

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

85. issue

2018. July



DHS
BÉT
**PRIME
MARKET**

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the Budapest Stock Exchange

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FORTHCOMING ISSUES

Date of issue

Content

September 12, 2018.

August data

October 12, 2018.

2018. Q3 data (including price indexes, mortgage data)

November 12, 2018.

October 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

Duna House Transaction number estimate, in line with other market transaction data, suggests an unusually strong summer season on the real estate market. The demand index –higher than in the previous years– also reflects an active market demand, with the index currently at 83 points, predicting an August similarly strong as July.

Based on the assessment of transaction parameters, the most popular size in Budapest is still in the 40-60 m² range, with Buda characterized by a bigger (60-80 m²), and Pest by a smaller (20-40) category. When looking at prices, the gap between the two sides of the Danube is still significant. In Buda, 50% of sale and purchases the m² price has exceeded HUF 750 thousand; while in Pest 33% of transactions fell in the HUF 600 thousand plus price range. In means of average property value, in Buda 53% of the transactions involved flats above HUF 40 Million sale price, while in Pest the HUF 20-25 Million price range accounted for the highest part (24%).

The dynamic rise of panel flat prices, based on the gathered data, seems to have continued in July. When compared to the previous year, square meter prices on regional level have gone up by HUF 50 thousand, while in the capital buyers paid HUF 100 thousand more for one m². That means, average m² prices outside Budapest are above HUF 250 thousand, and exceed HUF 400 thousand in the capital.

As far as forecasts are concerned, the volume of sale and purchase transactions on the Hungarian real estate market will reach 100 thousand in August, which is a limit that was not crossed in the entire year of 2009 and 2013.

Further information

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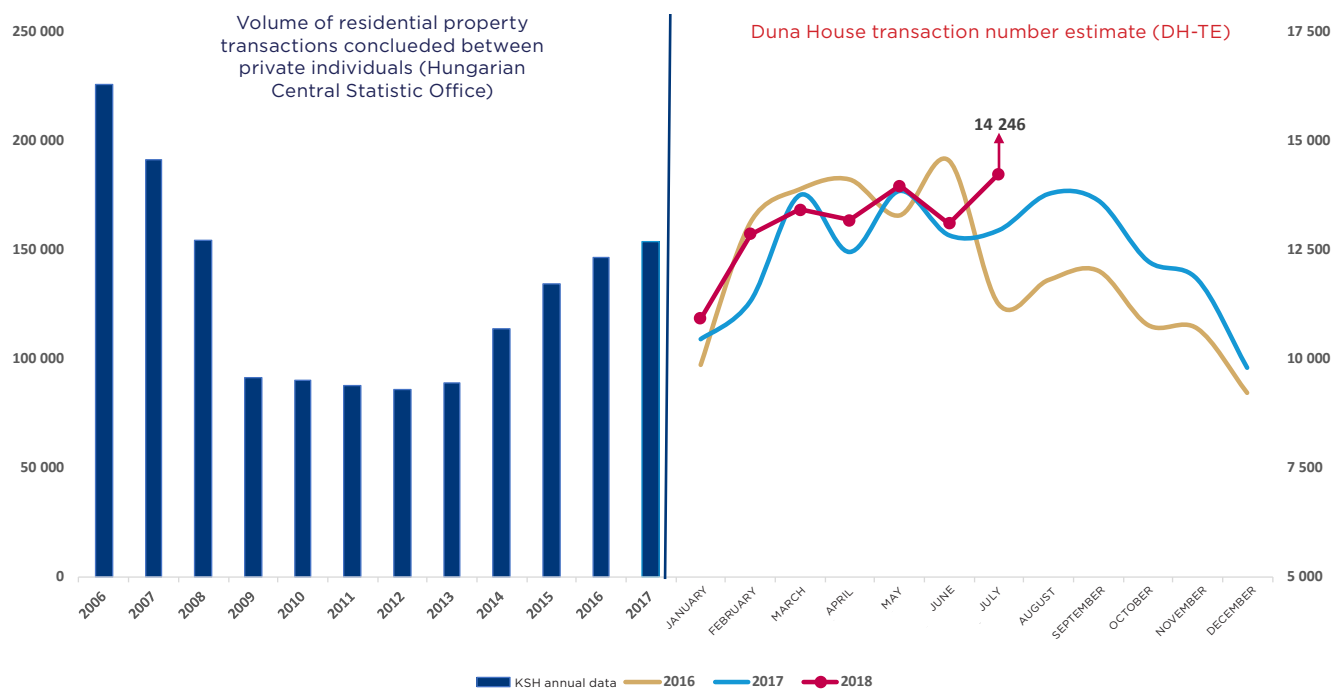
www.dh.hu



TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

The Hungarian real estate market has closed its most active month so far this year. The estimated 14 thousand sale-and purchase volume calculated by Duna House is 10% higher than last year and 26% more than in July 2016. Summer seasons tend to be more active, but it's been a long time since a similarly strong month. Transaction volumes exceeding 14 thousand were last measured in April and May 2016. This year so far 91 700 sale and purchase transactions have been completed.



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 | 13 180 | 13 967 | 13 098 | 14 246 | | | | | |



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.

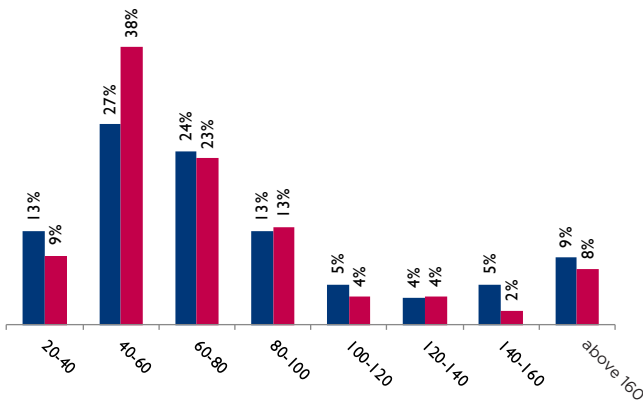
Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

TRANSACTION PARAMETERS IN BUDAPEST

In Budapest, similarly to the data from a year before, the highest volume of sale and purchase transactions targeted 40-60 m² properties on both sides of the Danube. In Buda, in 50% of all transactions the m² price was above HUF 750 thousand. Prices in Pest are still somewhat lower, with 33% of the transactions being above HUF 620 thousand. In Buda 53% of the transactions involved flats above HUF 40 Million sale price, while in Pest the HUF 20-25 Million price range accounted for the highest part (24%).

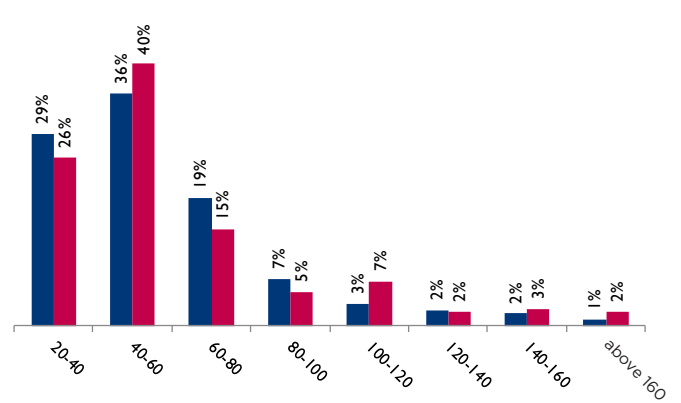
BUDA

Size (m²)



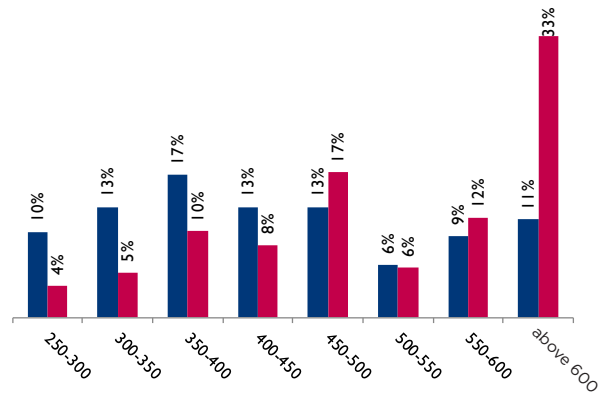
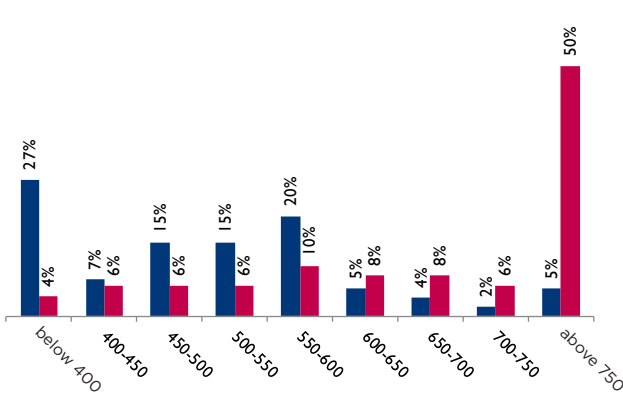
PEST

Size (m²)



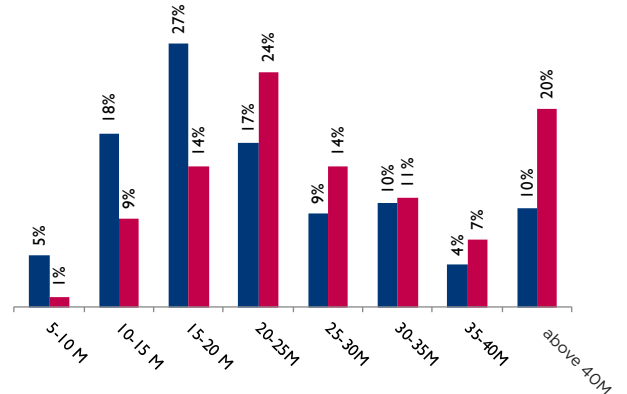
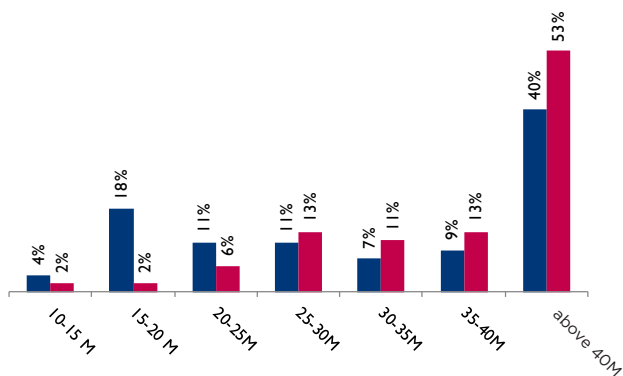
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ July 2017.
■ July 2018.

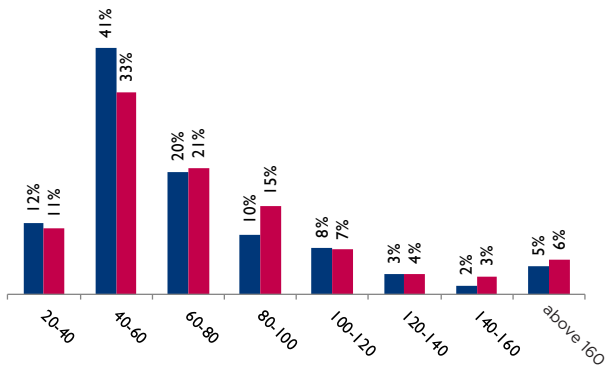
Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

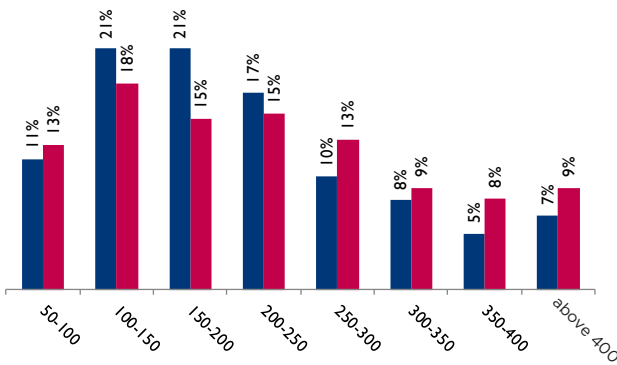
Outside Budapest, on regional level, the most demanded categories were the 40-60 m² and the 60-80 m² size in July. Prices are far behind the Budapest prices; even in Pest County only 17% of the transactions exceeded HUF 400 thousand m² price. Therefore, the sale price of the flats generally remained under HUF 25 Million.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

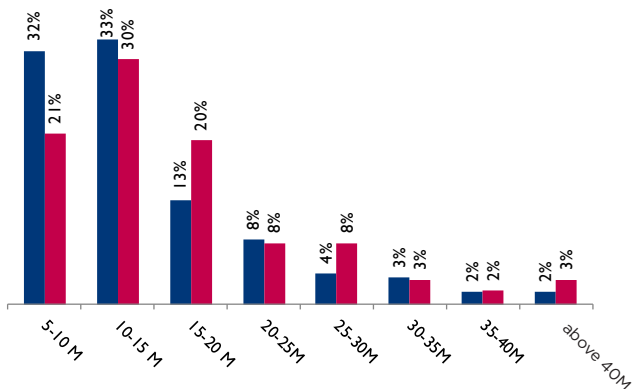
Size (m²)



m² price (HUF thousand)

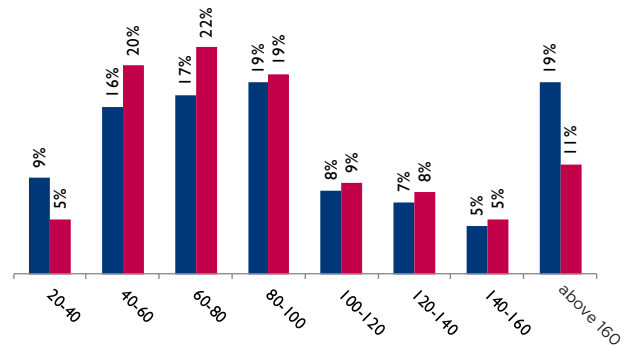


Price (HUF Million)

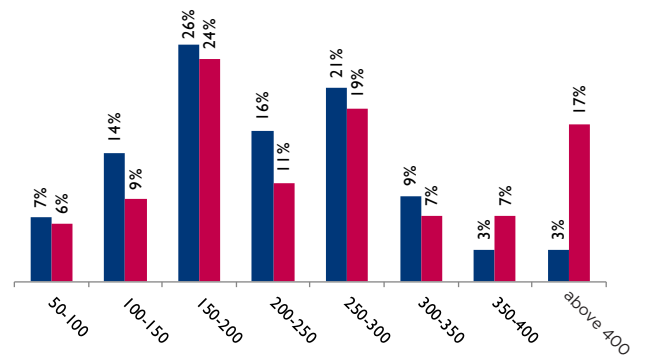


PEST COUNTY

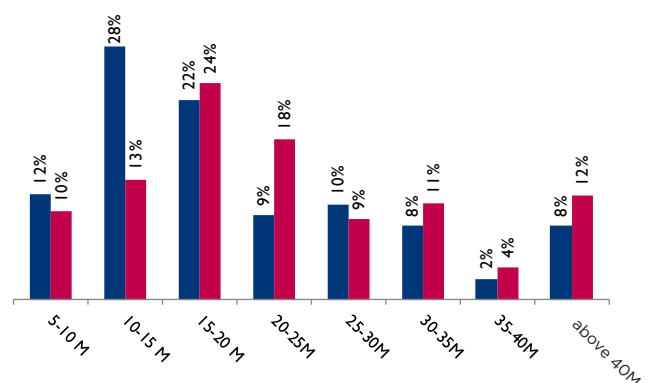
Size (m²)



m² price (HUF thousand)



Price (HUF Million)



■ July 2017.
■ July 2018.

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

When compared to the previous year, the price of panel flats has clearly increased outside Budapest. In the eastern part of the country the average m2 price was HUF 267 thousand, while in the western regions it was HUF 255 thousand in July. Bargain position was around 4% everywhere.

In means of brick-built flats, average m2 prices in East-Hungary stagnated, and have somewhat increased in West-Hungary. The former shows HUF 305 thousand, while the latter HUF 271 thousand for one m2 on average.

| PANEL COUNTRYWIDE | | | | | | | | |
|-------------------|------------|----------------------|-------------------------|---------|------------|----------------------|-------------------------|---------|
| | EAST | | | | WEST | | | |
| | price | m ² price | Change in listing price | Bargain | price | m ² price | Change in listing price | Bargain |
| July 2017. | 11 885 000 | 217 000 | 2% | 4% | 10 774 000 | 205 000 | 1% | 4% |
| July 2018. | 14 119 000 | 267 000 | 1% | 4% | 13 300 000 | 255 000 | 1% | 4% |

| BRICK COUNTRYWIDE | | | | | | | | |
|-------------------|------------|----------------------|-------------------------|---------|------------|----------------------|-------------------------|---------|
| | EAST | | | | WEST | | | |
| | price | m ² price | Change in listing price | Bargain | price | m ² price | Change in listing price | Bargain |
| July 2017. | 17 724 000 | 308 000 | 1% | 1% | 14 067 000 | 247 000 | 2% | 4% |
| July 2018. | 15 530 000 | 305 000 | 2% | 5% | 14 029 000 | 271 000 | 1% | 6% |

Average price of panel flats in the capital has increased by HUF 100 thousand on average. This accounts for nearly half a million (478 thousand) in Buda, and 400 thousand on the Pest side as well, according to data gathered by Duna House.

Both sale and m2 prices have grown in case of brick-built flats as well. In July, the average m2 price was HUF 700 in Buda, HUF 673 thousand in the Inner City, and HUF 522 in Pest. In comparison with the previous year, bargain potential has improved slightly.

| PANEL BUDAPEST | | | | | | | | |
|-------------------|------------|----------------------|-------------------------|---------|------------|----------------------|-------------------------|---------|
| | BUDA | | | | PEST | | | |
| | price | m ² price | Change in listing price | Bargain | price | m ² price | Change in listing price | Bargain |
| July 2017. | 20 163 000 | 367 000 | 1% | 4% | 17 214 000 | 331 000 | 2% | 2% |
| July 2018. | 25 725 000 | 478 000 | 3% | 5% | 21 363 000 | 416 000 | 1% | 2% |

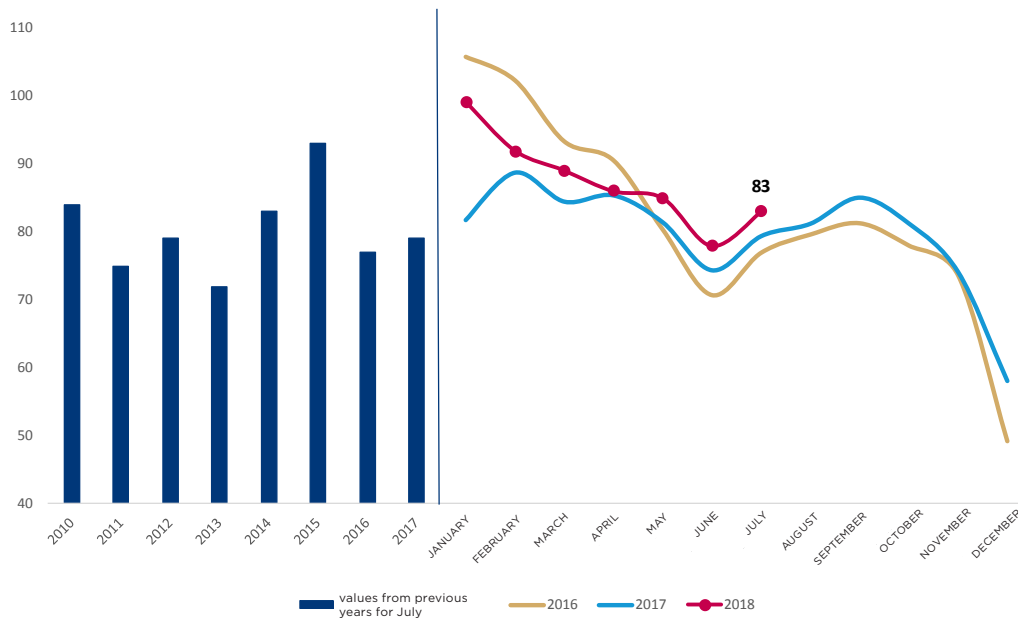
| BRICK BUDAPEST | | | | | | | | | | | | |
|-------------------|------------|----------------------|-------------------------|---------|------------|----------------------|-------------------------|---------|------------|----------------------|-------------------------|---------|
| | BUDA | | | | PEST | | | | INNER CITY | | | |
| | price | m ² price | Change in listing price | Bargain | price | m ² price | Change in listing price | Bargain | price | m ² price | Change in listing price | Bargain |
| July 2017. | 39 766 000 | 552 000 | 3% | 4% | 23 605 000 | 444 000 | 2% | 3% | 33 640 000 | 571 000 | 2% | 3% |
| July 2018. | 49 467 000 | 700 000 | 2% | 4% | 27 288 000 | 522 000 | 1% | 4% | 41 519 000 | 673 000 | 3% | 6% |

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

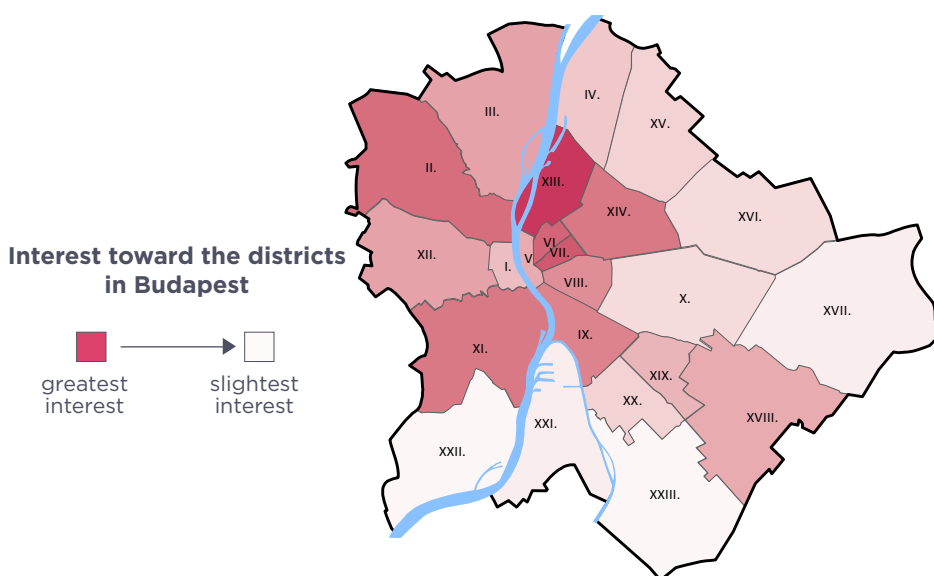
The demand for properties has remained unusually high in July, with the Demand Index reaching 83%. The generally accepted trend of slower summer seasons on the real estate market is clearly beginning to change.



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 has presented the highest interest in the past months, which didn't change in July either. District 7, with its growing potential, came in second this time, breaking the steady second place of District 14 seen in the past months. The third most popular location in July was District 6, just slightly behind its neighbor.



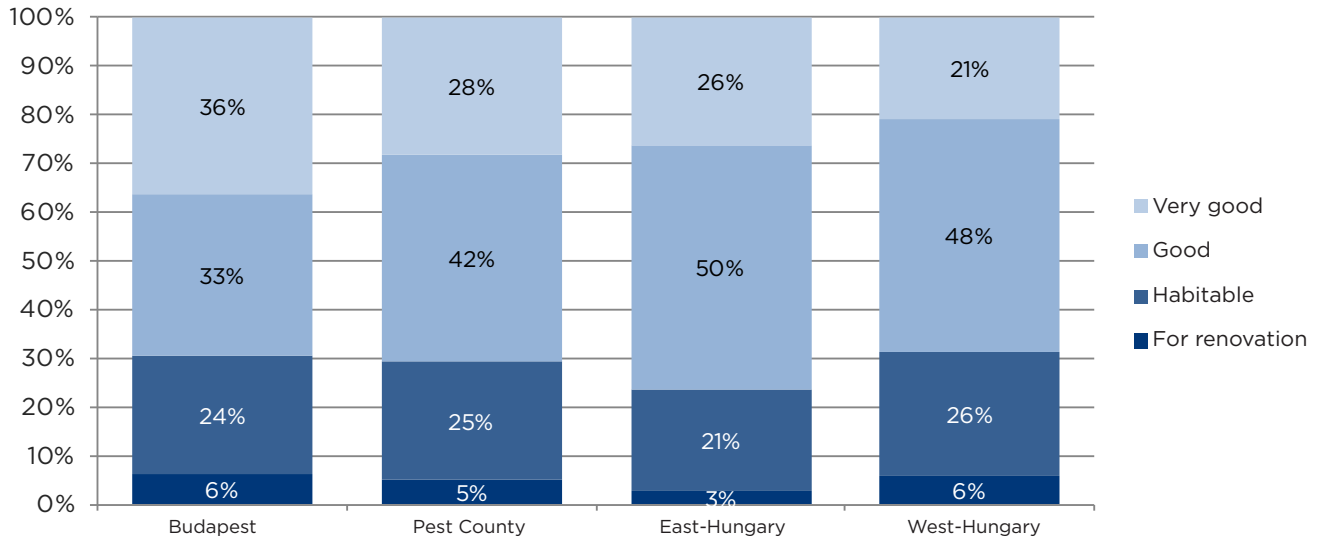
| DISTRICT | JULY 2017. | JULY 2018. |
|--------------|------------|------------|
| Budapest 01. | 8,2% | 9,2% |
| Budapest 02. | 13,5% | 15,6% |
| Budapest 03. | 11,4% | 11,8% |
| Budapest 04. | 7,9% | 8,3% |
| Budapest 05. | 10,1% | 10,8% |
| Budapest 06. | 14,5% | 17,0% |
| Budapest 07. | 15,9% |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

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.

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

Very good quality flats are the most demanded in Budapest, and the less preferred in West-Hungary. In East-Hungary, half of the transactions targeted good quality homes with minor renovation need. On countrywide level, habitable category properties account for nearly 25% of sales and purchases, next to which only 3-6% of buyers favor properties for renovation.



TIME NEED OF SALE

The time need for sale has decreased both in case of panel and brick-built flats. Panel flats were sold within a two-month period generally, while brick-built flats needed more than three months. In July the sale of properties located in the Inner City of the capital, and brick-built ones in West-Hungary required the longest time.

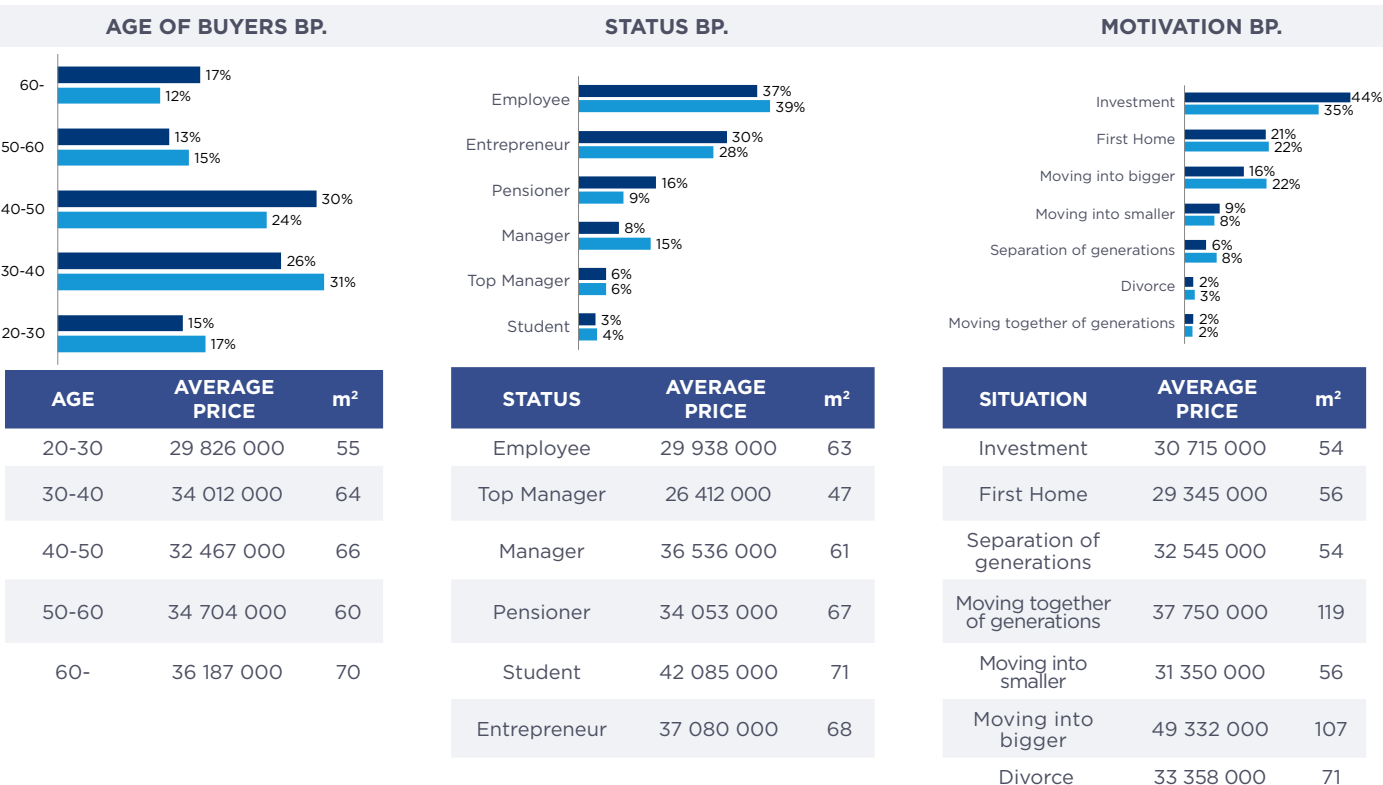
| PANEL | | | | |
|-----------------------|------|------|------|------|
| Time need of sale/day | | | | |
| | East | West | Buda | Pest |
| July 2017. | 63 | 115 | 69 | 81 |
| July 2018. | 62 | 61 | 68 | 52 |

| BRICK | | | | | |
|-----------------------|------|------|------|------|------------|
| Time need of sale/day | | | | | |
| | East | West | Buda | Pest | Inner city |
| July 2017. | 106 | 152 | 99 | 116 | 88 |
| July 2018. | 97 | 110 | 93 | 98 | 102 |

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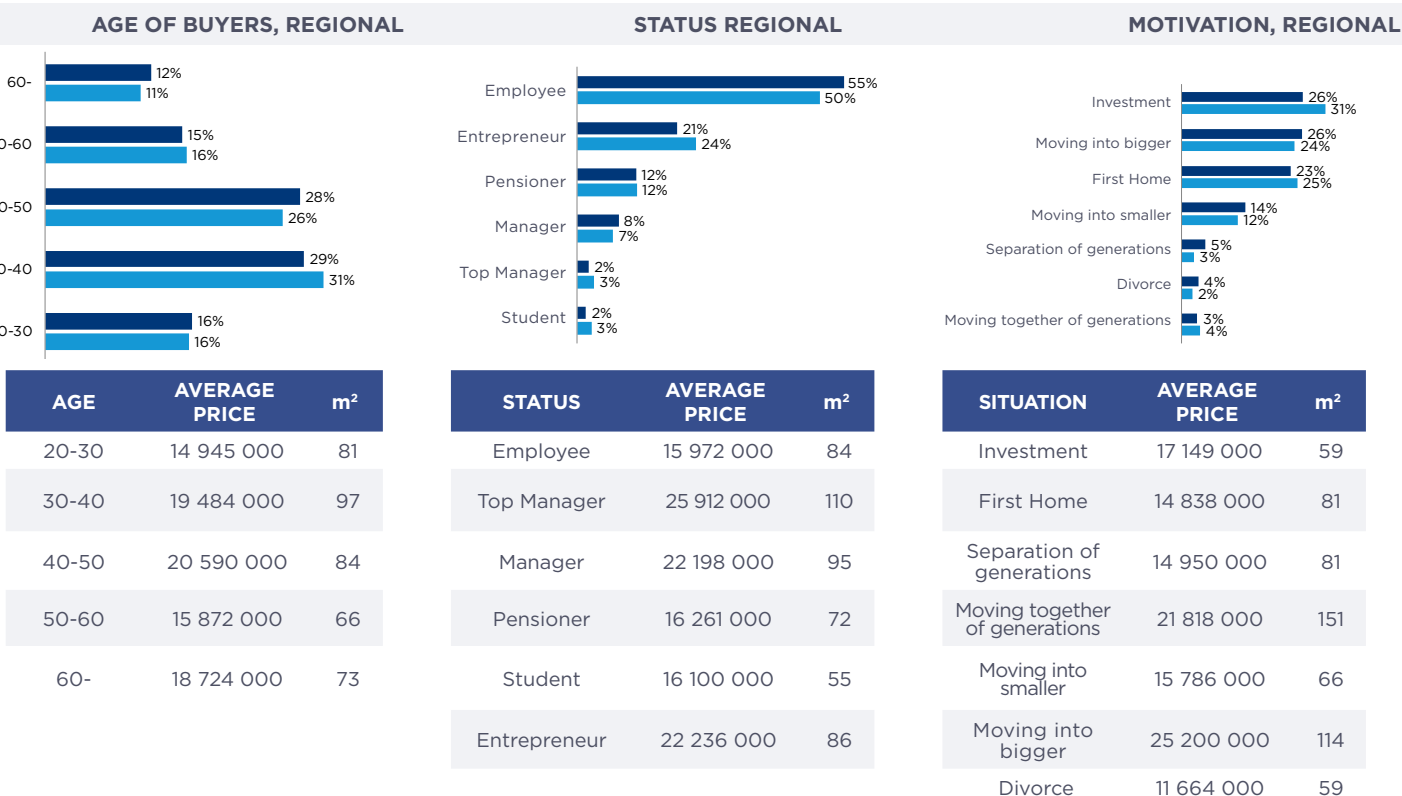
BUYER'S PROFILE BUDAPEST

In Budapest the ratio of buyers in the 40-50, and the 60+ age group has increased in comparison with the previous year. They generally acquired properties of a size above 60 m², and paid over HUF 32 Million. Investors this July accounted for a higher ratio than last year. The average price of investments reached HUF 30 Million.



BUYER'S PROFILE ON REGIONAL LEVEL

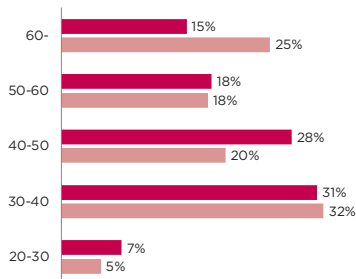
Similarly to Budapest, on regional level, it was also the age group of 40-50, and 60+ that presents growth in comparison with data from the previous year. The average price of the acquired properties is over half of the prices in Budapest. The ratio of investors has decreased since last July, while the ratio of those moving into a bigger property has grown.



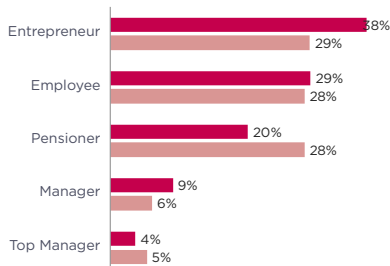
SELLER'S PROFILE BUDAPEST

The highest ratio of sellers came from the age group of 30-40, with the representation of the 40-50 groups also being similarly high. Properties were sold for HUF 33-37 Million on average. Although the ratio of properties sold with a reason to move into a smaller one has decreased, it still accounts for the highest part of sales. Seller generally received HUF 36 Million for their properties.

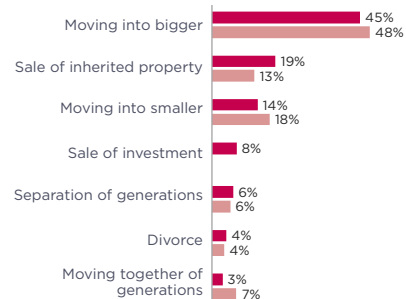
AGE OF SELLERS BP.



STATUS BP.



MOTIVATION BP.



| AGE | AVERAGE PRICE | m ² |
|-------|---------------|----------------|
| 20-30 | 23 500 000 | 47 |
| 30-40 | 36 766 000 | 64 |
| 40-50 | 32 917 000 | 60 |
| 50-60 | 35 194 000 | 71 |
| 60+ | 32 231 000 | 64 |

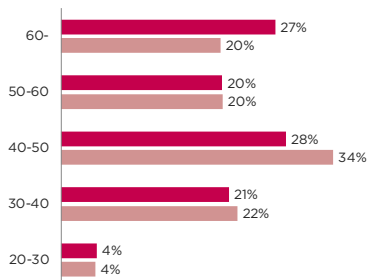
| STATUS | AVERAGE PRICE | m ² |
|--------------|---------------|----------------|
| Employee | 27 979 000 | 66 |
| Top Manager | 36 350 000 | 65 |
| Manager | 24 979 000 | 45 |
| Pensioner | 30 861 000 | 69 |
| Entrepreneur | 40 658 000 | 65 |

| SITUATION | AVERAGE PRICE | m ² |
|--------------------------------|---------------|----------------|
| Sale of investment | 30 483 000 | 51 |
| Separation of generations | 55 972 000 | 96 |
| Moving together of generations | 23 334 000 | 55 |
| Moving into smaller | 34 497 000 | 96 |
| Moving into bigger | 36 209 000 | 63 |
| Sale of inherited property | 29 556 000 | 62 |
| Divorce | 30 125 000 | 67 |

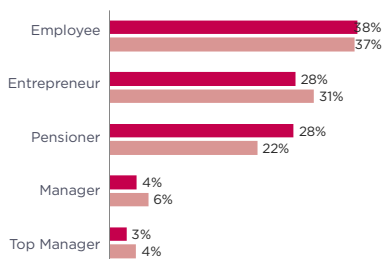
SELLER'S PROFILE ON REGIONAL LEVEL

Sellers outside Budapest seem to be older than in the capital, with leading age groups of 40-50 and 60+. The ratio of the latter group has actually increased by 7% since last year. The greatest part among these sellers moved into a smaller property. Average size of sold properties was 116 m², with a HUF 19 Million average price level.

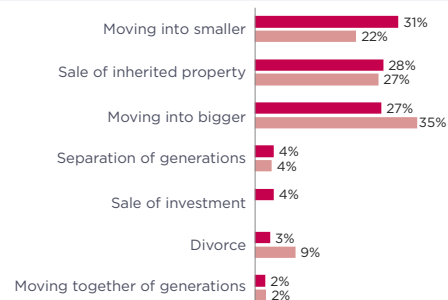
AGE OF SELLERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



| AGE | AVERAGE PRICE | m ² |
|-------|---------------|----------------|
| 20-30 | 16 985 000 | 60 |
| 30-40 | 17 621 000 | 77 |
| 40-50 | 22 335 000 | 92 |
| 50-60 | 17 924 000 | 91 |
| 60+ | 16 170 000 | 87 |

| STATUS | AVERAGE PRICE | m ² |
|--------------|---------------|----------------|
| Employee | 15 767 000 | 85 |
| Top Manager | 26 690 000 | 85 |
| Manager | 17 982 000 | 72 |
| Pensioner | 15 909 000 | 90 |
| Entrepreneur | 25 134 000 | 92 |

| SITUATION | AVERAGE PRICE | m ² |
|--------------------------------|---------------|----------------|
| Sale of investment | 12 755 000 | 54 |
| Separation of generations | 17 523 000 | 103 |
| Moving together of generations | 14 467 000 | 63 |
| Moving into smaller | 19 128 000 | 116 |
| Moving into bigger | 18 070 000 | 71 |
| Sale of inherited property | 11 700 000 | 81 |
| Divorce | 16 758 000 | 127 |



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