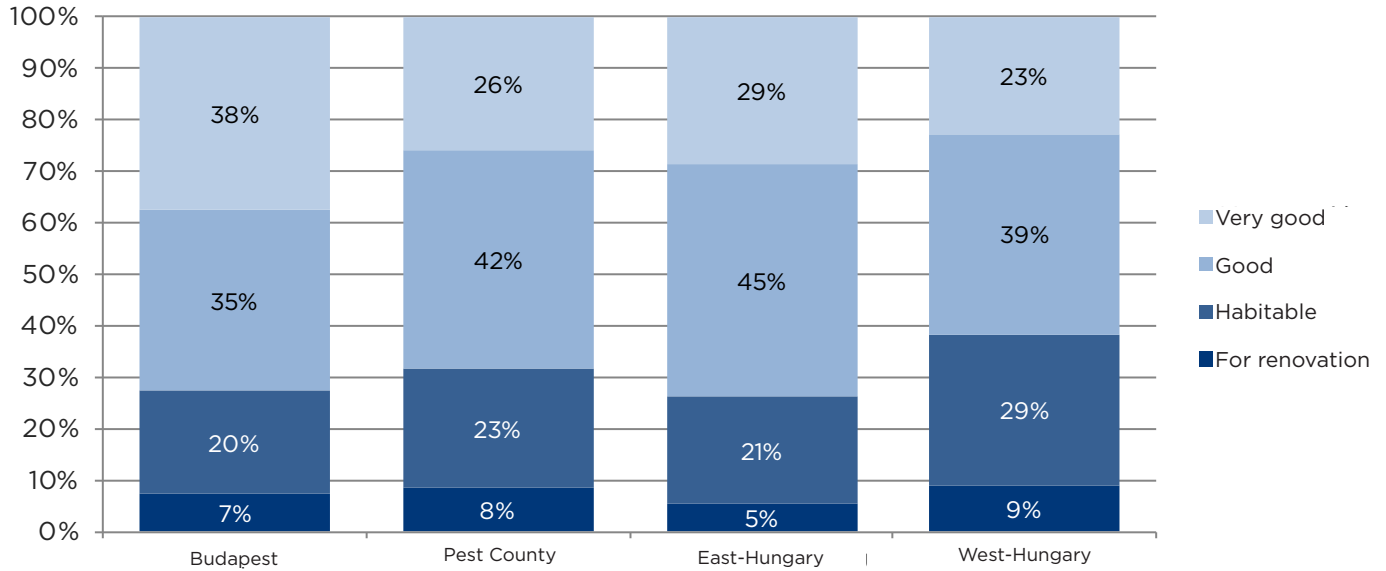
DISTRICT	2017. MARCH	2017. MARCH
Budapest 01.	7,1%	8,4%
Budapest 02.	13,4%	15,1%
Budapest 03.	11,0%	12,6%
Budapest 04.	8,5%	8,0%
Budapest 05.	9,5%	12,1%
Budapest 06.	13,7%	17,5%
Budapest 07.	14,6%	18,0%
Budapest 08.	11,4%	14,4%
Budapest 09.	12,2%	14,6%
Budapest 10.	7,4%	6,2%
Budapest 11.	16,7%	14,9%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

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

In March, in Budapest, the highest number among sold flats was in the “very good” quality category. Outside the capital more buyers decided to carry out minor renovation choosing “good quality”. Flats “for renovation” are still less popular, with the majority of buyers voting for at least the “habitable” category.



TIME NEED OF SALE

Time need of sale in case of panel flats has fastened in comparison with March 2017. Properties sold through agencies outside Budapest generally find new owners within 2 months, with the Pest side presenting only a few days longer average values.

The sale of used flats, on the other hand, requires more time. In Budapest, the average time need of sale is 3-4 months, within which the shortest period applies for the Inner City (107 days).

PANEL				
Time need of sale/day				
	East	West	Buda	Pest
2017. march	68	106	91	87
2018. march	59	54	75	62

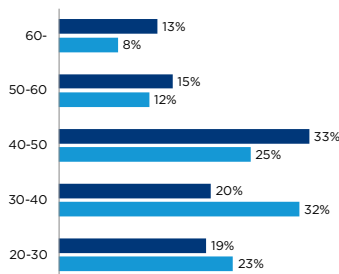
BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
2017. march	94	157	93	111	137
2018. march	131	153	110	121	107

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.

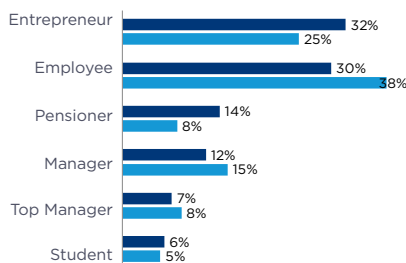
BUYER'S PROFILE BUDAPEST

In comparison with the previous year, this March the age group of 20-30 and 30-40 has decreased by 16%, while the ratio of older age groups has grown. The ratio of entrepreneurs among buyers shows significant growth, while the ratio of employees presents an 8% decrease. The dominating motive on the property market in Budapest is still investment (39%). Average price of investment purpose flats in the capital is HUF 31.1 Million, and 60 m2 size.

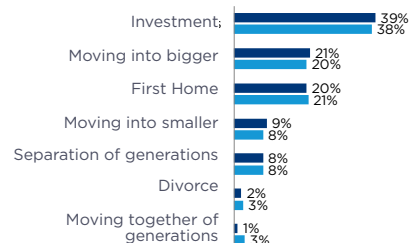
AGE OF BUYERS BP.



STATUS BP.



MOTIVATION BP.



AGE	AVERAGE PRICE	m ²
20-30	24 556 000	49
30-40	32 612 000	75
40-50	36 770 000	73
50-60	29 932 000	63
60-	30 998 000	58

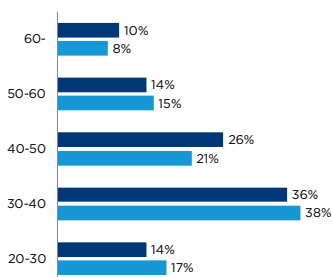
STATUS	AVERAGE PRICE	m ²
Employee	24 129 000	55
Top Manager	50 700 000	94
Manager	35 996 000	70
Pensioner	24 520 000	49
Student	23 773 000	53
Entrepreneur	38 500 000	78

SITUATION	AVERAGE PRICE	m ²
Investment	31 308 000	60
First Home	24 092 000	50
Separation of generations	29 414 000	65
Moving together of generations	35 900 000	203
Moving into smaller	23 525 000	51
Moving into bigger	37 204 000	93
Divorce	25 200 000	63

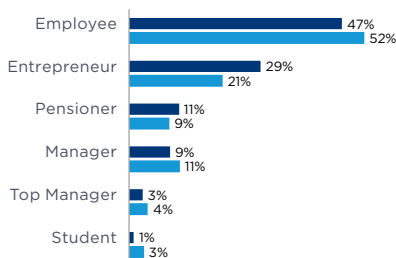
BUYER'S PROFILE ON REGIONAL LEVEL

Similarly to the capital, on regional level the ratio of older age groups (40-50 and 60+) among buyers has grown, while the ratio of younger age groups has decreased when compared the March 2017. The ratio of entrepreneurs has grown, while the ratio of managers and top managers has fallen back. The leading motivation was investment and moving into a bigger property. The ratio of the former showed increase, while the latter indicated decrease in the one-year period. Average value of investments was HUF 16 Million.

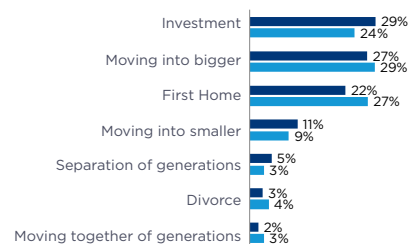
AGE OF BUYERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	14 170 000	73
30-40	17 572 000	90
40-50	19 074 000	89
50-60	16 446 000	78
60-	15 779 000	73

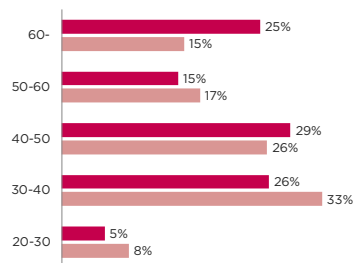
STATUS	AVERAGE PRICE	m ²
Employee	14 139 000	84
Top Manager	27 705 000	122
Manager	20 075 000	84
Pensioner	13 550 000	72
Student	10 734 000	41
Entrepreneur	20 429 000	85

SITUATION	AVERAGE PRICE	m ²
Investment	15 981 000	65
First Home	13 596 000	76
Separation of generations	13 539 000	78
Moving together of generations	23 175 000	133
Moving into smaller	12 899 000	62
Moving into bigger	22 819 000	115
Divorce	16 205 000	70

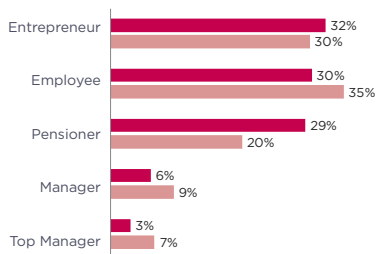
SELLER'S PROFILE BUDAPEST

Among sellers, the age group of 40-50 represented the highest ratio (29%), but there were no major differences in any of the age groups under 30. Employees accounted for the highest ratio of sellers in Budapest (32%), followed by entrepreneurs (30%) with a ratio lower than during March last year. The ratio of those moving into a bigger property was 6% lower than last year, but it still remained the leading motivation for the sale. The average price of these flats was HUF 34.4 Million, with 64 m² average size.

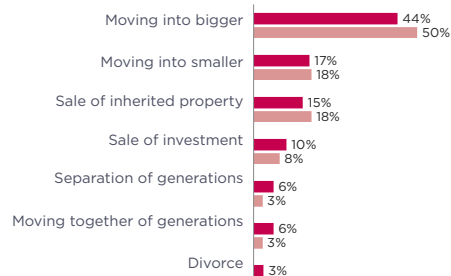
AGE OF SELLERS BP.



STATUS BP.



MOTIVATION BP.



AGE	AVERAGE PRICE	m ²
20-30	20 235 000	40
30-40	28 793 000	55
40-50	36 444 000	68
50-60	26 667 000	63
60-	31 446 000	70

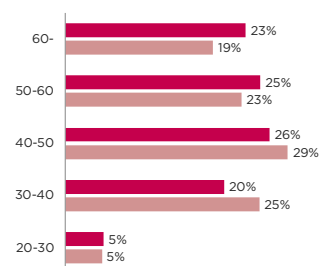
STATUS	AVERAGE PRICE	m ²
Employee	22 994 000	57
Top Manager	26 200 000	54
Manager	29 008 000	63
Pensioner	27 556 000	63
Entrepreneur	44 326 000	75

SITUATION	AVERAGE PRICE	m ²
Sale of investment	28 814 000	59
Separation of generations	52 850 000	100
Moving together of generations	45 113 000	95
Moving into smaller	33 770 000	83
Moving into bigger	34 367 000	64
Sale of inherited property	25 889 000	68
Divorce	22 467 000	58

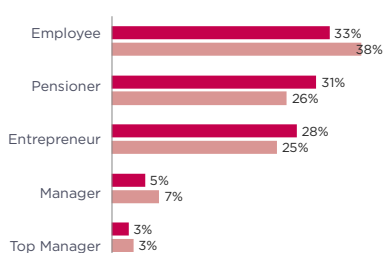
SELLER'S PROFILE ON REGIONAL LEVEL

On regional level, the representation of age groups was nearly the same, with only the age group under 30 being less active on the market. In addition to employees and entrepreneurs, pensioners were also represented in a significant number among sellers. The category of those moving into a bigger property was less significant than in the capital, being the second most common motivation for the sale. The price of these flats was around half of those in Budapest, next to the same average sizes.

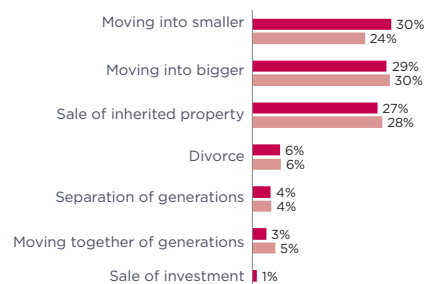
AGE OF SELLERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	19 795 000	82
30-40	16 317 000	77
40-50	20 365 000	84
50-60	15 723 000	88
60-	15 287 000	90

STATUS	AVERAGE PRICE	m ²
Employee	14 183 000	83
Top Manager	33 367 000	110
Manager	15 682 000	73
Pensioner	15 268 000	90
Entrepreneur	21 612 000	84

SITUATION	AVERAGE PRICE	m ²
Sale of investment	26 998 000	102
Separation of generations	14 594 000	88
Moving together of generations	15 032 000	83
Moving into smaller	20 666 000	115
Moving into bigger	16 086 000	69
Sale of inherited property	10 902 000	80
Divorce	16 743 000	104



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