

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

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MAY 2020



DHS
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**PRIME
MARKET**

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FORTHCOMING ISSUES

Date of issue	Content
13.07.2020	Q2 2020 data (including price indices and housing loan data)
12.08.2020	July 2020 data
12.09.2020	August 2020 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

Postponed demand seems to have reappeared on the market in May: the Duna House Demand Index stood at 96 points – as far as Mays go, we had recorded higher figures in 2015 only. Duna House estimates an increase of 35% compared to the previous month, which is still 38% lower than the in the same period last year. Seeing this intensive rebound of demand our experts forecast further recovery and an even stronger property market for June.

Also as a result of the market reshuffling caused by the pandemic the proportion of buyers moving into a larger home grew in Budapest: 25% of buyers share this factor as their motivation. Investors' activity has stabilised at a more cautious level with 30% and 23% of buyers in the capital and in the country, respectively, which indicates a weaker investor involvement than in the previous years. That said, the majority of investor buyers exhibit a strong confidence in the property market: their share among sellers grew marginally only: a mere 7% of them indicated that they were selling a property originally bought as an investment (in May 2019 this figure was 5%).

As far as the value of properties sold by Duna House is concerned, the market showed a rather varied picture in May. On a national level, the value of brick and mortar homes increased while that of concrete block apartments decreased. Turnover time got longer in Budapest for all property types, i.e. the market grew slower still: sellers need to expect turnover times between 3-4 months. The lower number of properties sold in downtown Budapest was caused by the decreasing transaction numbers and the increasing share of properties in the 6th and 7th districts. Negotiation margin has increased further in the entire country: at present, buyers can expect to shave 6% off the asking price on average.

As before, demand in County Pest favoured larger properties between 8-120 sq. m.: almost half (42%) of all transactions involved this category, but the share of properties with a floor space of 160 sq. m. or larger has also grown by 9 percentage points compared to the same period last year.

Further information

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3 INTERESTING FACTS:

The average time to sell concrete block properties increased to three months in the whole of Hungary.

The percentage of those moving into a larger home is still rising.

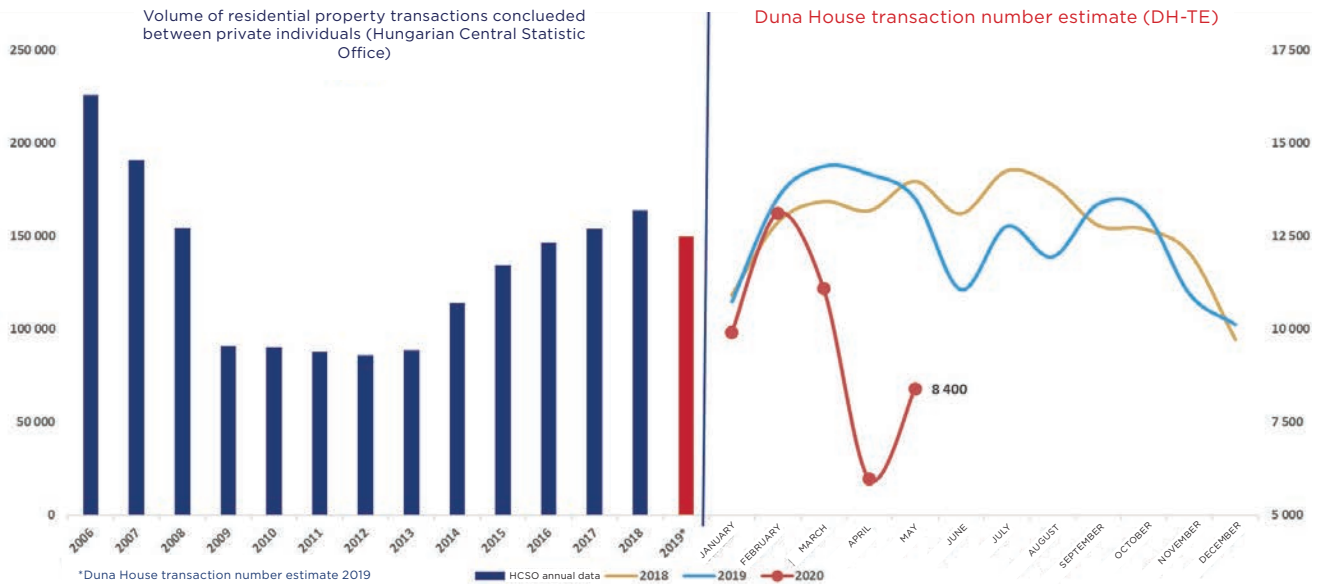
In Eastern and Western Hungary the average price of concrete block homes fell to HUF 300,000/sq. m.



TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

Duna House presents its monthly Transaction Number Estimate (DH-TE) and Mortgage Forecast below, showing that in May 2020 8400 property transactions were concluded and there were HUF 63-73 billion residential mortgage contracts signed in the whole of Hungary. After it had hit rock bottom in April, Hungarian residential property market was showing signs of a rebound in May. Thanks to the removal of social distancing restrictions the number of buyers appearing on the market is increasing week by week, as reflected by the increasing transaction numbers. For the month of May Duna House estimates an increase of 35 per cent compared to April figures. However, this is still indicative of a significantly, (38%) weaker property market than in the same period of the previous years.

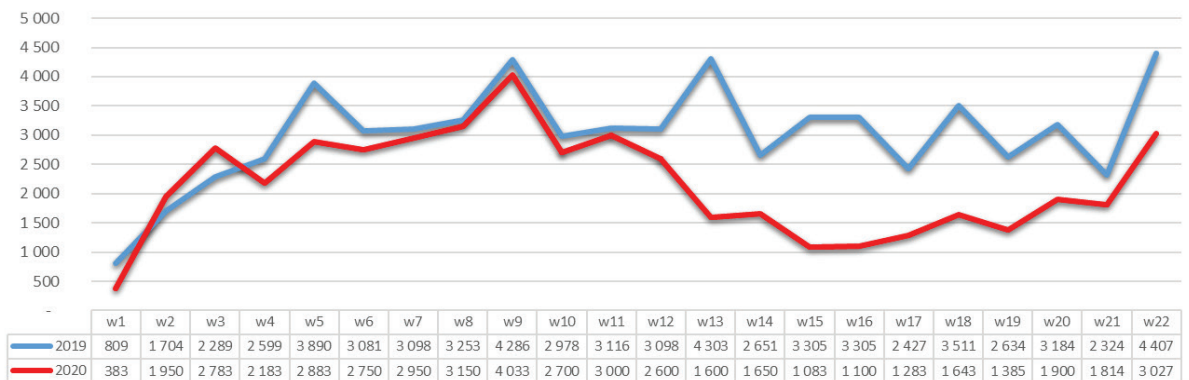


The below table shows monthly transaction volume estimates by Duna House, prepared in the current month.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
2018	10 918	12 869	13 426	13 180	13 967	13 098	14 246	13 869	12 787	12 689	12 033	9 721
2019	10 741	13 532	14 373	14 166	13 512	11 069	12 764	11 945	13 364	13 182	10 945	10 127
2020	9 917	13 117	11 100	5 971	8 400							

Looking at the weekly figures we can see that the market is catching up with its normal levels: in the last weeks of May our transaction figures showed a mere 22-31 per cent minus compared to the same period of 2019. As far as the mortgage market is concerned, and albeit with a delay of a couple of months, the decrease caused by the COVID-19 virus outbreak is becoming evident here, too. According to the factual figures published by the National Bank of Hungary property mortgage contracts worth HUF 86.1 billion were signed in May 2019. The estimates of Duna House Finances show that this figure will be significantly smaller for May 2020. On account of the volatile market situation this independent loan broker estimated that the combined value of transactions was between HUF 63-73 billion, 15%-27% less than in 2019.

Duna House Tranzakciószám becslés- heti bontásban 2019 vs 2020



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

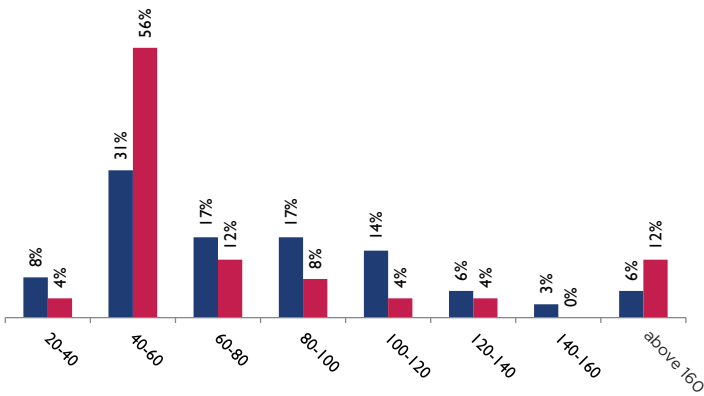
In Buda, the popularity of homes between 40-60 sq. m. is still increasing: 56% of all sales were concluded in this category. This May in Pest, properties between 20-40 sq. m. were the most sought after: their share grew by 9% compared to May 2019. Buyers in Pest are still mostly looking for smaller homes: the share of properties larger than 80 sq. m. is negligible.

32% of transactions in Buda and Pest were concluded at prices between HUF 700-800,000 and HUF 500-600,000, respectively. The former grew by 10, while the latter by 12 percentage points.

The share of lower price categories grew both in Pest and Buda. In Pest, 58% of sales transactions were concluded at prices lower than HUF 38 million, while in Buda 25% of properties changed hands at prices between HUF 40-50 million.

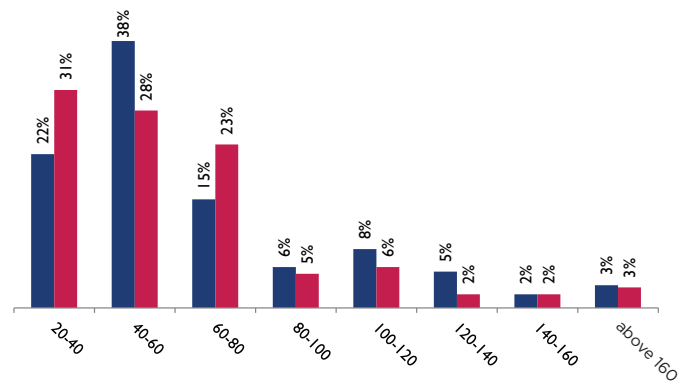
BUDA

Size (m²)

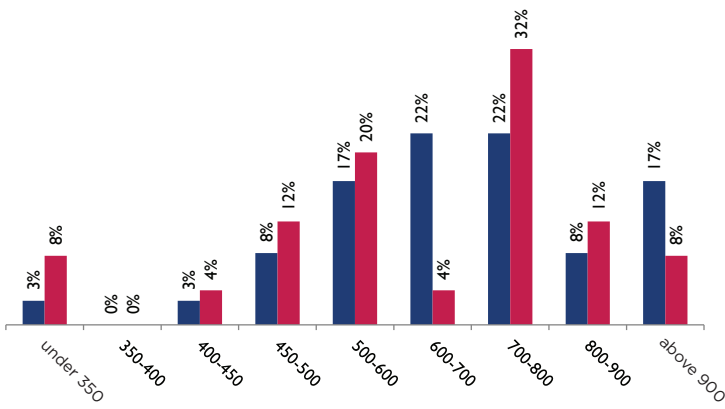


PEST

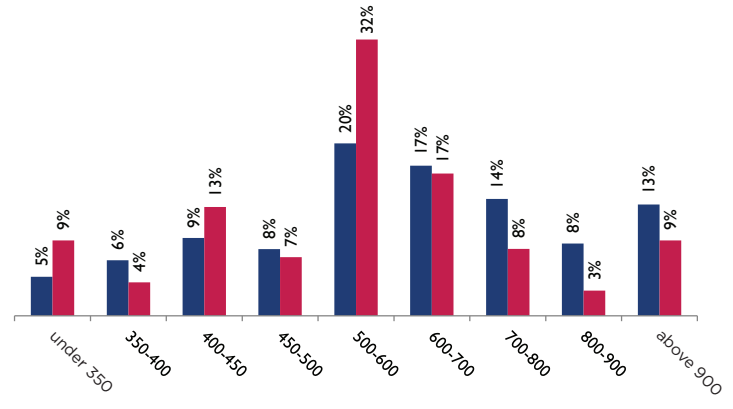
Size (m²)



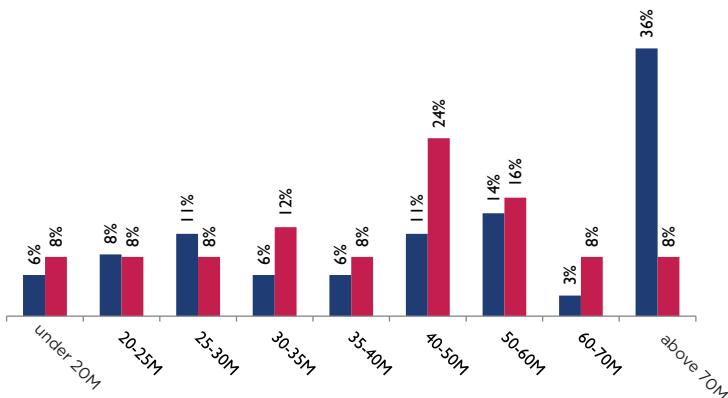
m² price (HUF thousand)



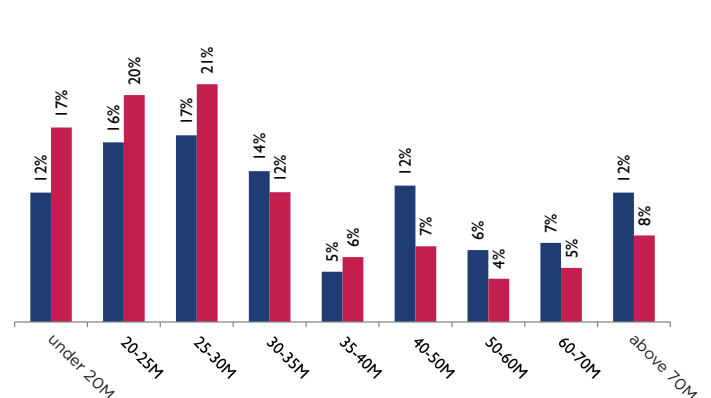
m² price (HUF thousand)



Price (HUF Million)



Price (HUF Million)



■ May 2019
■ May 2020

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

This May, demand in County Pest favoured larger properties between 8-120 sq. m., almost half (42%) of all transactions involved this category, but also the share of properties with a floor space of 160 sq. m. or larger has grown by 9 percentage points compared to the same period last year.

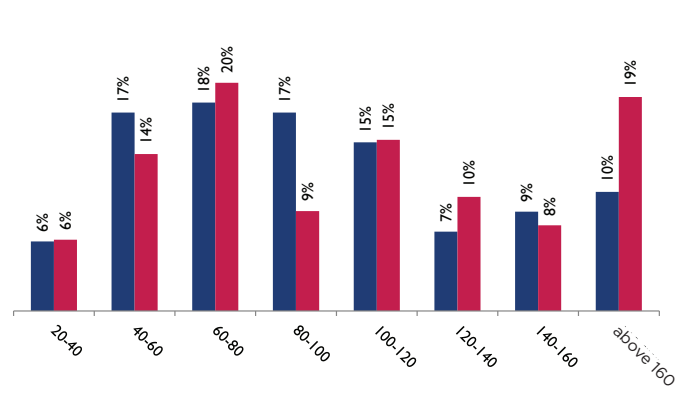
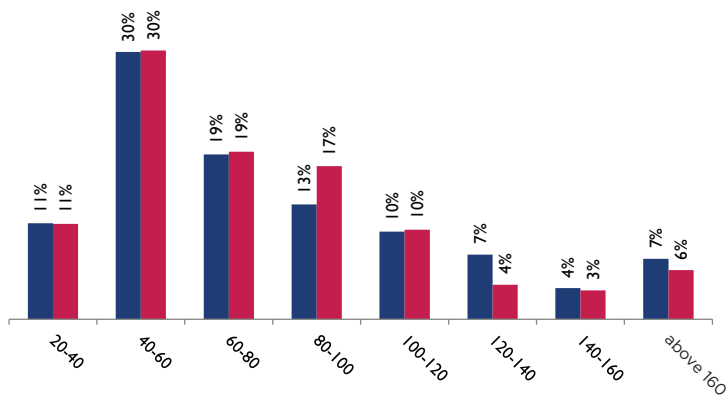
In County Pest one third of all transactions were concluded at prices above HUF 40 million. In the country, the dominant price range is still between HUF 10-20 million: almost half of all transactions were concluded in this category.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

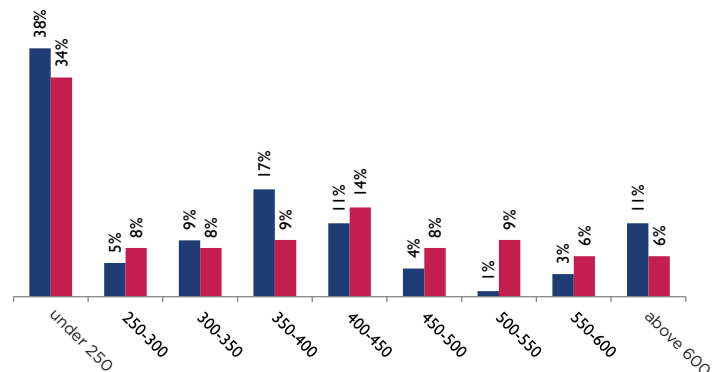
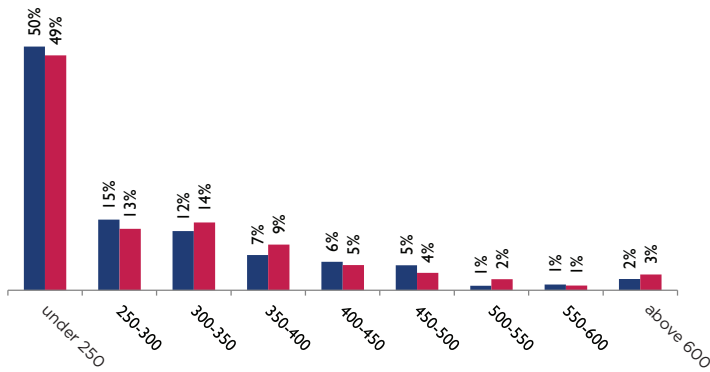
Size (m²)

Size (m²)



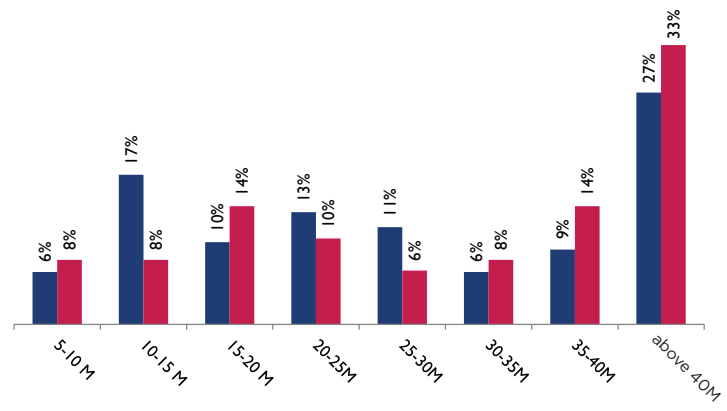
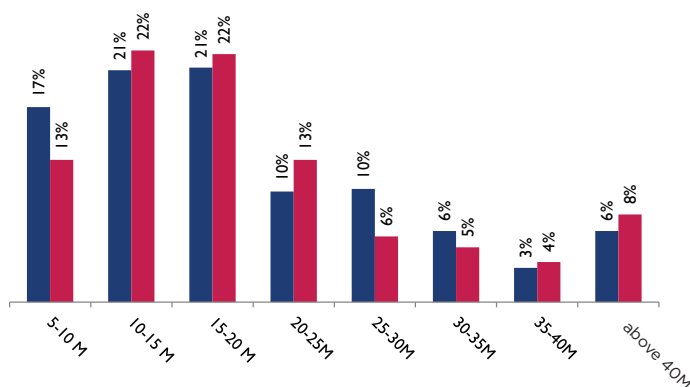
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ May 2019
■ May 2020

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

The average price/sq. m. of concrete block apartments in the Eastern and Western parts of the country showed a decrease of 16% and 8%, respectively, compared to the same period of 2019. In Eastern Hungary the average selling price of concrete block apartments was HUF 15 million. The average sq. m. price of brick and mortar homes in the Eastern and Western parts of the country grew by 10% and 9%, respectively, compared to last May.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
May 2019.	19 773 000	354 000	1%	3%	17 172 000	327 000	1%	3%
May 2020.	14 642 000	297 000	7%	3%	16 428 000	300 000	4%	5%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
May 2019.	18 563 000	334 000	2%	5%	18 046 000	307 000	1%	5%
May 2020.	20 366 000	368 000	2%	6%	19 764 000	334 000	5%	5%

The sq. m. price of homes in Pest decreased by 4% compared to the same period last year. As far as pre-owned brick and mortar properties are concerned, there was a 2% and 4% decrease in Buda and Pest, respectively, compared to May 2019. Never in the past year did we see average sq. m. prices below HUF 800,000 in downtown Pest, but this May the average decreased to HUF 726,000. The reason is that sales activity was far more brisk in Districts 6 and 7 than in the traditionally most expensive District 5.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
May 2019.	26 567 000	582 000	2%	1%	27 313 000	516 000	1%	1%
May 2020.	34 900 000	595 000	3%	3%	24 996 000	495 000	5%	6%

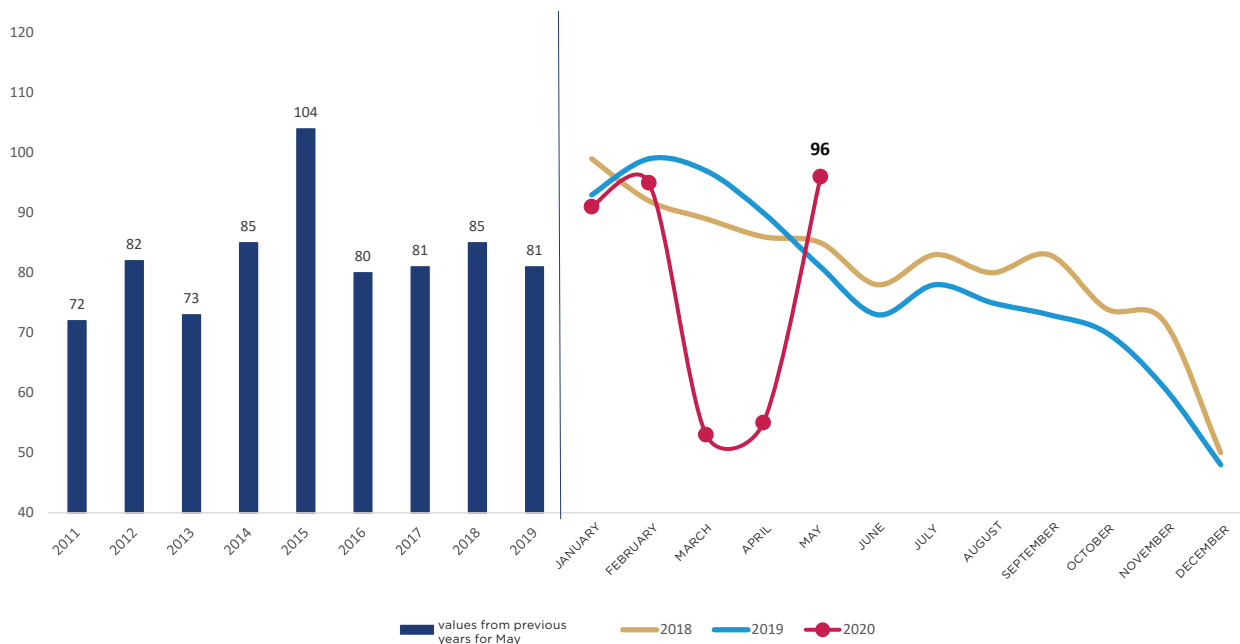
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
May 2019.	54 723 000	751 000	1%	4%	35 064 000	638 000	1%	3%	50 413 000	721 000	1%	4%
May 2020.	43 577 000	739 000	5%	7%	32 009 000	615 000	8%	8%	46 373 000	726 000	9%	8%

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

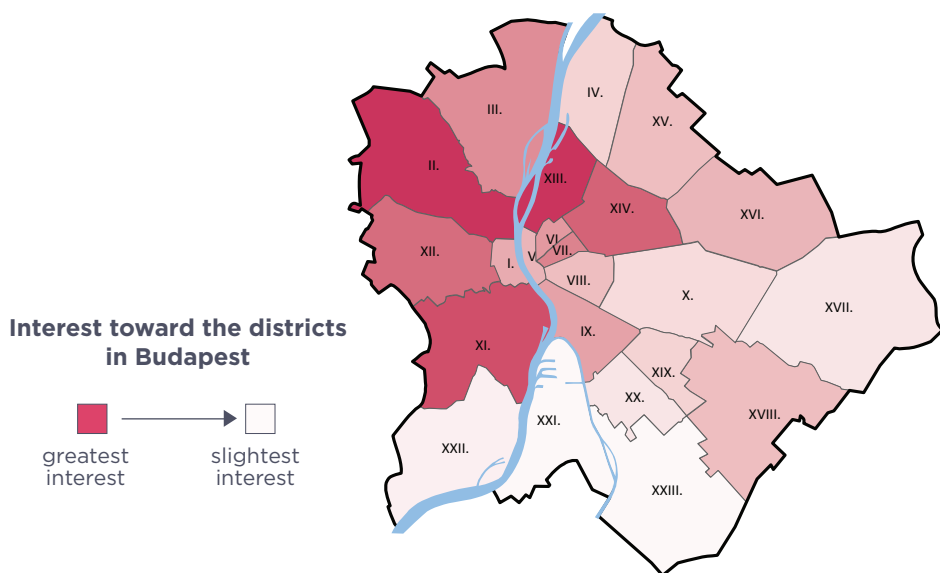
Postponed demand seems to have reappeared on the market in May: the Duna House Demand Index stood at 96 points – as far as Mays go, we had recorded higher figures in 2015 only.



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 winner this May was District 2, closely followed by Districts 13 and 11. The popularity of all the downtown districts decreased compared to May 2019.



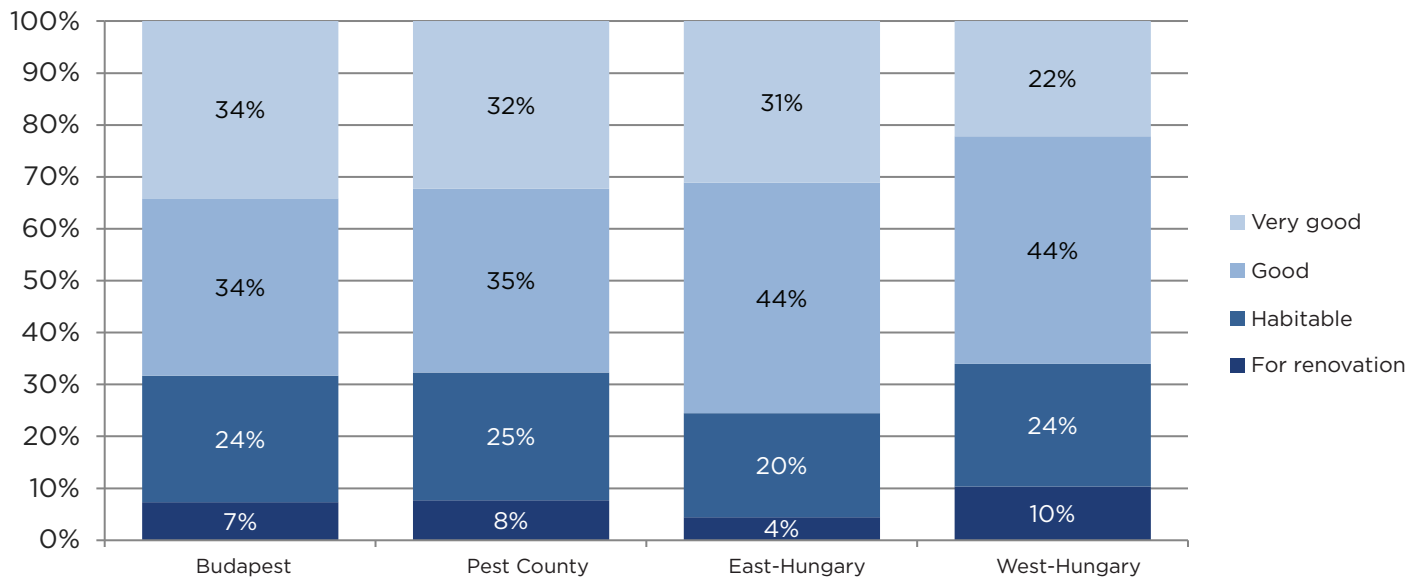
DISTRICT	MAY 2019.	MAY 2020.
Budapest 01.	8,9%	10,0%
Budapest 02.	16,6%	18,1%
Budapest 03.	11,8%	12,4%
Budapest 04.	6,0%	7,3%
Budapest 05.	10,4%	9,3%
Budapest 06.	14,8%	11,4%
Budapest 07.	14,8%	13,1%
Budapest 08.	13,6%	8,9%
Budapest 09.	12,4%	10,5%
Budapest 10.	6,3%	6,4%
Budapest 11.	13,8%	16,3%
Budapest 12.	12,4%	14,0%
Budapest 13.	17,3%	17,7%
Budapest 14.	15,1%	15,1%
Budapest 15.	6,6%	8,4%
Budapest 16.	5,8%	9,4%
Budapest 17.	5,5%	5,7%
Budapest 18.	10,3%	8,4%
Budapest 19.	9,0%	7,1%
Budapest 20.	7,0%	6,0%
Budapest 21.	4,9%	3,8%
Budapest 22.	4,2%	4,9%
Budapest 23.	2,4%	3,5%

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

The majority of buyers still prefer properties in good or very good repair: the percentage of the latter in Budapest, County Pest, the Eastern and Western part of Hungary is 34%, 32%, 31%, and 47%, respectively. The number of buyers investing in properties in need of renovation is still low: their share ranged between 4%-11% in May.



TIME NEED OF SALE

Turnover of concrete block apartments slowed all over the country, most significantly in Buda, where sellers need to wait for a buyer almost two months longer than in May 2019. The average time needed to sell a concrete block apartment in Eastern and Western Hungary is 3-4 months. In Downtown Budapest a successful transaction will take 4-5 months on average.

PANEL				
Time need of sale/day				
	East	West	Buda	Pest
May 2019.	67	66	49	71
May 2020.	90	96	104	87

BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
May 2019.	80	95	102	94	111
May 2020.	89	112	89	112	161

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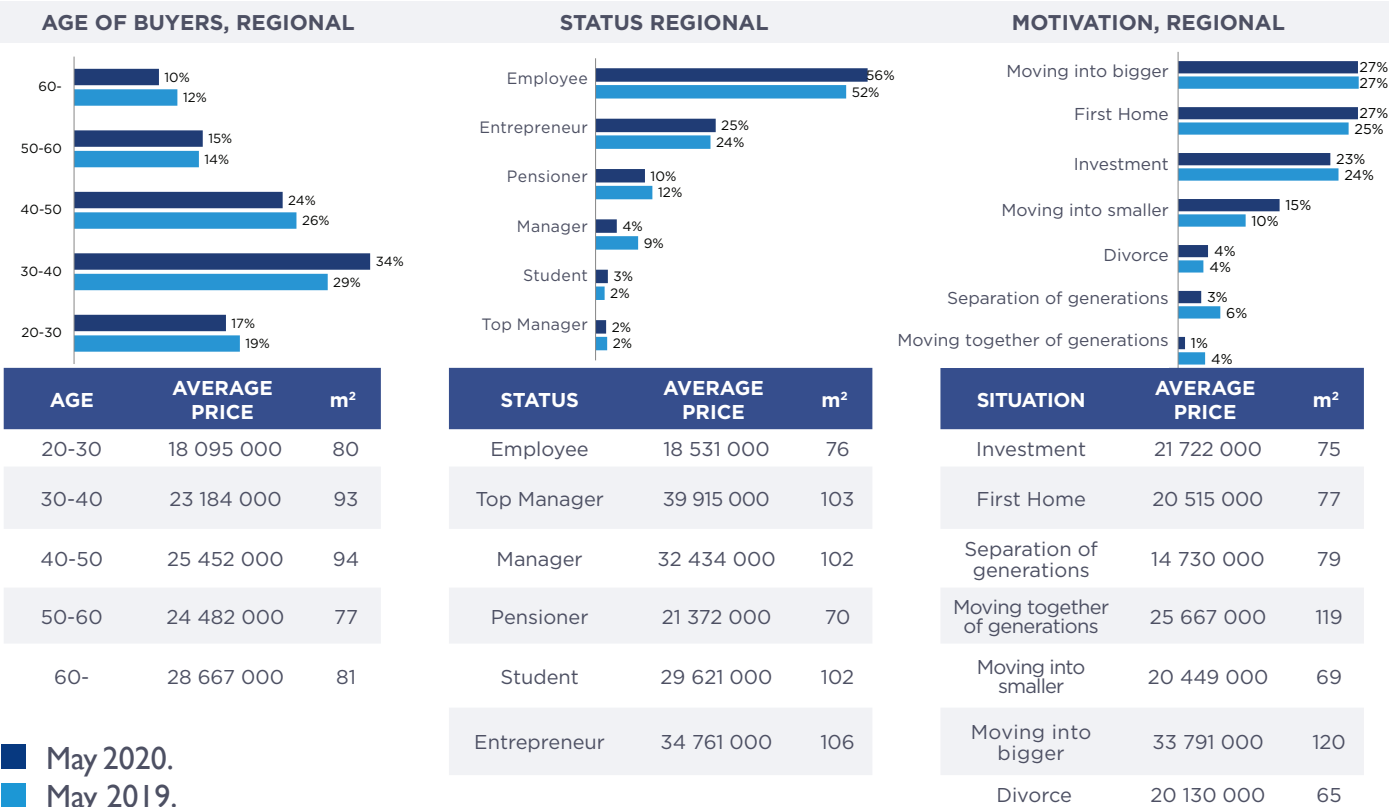
BUYER'S PROFILE BUDAPEST

In Budapest, the buyer age group between 30-50 still has a share exceeding 50%. 38% and 36% of buyers in Budapest are employees and self-employed, respectively. This May, the percentage of investors was smaller than a year ago: only 30% of transactions was motivated by this factor. The ratios of those buying their first home and moving into a larger property grew compared to May 2019. Those buying a larger property had a share of 25% and spent HUF 48 million on average.



BUYER'S PROFILE ON REGIONAL LEVEL

In the country, the age distribution of buyers is similar to that in Budapest. The main motivation again is moving into a larger home, but the share of those buying their first home or making an investment was also above 20%. Those moving into a larger property opted for a home of 120 sq. m. for HUF 33.8 million on average.



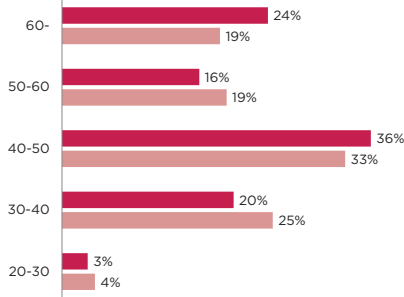
■ May 2020.
■ May 2019.

Based on the methodology, investment purpose acquisitions include every property transaction, which is regarded as investment by the buyer, i.e. it is not a strictly business approach qualification. Thus, the category includes family investments, or short time investments targeting properties for renovation, sold following the renovation. The latter case has a positive effect on the preservation of property, being a rather useful activity in the present building industry and property market environment. Data presented above relating age, status and reason of purchase have been acquired through the voluntary declaration of our clients. They qualify as sampling and are regarded as estimated values.

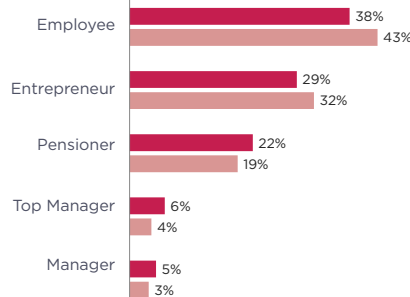
SELLER'S PROFILE BUDAPEST

The age composition of sellers is, as usual, rather varied. This May, 40% of sellers were older than 50 years. Those selling their property were mostly employees and self-employed, but their share was 5%-3% lower than a year ago. The main motivation to sell was moving into a larger apartment (43%) which meant a 5 percentage point increase over May 2019.

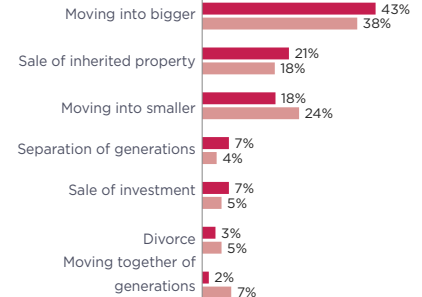
AGE OF SELLERS BP.



STATUS BP.



MOTIVATION BP.



AGE	AVERAGE PRICE	m ²
20-30	26 100 000	48
30-40	33 415 000	63
40-50	39 827 000	63
50-60	35 640 000	66
60-	37 083 000	69

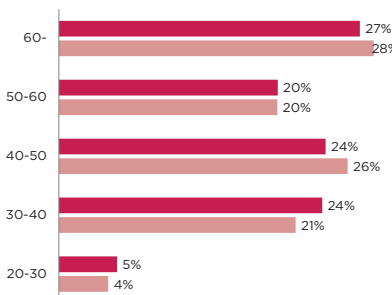
STATUS	AVERAGE PRICE	m ²
Employee	27 804 000	54
Top Manager	58 875 000	90
Manager	51 830 000	95
Pensioner	36 236 000	65
Entrepreneur	41 035 000	69

SITUATION	AVERAGE PRICE	m ²
Sale of investment	49 688 000	84
Separation of generations	41 000 000	68
Moving together of generations	24 900 000	35
Moving into smaller	41 900 000	79
Moving into bigger	35 774 000	57
Sale of inherited property	27 747 000	60
Divorce	25 750 000	51

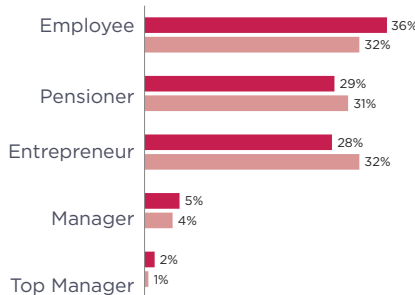
SELLER'S PROFILE ON REGIONAL LEVEL

Seller profile in the country is rather similar to that in the capital, although old age pensioners had a bigger share here. The main motivation was selling an inherited property with a share of 32%, followed by moving into a larger home

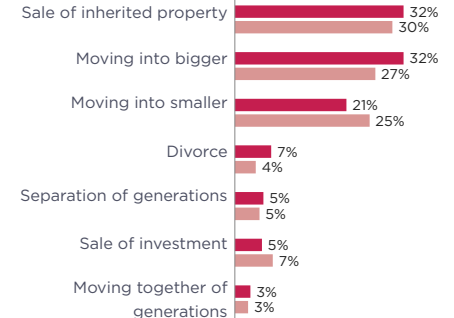
AGE OF SELLERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	23 071 000	82
30-40	24 456 000	76
40-50	29 304 000	89
50-60	20 423 000	98
60-	19 817 000	88

STATUS	AVERAGE PRICE	m ²
Employee	17 576 000	80
Top Manager	66 725 000	127
Manager	24 572 000	82
Pensioner	19 422 000	91
Entrepreneur	32 456 000	94

SITUATION	AVERAGE PRICE	m ²
Sale of investment	24 832 000	60
Separation of generations	40 964 000	119
Moving together of generations	12 175 000	58
Moving into smaller	33 398 000	122
Moving into bigger	23 023 000	71
Sale of inherited property	13 894 000	73
Divorce	38 208 000	146

■ May 2020.
■ May 2019.