

The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers International, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q2 2019 office market summary.

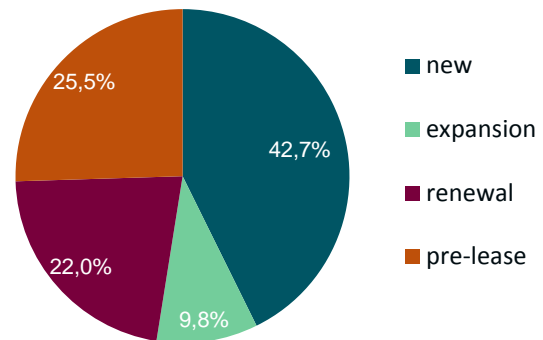
There were four office buildings delivered to the Budapest office market in the second quarter of 2019: Ferrum office building (3,380 sq m) and both phases of the Corvin Technology & Science Park (12,180 sq m, 11,570 sq m) were new developments, while Molnár19 (4,560 sq m) was also added to the modern office stock following complete refurbishment.

The total modern office **stock** currently adds up to 3,654,180 sq m, consisting of 3,049,610 sq m category 'A' and 'B' speculative office space as well as 604,570 sq m owner occupied space.

Total demand in the second quarter of 2019 reached 163,390 sq m, representing an almost equal amount of take-up compared to the same period of last year (161,550 sq m). New leases accounted for 42.7% of the total leasing activity, followed by the pre-leases with 25.5% while renewals were represented by a 22% share. Expansions accounted for 9.8%.



Split of office demand in Q2 2019

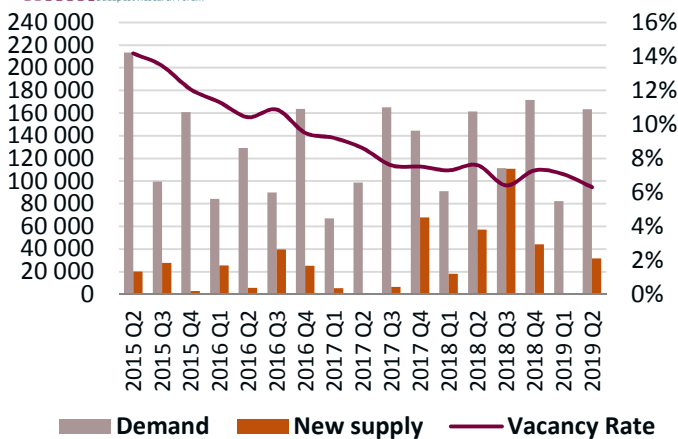


As during the previous quarter, the strongest occupational activity was recorded in the Váci Corridor submarket, attracting 32% of the total demand. The Váci Corridor was followed by South Buda and the CBD submarkets, with a share of 22% and 13% of total demand, respectively.

According to the BRF, 207 lease agreements were signed in Q2 2019, with an average deal size of 789 sq m, which exceeds the first quarter's average with 34%. BRF registered 10 transactions larger than 3,000 sq m, made up of 2 new leases in the existing stock, 4 pre-leases in ongoing developments, 3 lease renewals and 1 expansion.

Two of the three largest transactions were signed in the Váci Corridor submarket. Both of them were pre-lease agreements: BP signed for 22,060 sq m in Agora Budapest, the other transaction covered more than 5,000 sq m in Balance Hall. The largest new deal was concluded in one of the office buildings of South Buda submarket, while the largest renewal happened in Graphisoft Park for 4,000 sq m. The largest expansion was signed in Corner6 office building for 3,240 sq m.

BRF Supply, Demand and Vacancy



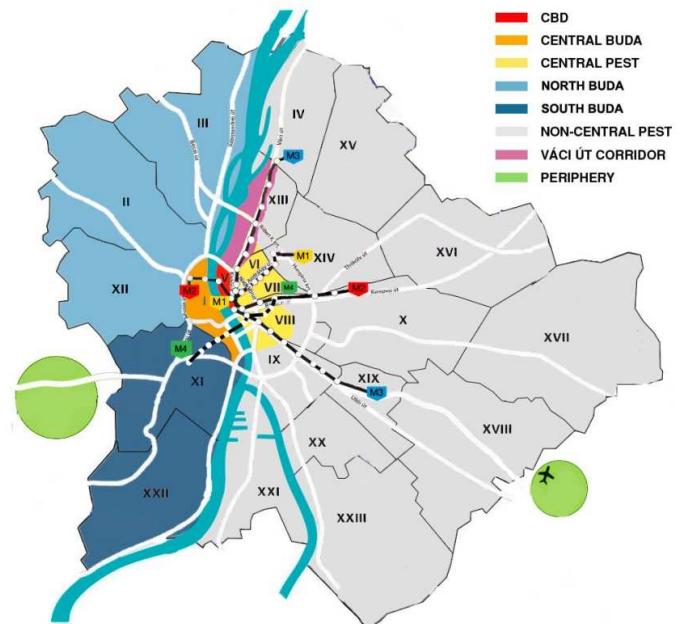
The office **vacancy rate** has decreased to a record low 6.3%, representing a 0.8 pps reduction quarter-on-quarter on Budapest office market. In line with the preceding quarters, the lowest vacancy rate was measured in the Non-Central Pest (2.1%) submarket whereas the Periphery still suffers from an overwhelming 36.7% vacancy rate.

The **net absorption** in this quarter amounts to 52 180 sq m.

Main office indicators

Q2 2019	Budapest
Completions (sq m)	31 690
Speculative Stock (sq m)	3 049 610
OO Stock (sq m)	604 570
Total Stock (sq m)	3 654 180
Vacancy (sq m)	230 565
Vacancy Rate (%)	6.3%
Pre-lease (sq m)	41 630
New Lease (sq m)	69 825
Lease expansion (sq m)	16 020
Lease Renewal (sq m)	35 915
Owner Occupation (sq m)	0
Total demand (sq m)	163 390
Net absorption (sq m)	52 180

Map of submarkets



More information

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