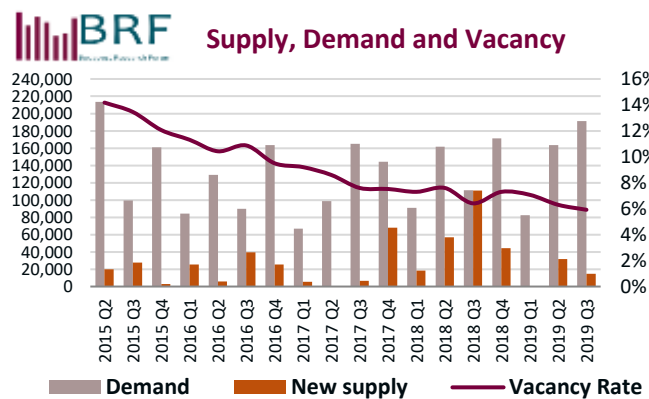


The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers International, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q3 2019 office market summary.

There were two office buildings delivered to the Budapest office market in the third quarter of 2019: Hungária Center office building (6,920 sq m, Non Central Pest submarket) and the second phase of the Advance Tower (7,630 sq m, on the Váci Corridor).

The total modern office **stock** currently adds up to 3,668,735 sq m, consisting of 3,064,165 sq m category 'A' and 'B' speculative office space as well as 604,570 sq m owner occupied space.



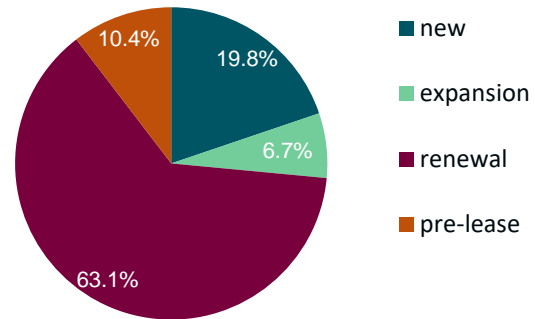
The office **vacancy rate** has decreased to a record low 5.9%, representing a 0.4 pps reduction quarter-on-quarter on the Budapest office market. Unlike previous quarters, the lowest vacancy rate was measured in the North Buda submarket (2.9%) whereas the Periphery still suffers from an overwhelming 34% vacancy rate. Interestingly the vacancy rate has increased slightly quarter on quarter in every submarket on the Pest side, whereas it decreased in every submarket on the Buda side.

The **net absorption** in this quarter amounts to 28,095 sq m.

**Total demand** in the third quarter of 2019 reached 191,235 sq m, representing a 41% growth compared to the same period of last year (111,430 sq m). Renewals accounted for 63% of the total leasing activity, followed by the new leases with 19.8% while pre-leases represented a 10.4% share. Expansions accounted for 6.7%.



Split of office demand in Q3 2019



The strongest occupational activity was recorded in the Pest Central submarket, attracting 32% of the total demand. Pest Central was followed by Váci Corridor and the South Buda submarkets, with a share of 28% and 17% of total demand, respectively.

According to the BRF, 141 lease agreements were signed in Q3 2019. As a result of several large-size transactions, the average deal size was 1,356 sq m, which exceeds the first quarter's average with 41%.

BRF registered 14 transactions larger than 3,000 sq m, made up of 1 new lease agreement, 3 pre-leases in ongoing developments and 10 lease renewals.

Two of the four largest transactions were signed in the Central Pest submarket, one on the Váci Corridor and one in South Buda. The largest transactions of the quarter were renewal agreements, amounting to 63,900 sq m. Despite of previous trends, the proportion of renewals has increased.

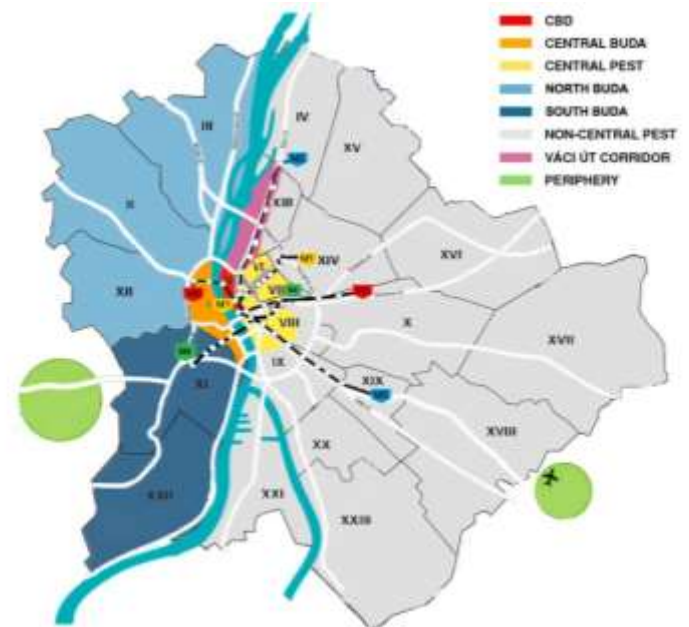
The largest new deal was concluded in South Buda submarket; due to continued expansion, Thyssenkrupp's development center is moving to the South Buda Business Park occupying 16,000 sq m office space.

The largest pre-lease agreement was concluded in Gizella Loft office building for 6,000 sq m, while the largest expansion was signed in Center Point office building for 2,230 sq m.

### Main office indicators

Q3 2019	Budapest
Completions (sq m)	14 550
Speculative Stock (sq m)	3 064 165
OO Stock (sq m)	604 570
Total Stock (sq m)	3 668 735
Vacancy (sq m)	217 020
Vacancy Rate (%)	5.9%
Pre-lease (sq m)	19 965
New Lease (sq m)	37 850
Lease expansion (sq m)	12 760
Lease Renewal (sq m)	120 665
Total demand (sq m)	191 235
Net absorption (sq m)	28 095

### Map of submarkets



### More information

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