

OFFICE MARKET

Q2 2022

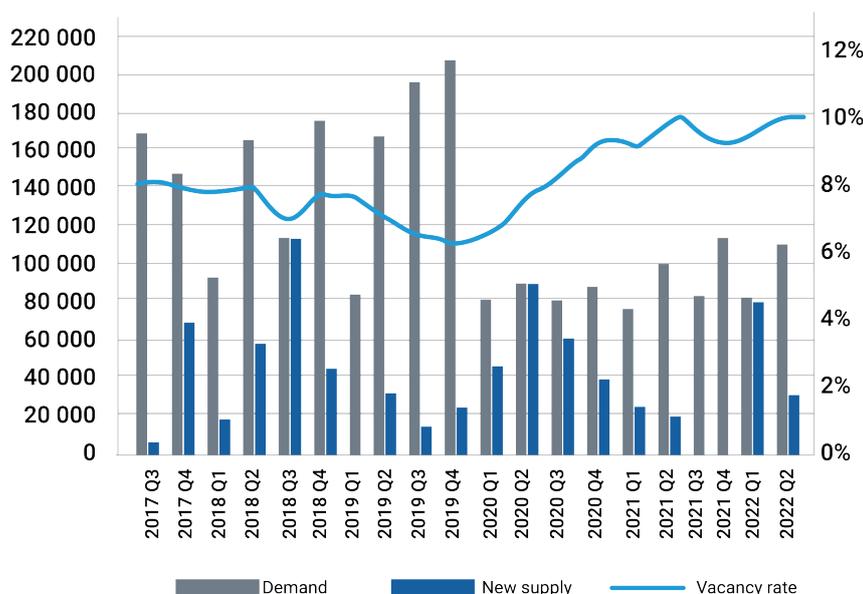


The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q2 2022 office market summary.

The total modern office **stock** currently adds up to 4,093,250 sqm, consisting of 3,398,770 sqm of 'A' and 'B' category speculative office space as well as 694,480 sqm of owner-occupied space.

In the second quarter of 2022, two new office buildings were delivered to the Budapest office market with the total of 30,750 sqm, the new owner-occupied OTP HQ building with a size of 28,000 sqm and Paulay 52 with the size of 2,750 sqm.

Supply, Demand and Vacancy

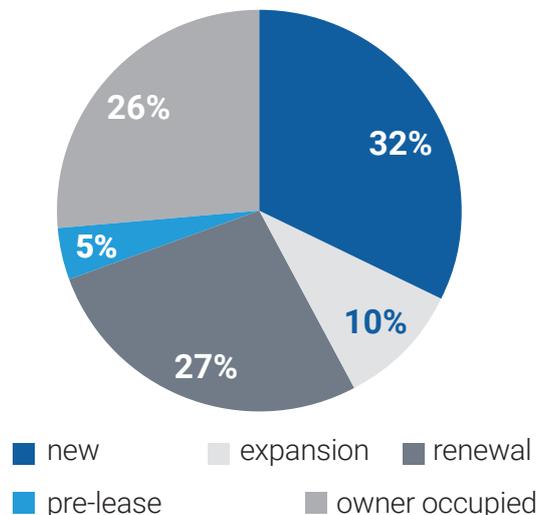


The office **vacancy rate** increased to 9.9%, representing a 0.1 pps increase quarter-on-quarter and year-on-year. The lowest vacancy was registered in North Buda with a 4.4% vacancy rate, whereas the highest vacancy rate remained in the Periphery submarket (31.4%).

Net absorption has remained positive by the end of the second quarter, amounting to 33,720 sqm.

Total demand reached 108,020 sqm in Q2 2022, representing a 10.2% increase year-on-year. New leases stood for the largest share of total leasing activity with 32%, followed by lease renewals in the existing stock with 27%, expansions of existing premises reached 10%, pre-leases in new developments reached 5%, while the share of owner-occupied buildings was 26% of the total demand.

Split of office demand in Q2 2022



The **strongest occupational activity** was recorded in Váci Corridor submarket, attracting 44% of the total demand. Central Pest submarket reached second place with 14%, followed by the North Buda (13%) and Central Buda (10%) submarkets. South Buda registered a single digit share with 8% of the total demand.

According to the BRF, 144 lease agreements were concluded in Q2 2022 and the average deal size amounted to 750 sqm. The BRF registered seven transactions concluded on more than 2,000 sqm office space, including two renewals, three new leases, one owner occupation and one expansion.

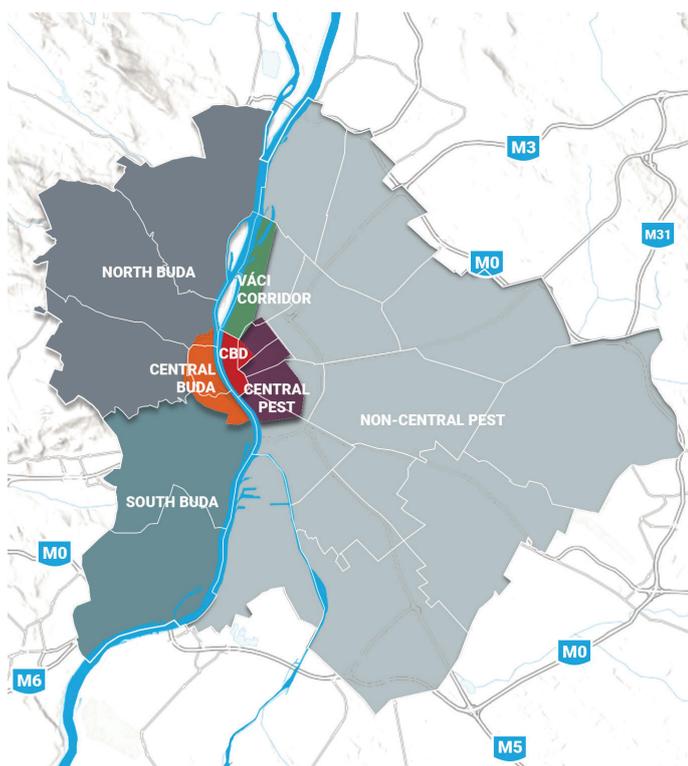
The largest speculative transaction during the second quarter was a new lease for the total of 5,420 sqm in Haller Gardens, while the biggest lease renewal was signed for a total of 4,200 sqm in Szépvölgyi 22.

It's important to mention that there was a handover of an owner-occupied building with a size of 28,000 sqm.

Compared to the previous quarter of the year, the percentage of new handovers decreased in Q2, as lot of handovers passed to Q3. Demand was strong, the percentage of closed transactions has increased by 26%. As in the previous quarter, new leases were able to achieve a higher proportion of total demand than renewals.

MAIN OFFICE INDICATORS

Q2 2022	Budapest
Completions (sqm)	30,750
Speculative Stock (sqm)	3,398,770
OO Stock (sqm)	694,480
Total Stock (sqm)	4,093,250
Vacancy (sqm)	403,350
Vacancy Rate (%)	9.9%
Pre-lease (sqm)	4,850
New Lease (sqm)	34,740
Expansion (sqm)	10,810
Lease Renewal (sqm)	29,630
Owner Occupation (sqm)	28,000
Total Leasing Activity (sqm)	108,020
Net absorption (sqm)	33,720



MORE INFORMATION

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