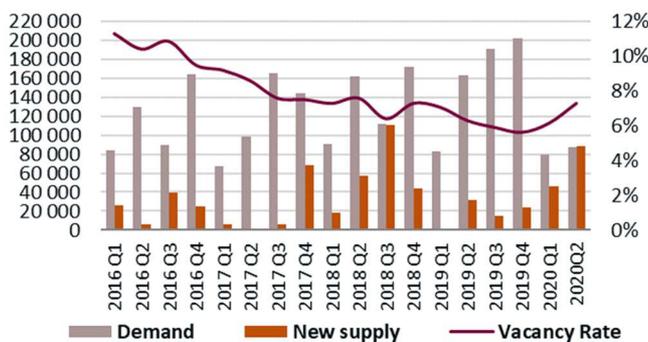


The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers International, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q2 2020 office market summary.

In the second quarter of 2020, 87,750 sq m new office area was delivered to the Budapest office market in 5 buildings. Agora Tower (34,500 sq m) and Váci Greens F (25,050 sq m) were handed over in the Váci Corridor submarket. The first phase of Arena Business Campus (20,400 sq m) was completed in Non-Central Pest, additionally Kálmán Imre 20 (2,300 sq m) was added to the stock in the CBD. The owner-occupied office stock was extended by the new HQ of Market Zrt. (5,500 sq m). Meanwhile, an office building with 8,445 sq m in the CBD was excluded from the modern stock due to a change in its functional profile.

The total modern office **stock** currently adds up to 3,817,305 sq m, consisting of 3,204,915 sq m category 'A' and 'B' speculative office space as well as 612,390 sq m owner occupied space.

Supply, Demand and Vacancy



The office **vacancy rate** has increased to 7.3%, representing a 1 p.p. increase quarter-on-quarter, and a 1.1 p.p. growth year-on-year. The lowest vacancy rate of 2.8% was measured in the North Buda submarket whereas the Periphery still suffers from an overwhelming 33.6% vacancy rate.

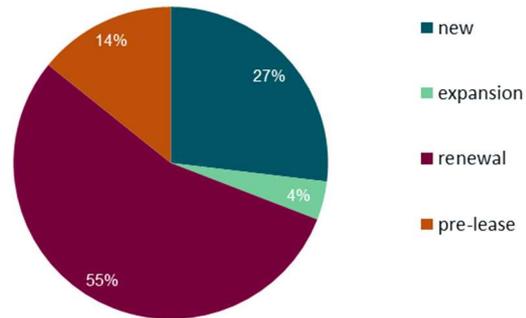
The **net absorption** in the second quarter amounted to 31 430 sq m.

Total demand in the second quarter of 2020 reached 87,990 sq m, representing a 46% decrease year-on-year. Out of the total leasing activity, renewals still represented

the largest share, increasing even further. In the second quarter of 2020, 55% of the total demand was made up of lease renewals. New leases accounted for 27%, expansions for 4%, while pre-leases made up 14% of the total demand.



Split of office demand in Q2 2020



The strongest occupational activity was recorded in the Váci Road submarket, attracting 25% of the total demand. Central Pest submarket ranked second in this respect with a share of 23%, and it was followed by South Buda submarket as 19% of the total demand was realised here.

According to the BRF, 114 office agreements were concluded in the second quarter of 2020, the number of signed transactions dropped by almost 50% compared to the same quarter of 2019. The average deal size amounted to 772 sq m which is in line with the figure measured in the second quarter of 2019.

BRF registered 9 transactions occupying more than 3,000 sq m office area split into 3 new transactions, 4 renewals and 2 pre-lease agreements.

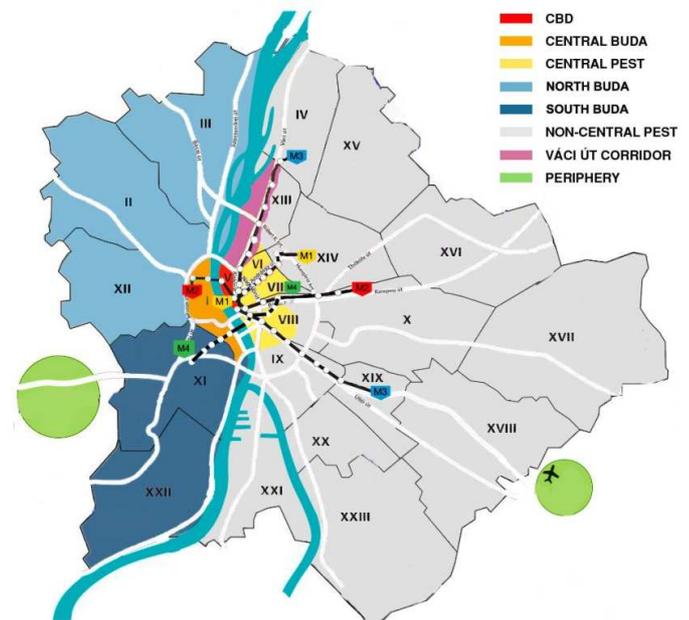
Overall, the largest transaction was a pre-lease agreement for 8,000 sq m in the South Buda submarket; while the largest new transaction in the existing stock was concluded for more than 7,000 sq m in the Central Pest submarket. The largest renewal was registered in Westend City Center at 4,790 sq m.

The Q2 2020 office market statistics already reflected the economic restrictions triggered by the COVID-19 pandemic. Total leasing activity decreased considerably as the number of transactions showed a significant reduction. Based on headline rents in the current availability, only minimal rent correction has been registered, mainly in category 'B' office schemes.

Main office indicators

Q2 2020	Budapest
Completions (sq m)	87 750
Speculative Stock (sq m)	3 204 915
OO Stock (sq m)	612 390
Total Stock (sq m)	3 817 305
Vacancy (sq m)	277 630
Vacancy Rate (%)	7.3%
Pre-lease (sq m)	12 500
New Lease (sq m)	23 630
Lease expansion (sq m)	3 545
Lease Renewal (sq m)	48 315
Owner Occupation (sq m)	0
Total demand (sq m)	87 990
Net absorption (sq m)	31 430

Map of submarkets



More information

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