

The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers International, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q4 2020 office market summary.

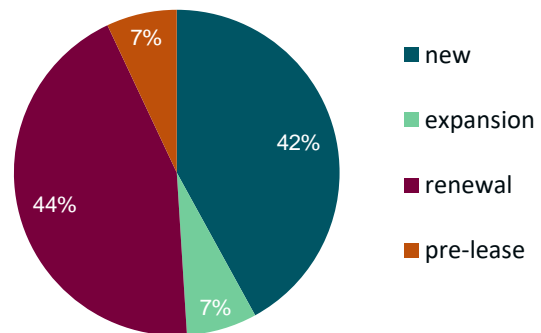
In the fourth quarter of 2020, 38,850 sq m of new office space was delivered to the Budapest office market in four schemes. Váci Greens E (22,460 sq m) was handed over in the Váci Corridor submarket, the Szervita Square building (8,450 sq m) was completed in the CBD and the Alphagon office building (4,690 sq m) was handed over in the South Buda submarket. In addition, the office component of Csalogány 43 (3,250 sq m) was delivered in the Central Buda submarket.

The total modern office **stock** currently adds up to 3,903,840 sq m, consisting of 3,289,090 sq m of 'A' and 'B' category speculative office space as well as 614,750 sq m of owner occupied space.

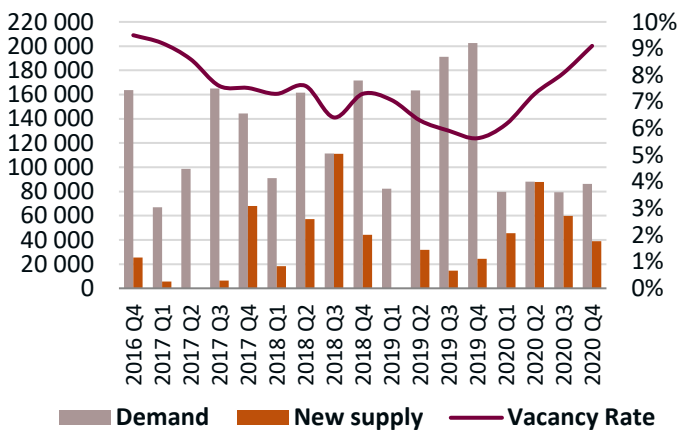
**Total demand** reached 86,310 sq m in Q4 2020, representing a 9% increase quarter-on-quarter, however it is a 57% decrease year-on-year. Renewals still made up the largest share of total leasing activity with 44%, followed by new leases in the existing stock with 42%, while expansions of existing premises and pre-leases in new developments amounted to 7% of the total demand, each.



Split of office demand in Q4 2020



Supply, Demand and Vacancy



The office **vacancy rate** has increased to 9.1%, representing an increase of 1.0 p.p. quarter-on-quarter and 3.5 p.p. year-on-year. The lowest vacancy rate of 4.3% was measured in the North Buda submarket, whereas the Periphery still has the highest vacancy rate of 29.3%.

**Net absorption** dipped into negative territory during the quarter, as the total occupied stock decreased by 5,100 sq m.

The strongest occupational activity was recorded in the Central Pest submarket, attracting 20% of the total demand. The CBD submarket ranked second in this respect, attracting 17% of total demand, followed by South Buda with 16%.

According to the BRF, 111 lease agreements were concluded in Q4 2020; the number of signed transactions dropped by 35% compared to the corresponding quarter in 2019. The average deal size amounted to 778 sq m. The BRF registered 10 transactions concluded on more than 2,000 sq m office space, including one pre-lease, one expansion, four renewals and four new leases.

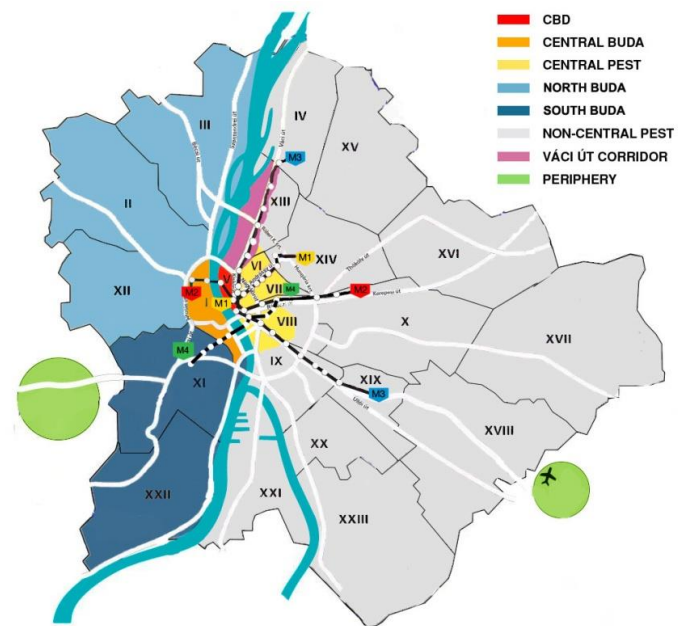
The largest transaction was a new agreement signed for 4,590 sq m by Diligent Corporation in the Szervita Square office building. The largest renewal was a similarly sized, nearly 4,560 sq m deal in the Arena Corner, while the largest pre-lease deal was concluded for 3,660 sq m of office space in the Millennium Gardens development.

The Q4 2020 office market statistics continued to reflect the economic changes triggered by the COVID-19 pandemic, as the demand volume lagged behind the norm of previous years and the number of transactions declined.

### Main office indicators

Q4 2020	Budapest
Completions (sq m)	38,850
Speculative Stock (sq m)	3,289,090
OO Stock (sq m)	614,750
Total Stock (sq m)	3,903,840
Vacancy (sq m)	356,200
Vacancy Rate (%)	9.1%
Pre-lease (sq m)	6,220
New Lease (sq m)	35,860
Lease expansion (sq m)	6,410
Lease Renewal (sq m)	37,810
Owner Occupation (sq m)	0
Total demand (sq m)	86,310
Net absorption (sq m)	-5,100

### Map of submarkets



### More information

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