

The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers International, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q3 2018 office market summary.

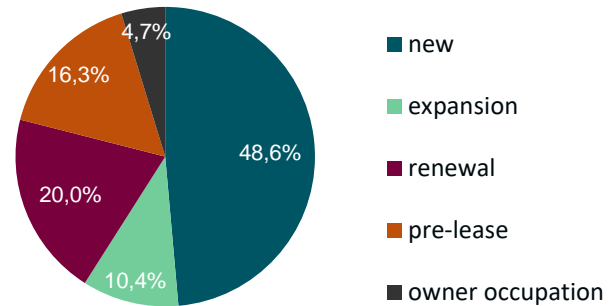
Four new office buildings were delivered to the Budapest office market in the third quarter of 2018, totalling 110,970 sq m. The largest of the completions took place in the Non-central Pest subregion; Magyar Telekom's HQ comprises 58,800 sq m. Further handovers included the 36,000 sq m Mill Park, the 11,340 sq m Advance Tower I. and the 4,830 sq m EcoDome.

The total modern office **stock** currently adds up to 3,587,290 sq m, consisting of 2,943,580 sq m category 'A' and 'B' speculative office space as well as 643,710 sq m owner occupied space.

10.4% and the remaining 4.7% was registered as owner-occupier agreement.



Split of office demand in Q3 2018

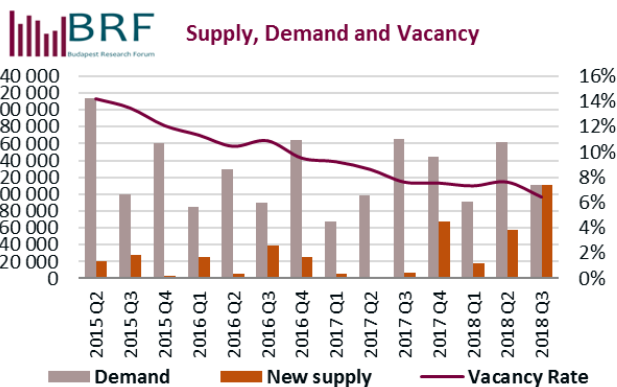


Similarly to the previous quarter, the strongest occupational activity was recorded in the Váci Corridor submarket, attracting almost 33% of the total demand. The Váci Corridor was followed by the CBD and South Buda submarkets with 17% and 16% share in the total demand, respectively.

According to the BRF, 145 lease agreements were signed in Q3 2018, with an average deal size of 768 sq m. BRF registered 24 transactions occupying more than 1,000 sq m office area split into 13 new transactions, 4 renewals, 4 pre-leases 1 expansion and 2 owner-occupier agreements.

The quarter's largest transaction was a 14,890 sq m new contract in the CBD, followed by a 10,600 sq m deal in the Váci corridor. The largest renewal, 6,000 sq m, was signed in the Maros BC office building. The largest expansion of the quarter was almost the same size as a tenant secured 5,870 sq m in the White House building.

The **net absorption**, corrected with the changes in owner occupied stock, in this quarter amounted to 142,210 sq m which is the highest figure recorded this year so far.



Stock of owner-occupied buildings was reduced by three buildings, 26,850 sqm altogether, while two properties were added to it, totalling 6,110 sq m, in accordance with the change in their character of utilization.

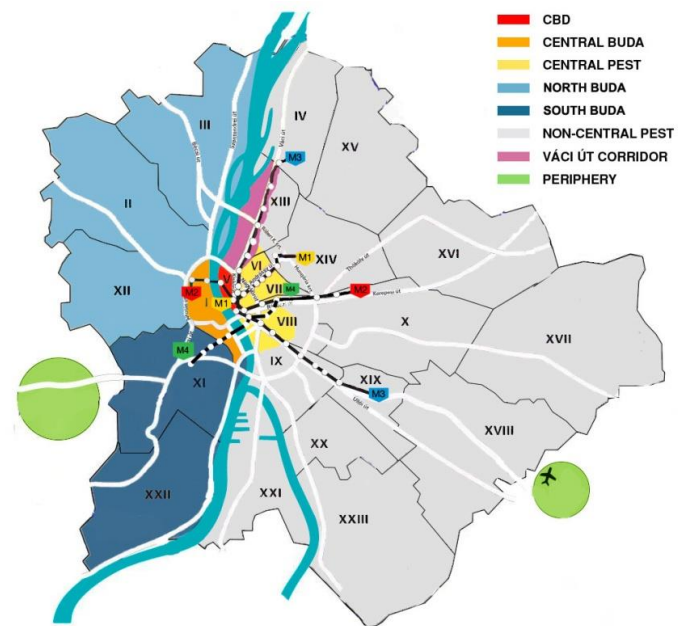
The office **vacancy rate** has decreased to 6.4%, representing a 1.2 pps reduction quarter-on-quarter - the lowest rate ever recorded on Budapest office market. Similarly to the previous quarter, the lowest vacancy rate was measured in the Non-central Pest (3.9%) submarket whereas the Periphery still suffers from an overwhelming 30.4% vacancy rate.

**Total demand** in the third quarter of 2018 reached 111,430 sq m, representing a 32% decrease year-on-year. New leases accounted for 48.6% of the total leasing activity, while renewals were represented a 20% share. Pre-leases accounted for 16.3%, expansions made up

## Main office indicators

Q3 2018	Budapest
Completions (sq m)	110,970
Speculative Stock (sq m)	2,943,580
OO Stock (sq m)	643,710
Total Stock (sq m)	3,587,290
Vacancy (sq m)	230,040
Vacancy Rate (%)	6.4%
Pre-lease (sq m)	18,140
New Lease (sq m)	54,150
Lease expansion (sq m)	11,620
Lease Renewal (sq m)	22,230
Owner Occupation (sq m)	5,280
Total demand (sq m)	111,430
Net absorption (sq m)	142,210

### Map of submarkets



## More information

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