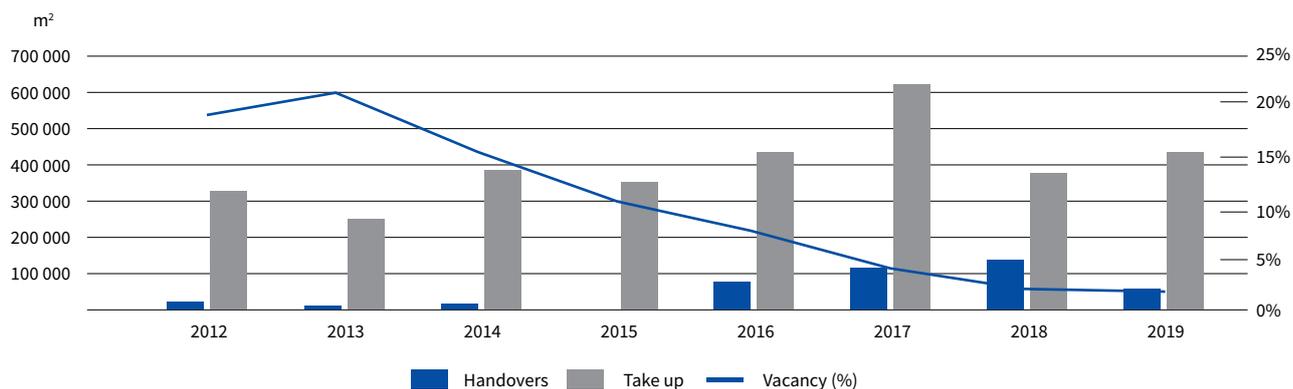


Market Report 2019 H2



Budapest industrial&logistics



Handovers

The stock of modern logistic properties expanded by 64 thousand square metres, thanks to the handover of five new halls in 2019. The complete stock grew to 2.25 million square metres in Budapest and its vicinity, the amount of developments decreased significantly – to almost half – in contrast to the previous year.

Developments on a speculative basis are rare in the logistic market, therefore the yearly handover volume is closely linked to the prelease agreements of the previous year. On the basis of preliminary agreements (temporary) decrease of handovers in 2019 could be foreseen.

Market indicators	
Handovers	64 167 m ²
Total stock	2 246 955 m ²
Logistics parks	2 001 484 m ²
City logistics	214 126 m ²
Take up	433 812 m ²
Net absorption	79 276 m ²
Average rents	EUR 4.75-5.00
Prime yield	6.9%
Vacancy	1.85%



Developments

Half of the 221 thousand square metre development, planned to be handed over before the end of 2020, will be realised on the western part of Budapest’s agglomeration. The lease area of 180 thousand square metres is under construction now, as a result the amount of handovers will probably pick up. The biggest expansion can be expected in CTPark West, where two halls – 61 thousand square metres – are under implementation.

Demand

Warehouse demand grew by 15% in 2019 in contrast to the previous year. Lease agreements for almost 434 thousand square metres were signed in total. Based on the quarterly distribution of transaction volume tenants’ activity was the strongest in the third quarter; we registered 36% of the annual leasing volume at this time.

Similarly to previous years net demand remained slightly under 50% (14% of the total volume). There are practically no more vacant plots, as a result, the ratio of area expansion dropped significantly within the demand (from 12% to 3%), at the same time the ratio of prelease agreements grew significantly (from 8 to 21%). Four tenants signed agreements for areas bigger than 20 thousand square metres, all of these were contract renewals. The biggest deal was signed by Prologis Park Budaörs for nearly 28 thousand square metres.

Vacancy

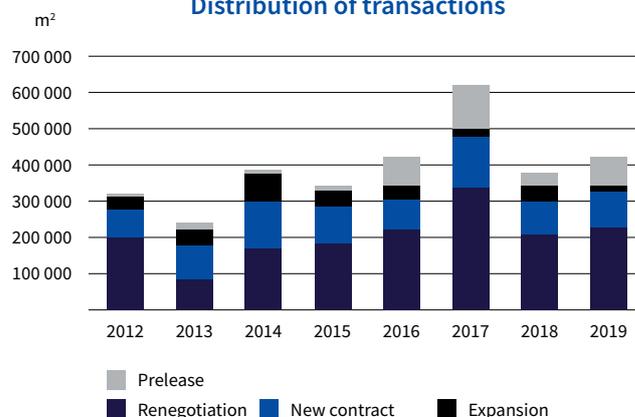
Average vacancy rate fell below 2%, which is a new, record low level. Only 1.85% of modern industrial and logistic properties was vacant (41,400 square metres, two-third of this was office within logistic properties). Vacancy rate within logistic parks is even lower with 1.7%, which means that tenants’ possibilities narrowed down completely. Only two of the existing logistic parks offer an undivided area of more than four thousand square metres. New developments will probably ease the pressure on demand.

Data show that net absorption was positive again; areas used by tenants expanded by 79 thousand square metres in 2019.

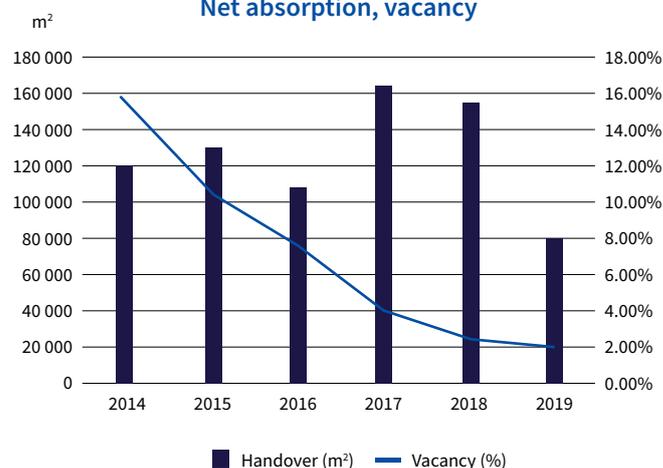
Rental fees, yields

Rental fees continued to increase in 2019, average monthly fees were between 4.5-5 EUR/m². Investors yield expectations further decreased compared to the end of the year, at the end of 2019 it was under 7%.

Distribution of transactions



Net absorption, vacancy



PLANNED AND ONGOING PROJECTS 2020

Project	Location	Size (m ²)	Status
CTPark South	Dunaharaszti	21 890	Under construction
OTP Budapark	Budaörs	22 000	Planned
BILK new	Budapest	10 316	Under construction
BUD Cargo City	Budapest	10 210	Under construction
East Gate Business Park	Fót	16 000	Under construction
CTPark West	Biatorbágy	31 315	Under construction
CTPark West	Biatorbágy	30 000	Under construction
CTPark East	Üllő	37 000	Under construction
Budapest Dock Szabadkikötő	Budapest	10 000	Under construction
Park 22	Budapest	18 390	Planned
Prologis Harbor DC11	Budapest	14 067	Under construction

Forecast

As a result of rock bottom vacancy rate, limitations of the building industry and rising implementation costs, rentals fees are predicted to continue their growth.

In our expectations demand will **remain strong** in 2020, at the same time vacancy rate will increase slightly as a result of ongoing constructions.

We forecast the **continuing decrease of investment yields** in the logistic market.





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Budapest 1123, Alkotás u. 55-61.
www.eston.hu