

OFFICE MARKET

Q4 2021



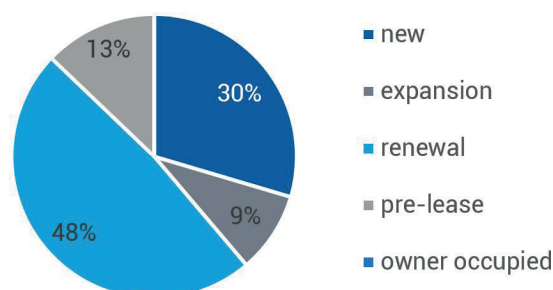
The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q4 2021 office market summary.

The total modern office **stock** currently adds up to 3,955,600 sq m, consisting of 3,301,750 sq m of 'A' and 'B' category speculative office space as well as 653,850 sq m of owner-occupied space.

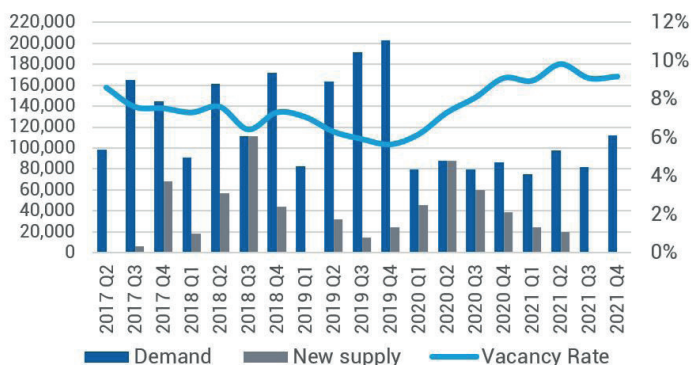
In the fourth quarter of 2021, there was no new supply delivered on the Budapest office market as several planned completions pushed over to the new year. During this quarter 7,250 sq m were moved from the speculative to the owner-occupied space, consisting of two office buildings.

Total demand reached 112,280 sq m in Q4 2021, representing a 38% increase quarter-on-quarter, and a 30% increase year-on-year. Lease renewals stood for the largest share of total leasing activity with 48%, followed by new leases in the existing stock with 30%, pre-leases in new developments with 13%, while expansions of existing premises reached 9% of the total demand.

Split of office demand in Q4 2021



Supply, Demand and Vacancy



The office **vacancy rate** decreased to 9.2%, representing a 0.1 pps decrease quarter-on-quarter and year-on-year. The lowest vacancy was registered in Central Buda with a 5.5% vacancy rate, whereas the highest vacancy rate remained in the Periphery submarket (31.1%).

Net absorption receded to slightly negative territory during the quarter, as the total occupied stock decreased by 3,630 sq m.

The **strongest occupational activity** was recorded along the Váci Corridor, attracting 33% of the total demand. The South Buda submarket reached second place with 22%, followed by the Central Buda (13%) and Central Pest (11%) submarkets not far apart from each other. North Buda also registered a double-digit share with 10% of the total demand.

According to the BRF, 151 lease agreements were concluded in Q4 2021 and the average deal size amounted to 745 sq m. The BRF registered twelve transactions concluded on more than 2,000 sq m office space, including eight renewals, two new leases, one pre-lease and one expansion.

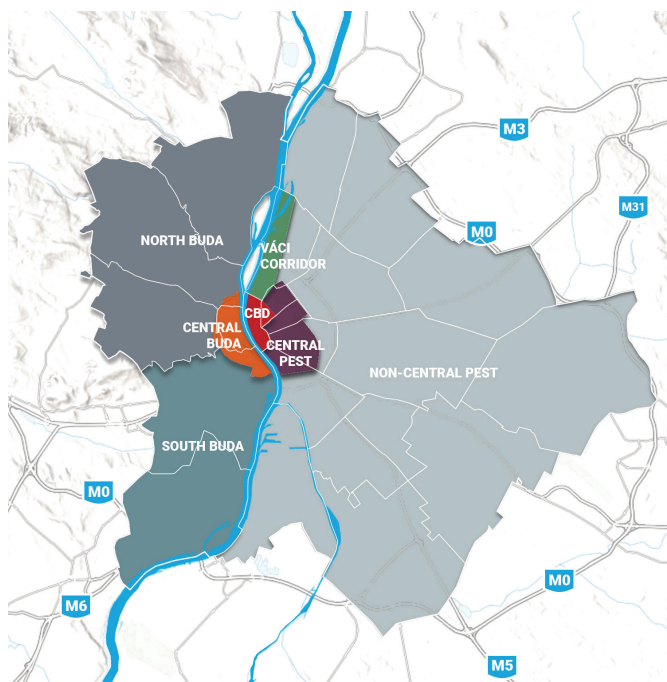
The largest transaction during the fourth quarter was a combined lease renewal and expansion of *Közbeszerzési és Ellátási Főigazgatóság (KEF)* for a total of 16,000 sq m in Center Point, while the largest new agreement was signed for a total of 5,250 sq m in Office Garden IV.

The Q4 2021 office market statistics continued to reflect the lingering challenges tied to the COVID-19 pandemic, yet the moderate recovery in annual gross demand, the increasing number of transactions and the largely stable vacancy rate give confidence.

I. MAIN OFFICE INDICATORS

Q4 2021	Budapest
Completions (sq m)	0
Speculative Stock (sq m)	3.301.750
OO Stock (sq m)	653.850
Total Stock (sq m)	3.955.600
Vacancy (sq m)	363.090
Vacancy Rate (%)	9.2%
Pre-lease (sq m)	14.430
New Lease (sq m)	33.220
Lease expansion (sq m)	10.350
Lease Renewal (sq m)	54.280
Owner Occupation (sq m)	0
Total demand (sq m)	112.280
Net absorption (sq m)	-3.630

II. MAP OF SUBMARKETS



MORE INFORMATION

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