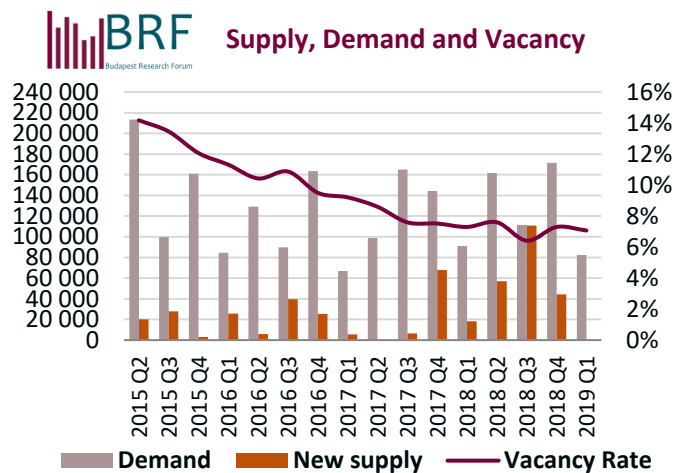


The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers International, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q1 2019 office market summary.

There were no new office buildings delivered to the Budapest office market in the first quarter of 2019. Komplex Offices with its 11,500 sq m and the formerly owner-occupied Siemens HQ after a sale and leaseback transaction have been added to the speculative stock. The total modern office **stock** currently adds up to 3,627,500 sq m, consisting of 3,017,930 sq m category 'A' and 'B' speculative office space as well as 609,570 sq m owner occupied space.

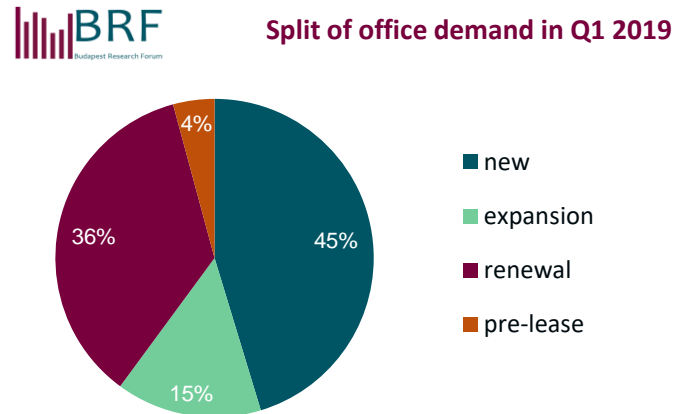


As a result of our annual stock revision, 2 buildings were excluded from the speculative stock and further 23 buildings GLA's were amended due to re-measurements taken place over the beginning of 2019.

The office **vacancy rate** has decreased to 7.1%, representing a 0.2 pps reduction quarter-on-quarter -one of the lowest rates ever recorded on Budapest office market. In line with the preceding quarters, the lowest vacancy rate was measured in the Non-Central Pest (3.5%) submarket whereas the Periphery still suffers from an overwhelming 37.4% vacancy rate.

The **net absorption** in this quarter amounts to 19 940 sq m.

Total demand in the first quarter of 2019 reached 79,980 sq m, representing a 12.2% decrease year-on-year. New leases accounted for 45% of the total leasing activity, while renewals were represented a 36% share. Expansions accounted for 15%, whereas pre-leases made up the remaining 4%.



Similarly, to the previous quarter, the strongest occupational activity was recorded in the Váci Corridor submarket, attracting over 35% of the total demand. The Váci Corridor was followed by Central Pest and the South Buda submarkets, with a share of 16.7% and 13.7% in the total demand respectively.

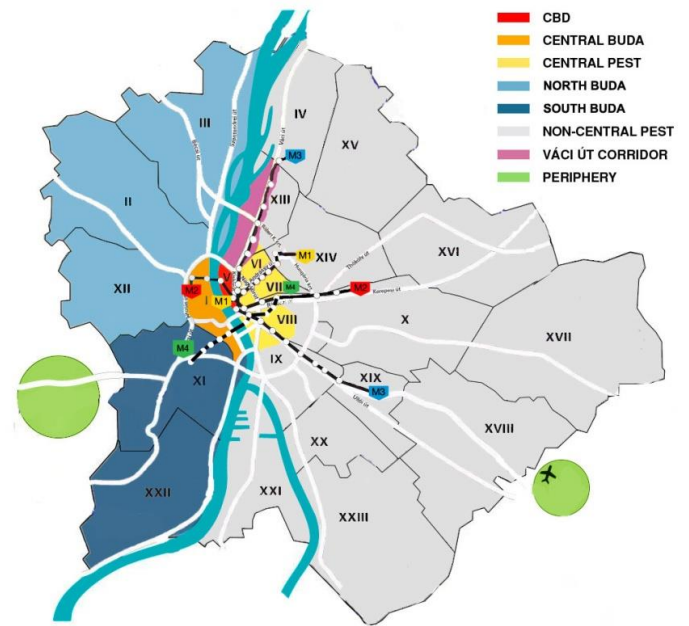
According to the BRF, 153 lease agreements were signed in Q1 2019, with an average deal size of 523 sq m. BRF registered 21 transactions occupying more than 1,000 sq m office area split into 8 new transactions, 9 renewals, 1 pre-lease agreement and 3 expansions.

Two of the three largest transactions were signed in the Váci Corridor submarket, where a 4,800 sq m renewal transaction in the River Estates offices was the largest. The largest new deal covered 3,560 sq m in the White House office building, while the largest pre-lease happened in Nordic Light 3 at 1,560 sq m. The largest expansion of the quarter was signed in Buda Square at 2,500 sq m.

Main office indicators

Q1 2019	Budapest
Completions (sq m)	0
Speculative Stock (sq m)	3 017 930
OO Stock (sq m)	609 570
Total Stock (sq m)	3 627 500
Vacancy (sq m)	256 060
Vacancy Rate (%)	7.1%
Pre-lease (sq m)	3 355
New Lease (sq m)	36 260
Lease expansion (sq m)	11 850
Lease Renewal (sq m)	28 515
Owner Occupation (sq m)	0
Total demand (sq m)	79 980
Net absorption (sq m)	19 940

Map of submarkets



More information

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