

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

88. issue

2018. OCTOBER



DHS
BÉT
**PRIME
MARKET**

Listed on the Prime Market of
the Budapest Stock Exchange

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FORTHCOMING ISSUES

Date of issue	Content
December 12, 2018.	November data
January 12, 2019.	2018. Q4 data (including price indexes and housing loan data)
February 12, 2019.	January 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

In means of transaction volume, 2018's last quarter shows a strong start. Although the tendency of a weakening market towards the end of the year is beginning to show, the property market is still significantly more active this year than usual.

In Buda, 75% of sale and purchases took place in the HUF 750 thousand+ m² price category. When compared to last October, a strong price increase is seen on the Pest side as well, with the ratio of properties sold in the HUF 600 thousand+ m² price range being double than last year's values. On countywide level on the other hand, only 10% of transactions reached HUF 400 thousand/m². When analyzing square meter prices, the difference between Budapest's central districts and other parts of the country reaches the 2.5 multiplier, whereas in case of panel flats it was 1.5 in October.

The time need for sale has decreased when compared to the previous year, with the only exception being Buda and the Inner City of Budapest, where the volume of price growth clearly slowed down the turnover time of properties. As far as brick built properties are concerned, the average m² price is close to HUF 700 thousand.

Further information

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3 INTERESTING FACTS:

The ratio of properties sold for more than HUF 40 Million in Budapest

has doubled

since last year.

The average first home is 60 m², and costs

HUF 32 Million.

Residents in Pest County are likely to manage

larger renovations

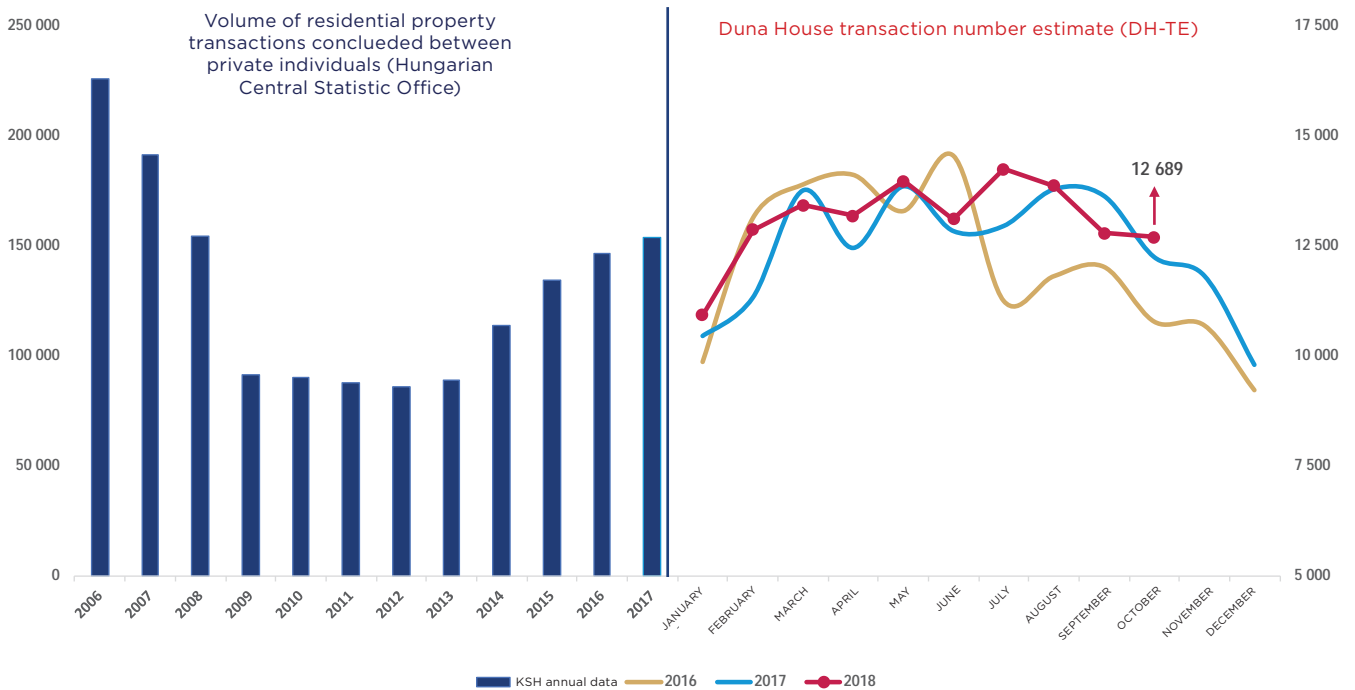
as well.



TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

The last quarter of 2018 shows a strong launch. Despite the lower number of business days resulted by the long weekend in October the sale and purchase transaction volume ended up being 18% higher than in 2016, and 4% more than in 2017. Autumn and winter months are generally weaker; a tendency that seems to be invalid for the present year as October transaction numbers are practically the same as September volumes.



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	13 869	12 787	12 689		



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.

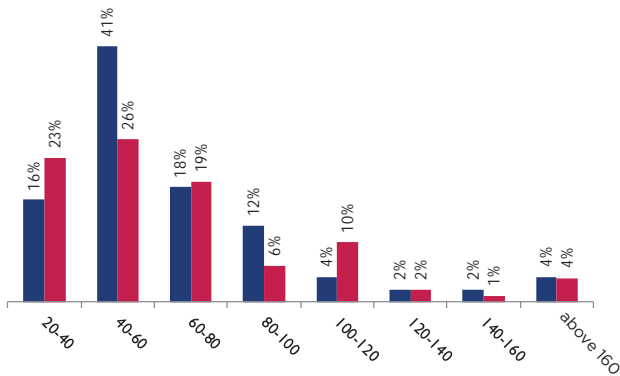
Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

TRANSACTION PARAMETERS IN BUDAPEST

In the capital, the turnover of flats under 80 m² size is significantly above the larger properties. In comparison with the previous year, the popularity of the 20-40 m² size range has increased most. In Buda, one third of sale and purchases fell in the HUF 750 thousand+ m² price category, whereas in Pest also nearly 40% of sold properties was sold on a price exceeding HUF 600 thousand/m². The ratio of properties sold for more than HUF 40 Million in Budapest has doubled since last year.

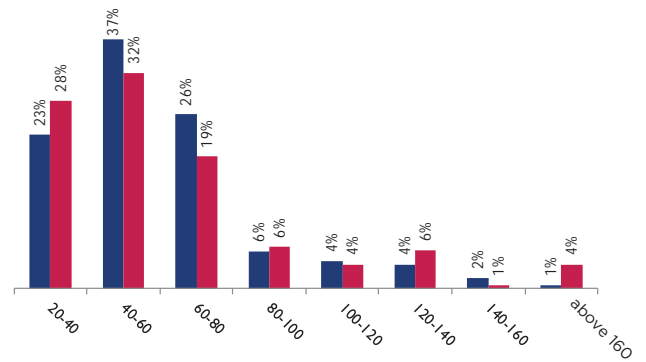
BUDA

Size (m²)

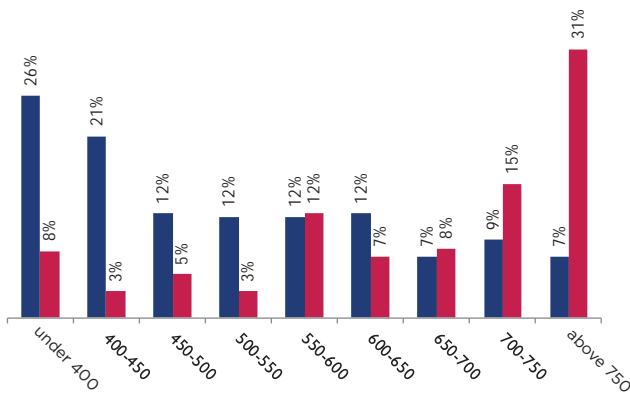


PEST

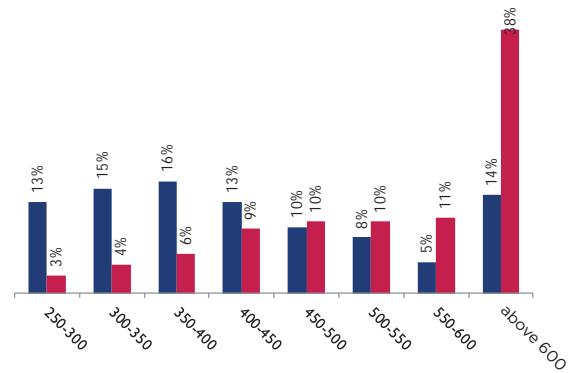
Size (m²)



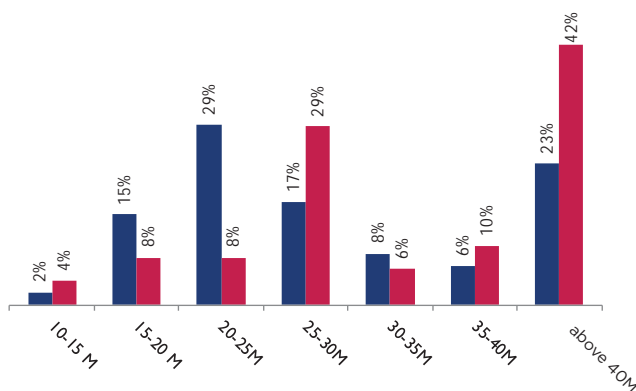
m² price (HUF thousand)



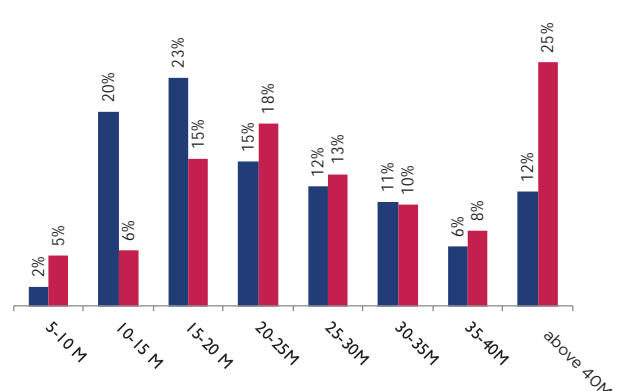
m² price (HUF thousand)



Price (HUF Million)



Price (HUF Million)



■ October 2017.
■ October 2018.

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

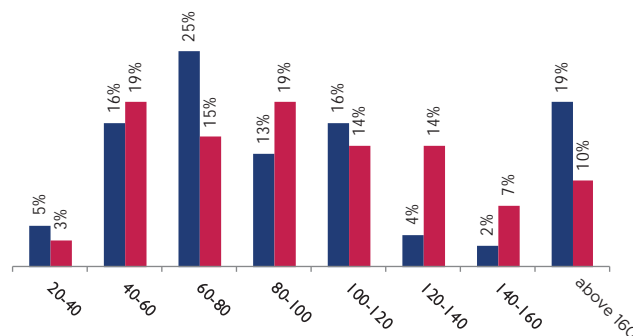
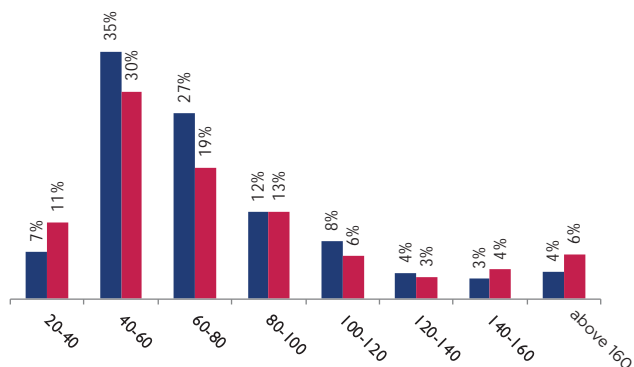
Contrary to the capital, in Pest County smaller and larger size properties are similarly popular. When looking at the rest of the country, the 40-60 m² size range accounted for the highest ratio among sold properties. Prices are significantly lower than in Budapest, still data shows a tendency moving towards higher price categories.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

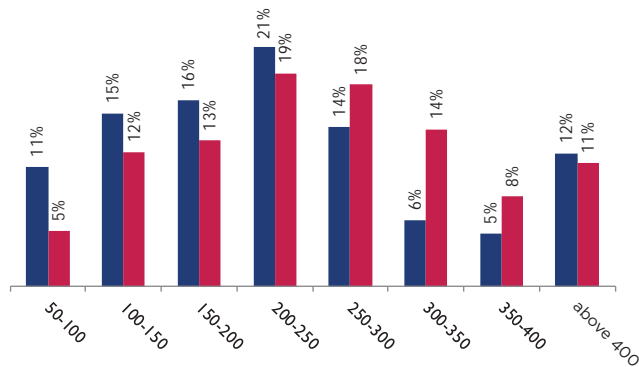
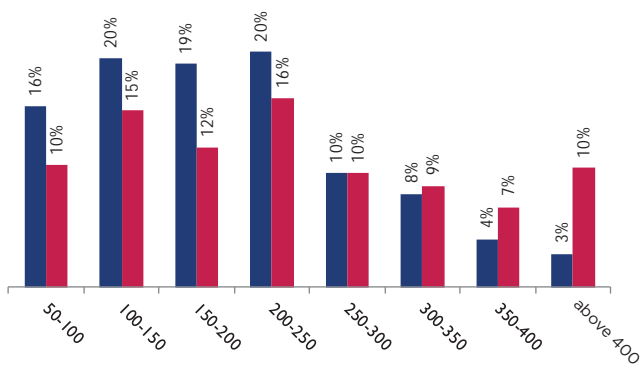
Size (m²)

Size (m²)



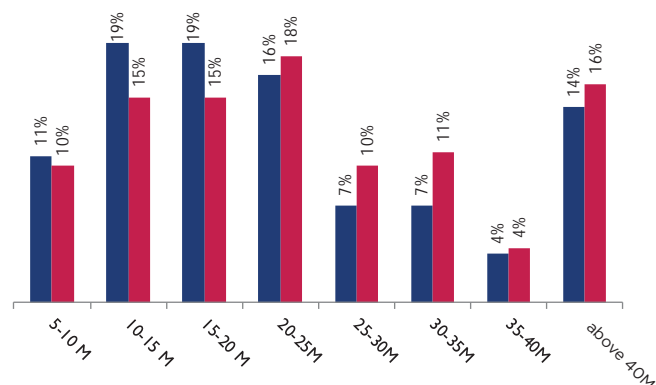
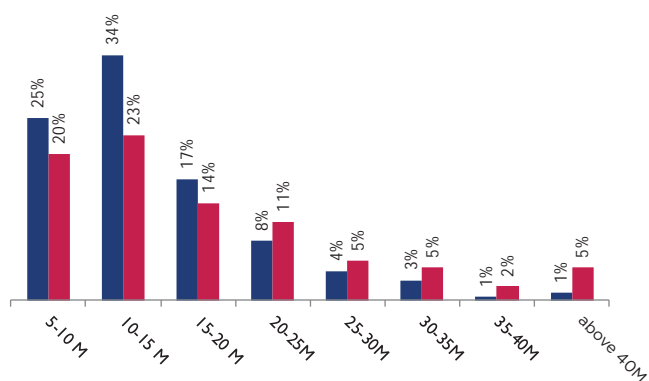
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ October 2017.
■ October 2018.

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

The average price of used brick flats has exceeded HUF 15 Million both in the eastern and western part of Hungary, accounting for HUF 282 thousand in the eastern, and HUF 268 in the western regions for a square meter in the last month. The m2 price increase was also significant in case of panel flats; in October panel flats were sold for HUF 80 thousand more in the eastern and HUF 50 thousand more on the western part.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
October 2017.	13 392 000	219 000	2%	5%	10 451 000	192 000	2%	4%
October 2018.	15 972 000	304 000	2%	6%	13 347 000	248 000	1%	5%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
October 2017.	15 299 000	252 000	2%	3%	11 848 000	221 000	1%	4%
October 2018.	16 296 000	282 000	1%	1%	15 287 000	268 000	1%	5%

Panel flats in Buda are nearly 50-60% more expensive than similar parameter flats on countrywide level. When compared to October 2017, the price increase of panel flats was impressive as well, reaching HUF 420 thousand and over in case of purchases in the capital.

Brick properties in Budapest were 15% more costly than panel flats in October, reaching HUF 699 thousand in Buda, HUF 685 thousand in the Inner City, and HUF 524 thousand in Pest for a square meter.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
October 2017.	21 192 000	417 000	1%	5%	17 720 000	323 000	3%	3%
October 2018.	22 400 000	450 000	1%	5%	22 225 000	428 000	2%	1%

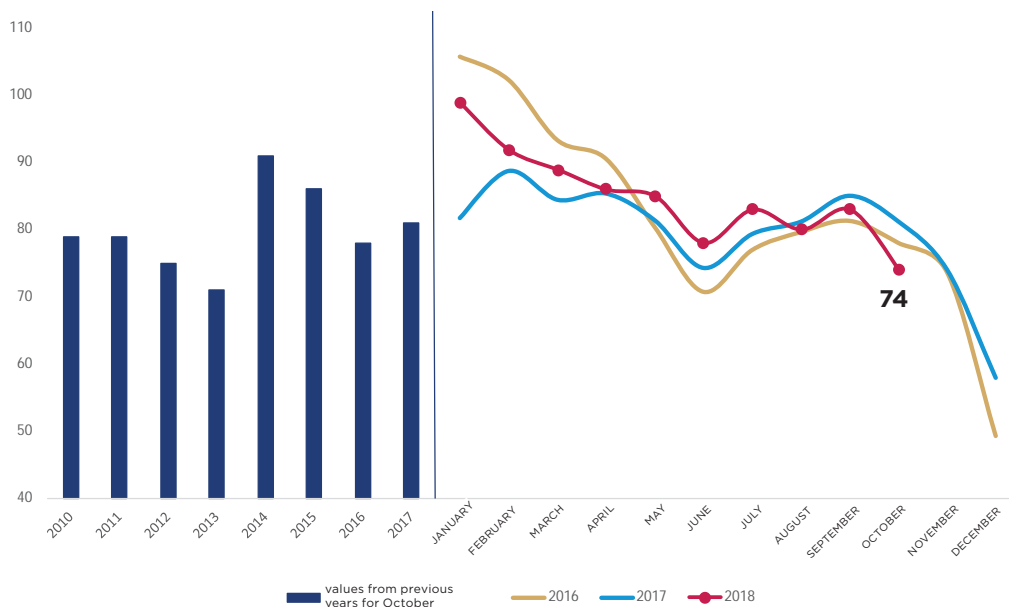
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
October 2017.	36 368 000	585 000	3%	4%	22 887 000	410 000	3%	3%	37 989 000	606 000	2%	5%
October 2018.	51 107 000	699 000	2%	4%	25 361 000	524 000	2%	3%	44 414 000	685 000	3%	4%

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

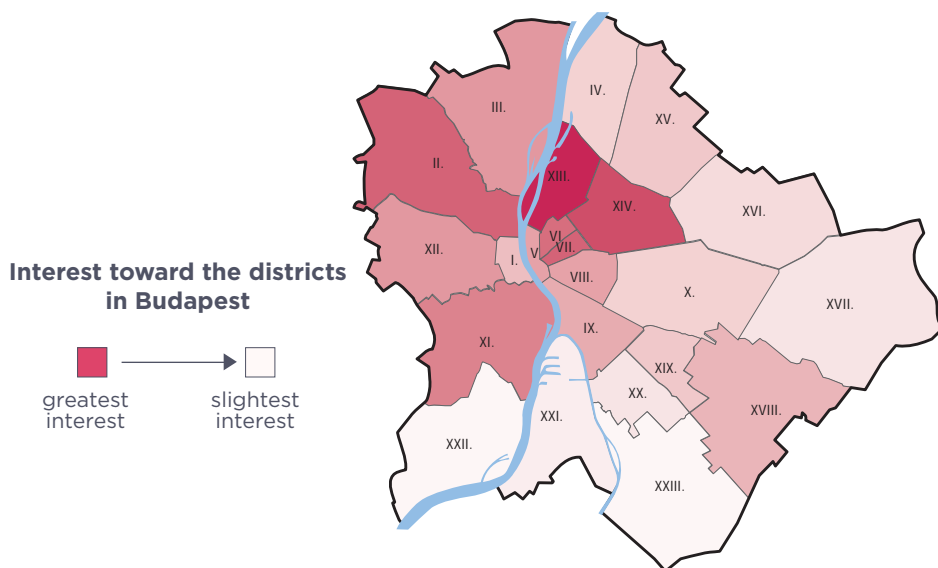
The demand in October has dropped, which is in line with yearly seasonality, as buyers' activity tends to slow down as the end of the year is coming, in addition to which this year the number of holidays was also relatively high. The Demand Index is at 74 points currently, and although it is somewhat behind the value in the last two years, earlier this year we have seen periods when it was the other way around with outstanding demand.



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

The rank in popularity did not seem to change much in October either. District 13 remains the most popular, next to which Districts 14, 2, 6 and 7 are also well-demanded.



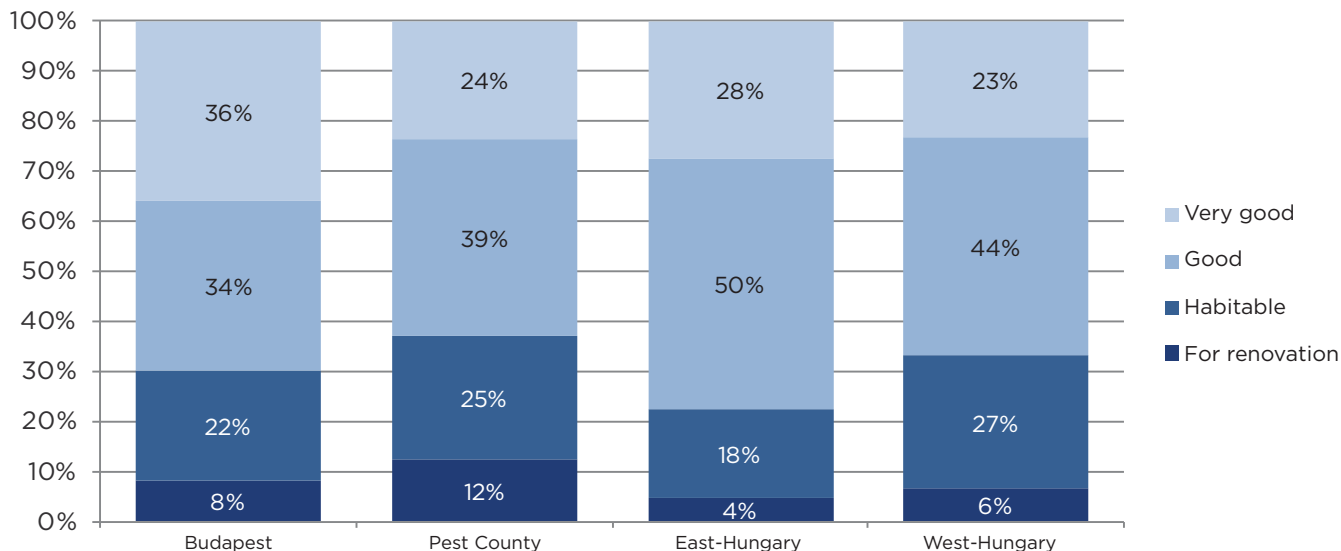
DISTRICT	2017. OCTOBER	2018. OCTOBER
Budapest 01. ker.	8,4%	8,2%
Budapest 02. ker.	14,0%	15,3%
Budapest 03. ker.	12,9%	11,6%
Budapest 04. ker.	6,8%	6,3%
Budapest 05. ker.	10,8%	11,0%
Budapest 06. ker.	15,1%	14,9%
Budapest 07. ker.	14,3%	16,0%
Budapest 08. ker.	10,6%	11,1%
Budapest 09. ker.	12,0%	11,9%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

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

On countrywide level it is still the good, but not perfect category that is demanded most by buyers. Renovations are more likely to be avoided in the eastern regions, while residents in Pest County seem to be open for bigger renovations.



TIME NEED OF SALE

The time need for sale has shortened in most cases since last October, but for the sale of brick properties in Buda and the Inner City more time is needed than a year ago. Square meter prices exceeding HUF 700 thousand tend to make the choice on the buyer's side more difficult.

PANEL				
Time need of sale/day				
	East	West	Buda	Pest
October 2017.	82	76	61	59
October 2018.	77	61	75	58

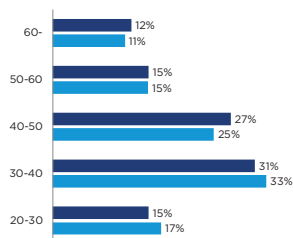
BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
October 2017.	144	119	42	111	73
October 2018.	111	107	90	95	103

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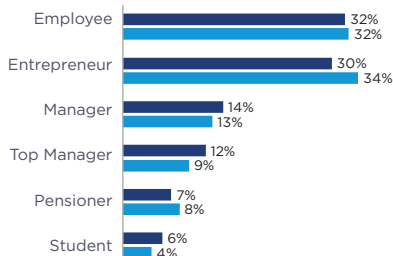
BUYER'S PROFILE BUDAPEST

Among those acquiring property in Budapest, the age group of 30-50 stands out, accounting for the purchase of more than half of all. Investors represent the highest ratio among buyers, with those acquiring their first home also being high. Investors spend HUF 41 Million, and first-home buyers HUF 32 Million on average.

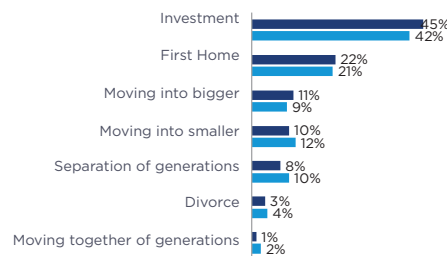
AGE OF BUYERS BP.



STATUS BP.



MOTIVATION BP.



AGE	AVERAGE PRICE	m ²
20-30	24 431 000	49
30-40	39 946 000	73
40-50	38 101 000	74
50-60	36 124 000	66
60-	37 907 000	57

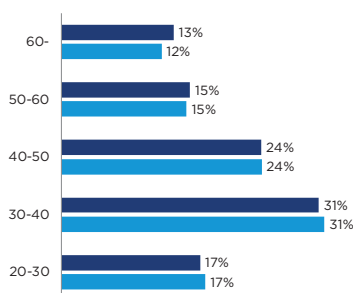
STATUS	AVERAGE PRICE	m ²
Employee	25 27 8000	54
Top Manager	66 915 000	96
Manager	35 555 000	66
Pensioner	38 618 000	59
Student	28 075 000	45
Entrepreneur	42 956 000	83

SITUATION	AVERAGE PRICE	m ²
Investment	39 467 000	65
First Home	31 824 000	60
Separation of generations	30 922 000	59
Moving together of generations	40 082 000	107
Moving into smaller	30 264 000	57
Moving into bigger	43 668 000	97
Divorce	12 750 000	43

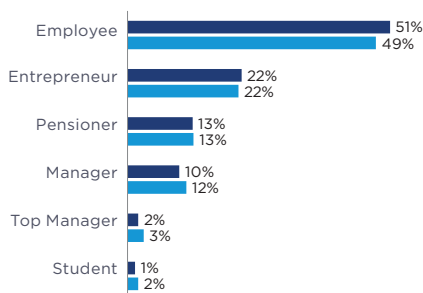
BUYER'S PROFILE ON REGIONAL LEVEL

Younger age groups also dominate among buyers on countrywide level. Over half of buyers are employees. Although the biggest part are also investors, their ratio is less outstanding than in Budapest. The average price of properties on countrywide level is nearly half of Budapest prices, with investments representing generally HUF 19 Million, and first homes HUF 15.6 Million.

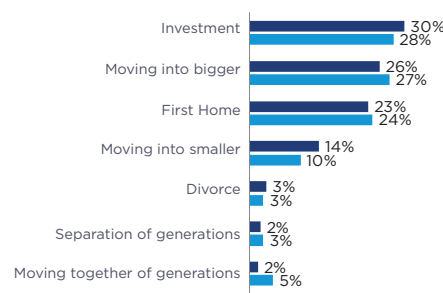
AGE OF BUYERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



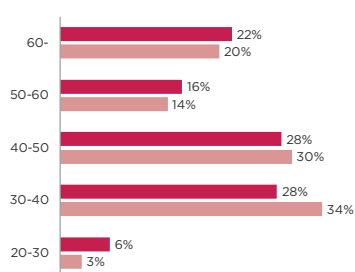
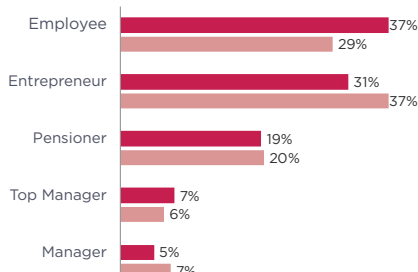
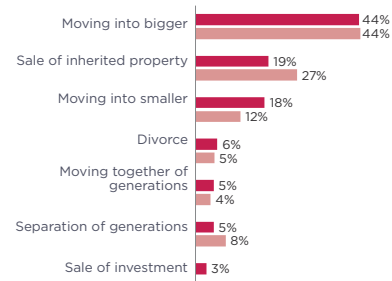
AGE	AVERAGE PRICE	m ²
20-30	15 026 000	76
30-40	22 035 000	99
40-50	19 465 000	78
50-60	18 383 000	90
60-	17 704 000	68

STATUS	AVERAGE PRICE	m ²
Employee	16 520 000	81
Top Manager	33 061 000	90
Manager	22 758 000	97
Pensioner	17 639 000	67
Student	17 380 000	77
Entrepreneur	22 902 000	94

SITUATION	AVERAGE PRICE	m ²
Investment	18 869 000	66
First Home	15 604 000	79
Separation of generations	14 634 000	69
Moving together of generations	21 838 000	106
Moving into smaller	17 005 000	71
Moving into bigger	26 297 000	118
Divorce	20 092 000	78

SELLER'S PROFILE BUDAPEST

The age group of 30-50 dominates sellers' side as well, with a growing ratio of the 60+ age group. The motivation behind the sale in Budapest is in most cases moving into a bigger property, next to which 20% of sellers sold inherited property, and another 20% decided to move into a smaller property.

AGE OF SELLERS BP.

STATUS BP.

MOTIVATION BP.


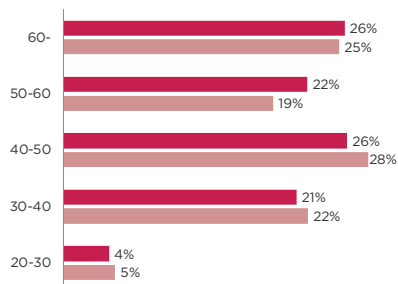
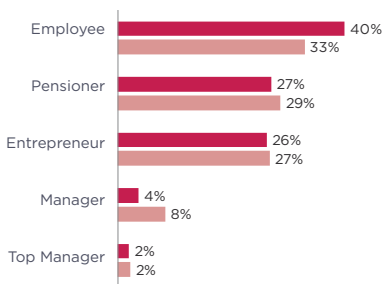
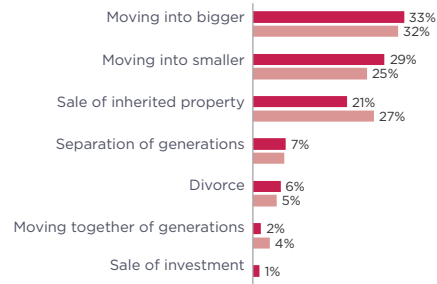
AGE	AVERAGE PRICE	m ²
20-30	27 546 000	41
30-40	29 999 000	54
40-50	35 881 000	64
50-60	35 606 000	74
60-	33 109 000	72

STATUS	AVERAGE PRICE	m ²
Employee	25 544 000	48
Top Manager	54 313 000	95
Manager	31 250 000	64
Pensioner	30 084 000	69
Entrepreneur	40 041 000	85

SITUATION	AVERAGE PRICE	m ²
Sale of investment	28 900 000	79
Separation of generations	51 680 000	75
Moving together of generations	31 398 000	68
Moving into smaller	44 556 000	107
Moving into bigger	32 874 000	56
Sale of inherited property	30 579 000	55
Divorce	35 467 000	67

SELLER'S PROFILE ON REGIONAL LEVEL

On countrywide level, sellers are found in a similar volume from all age groups, with only the age group of under 30 being less represented. The leading motivation behind the sale, similarly to Budapest, is moving into a bigger property, next to which those moving into a smaller, or selling inherited property are also dominant.

AGE OF SELLERS, REGIONAL

STATUS REGIONAL

MOTIVATION, REGIONAL


AGE	AVERAGE PRICE	m ²
20-30	16 735 000	65
30-40	17 263 000	76
40-50	19 686 000	87
50-60	20 364 000	95
60-	18 142 000	98

STATUS	AVERAGE PRICE	m ²
Employee	15 675 000	82
Top Manager	26 872 000	108
Manager	19 693 000	93
Pensioner	17 411 000	97
Entrepreneur	24 894 000	84

SITUATION	AVERAGE PRICE	m ²
Sale of investment	12 337 000	39
Separation of generations	20 500 000	37
Moving together of generations	9 617 000	39
Moving into smaller	23 305 000	111
Moving into bigger	18 300 000	110
Sale of inherited property	24 868 000	124
Divorce	12 752 000	67