

OFFICE MARKET

Q1 2023



The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q1 2023 office market summary.

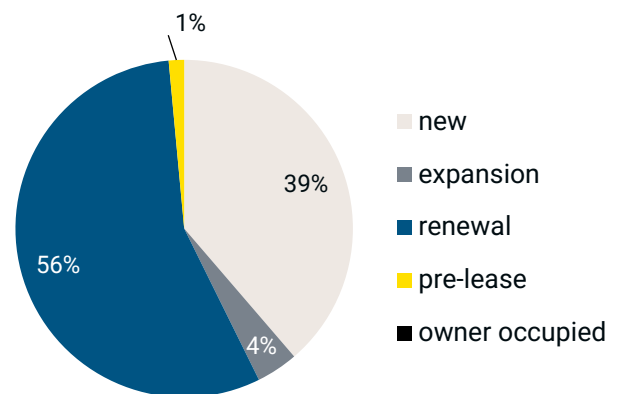
The **total modern office stock** currently adds up to 4,301,860 sqm, consisting of 3,507,280 sqm of 'A' and 'B' category speculative office space as well as 794,580 sqm of owner-occupied space.

In the first quarter of 2023, two new office buildings were delivered to the Budapest office market with the total of 26,050 sqm, the refurbished BIF Tower (8,530 sqm) and the Corvin Innovation Campus Phase 1 with a size of 17,520 sqm.

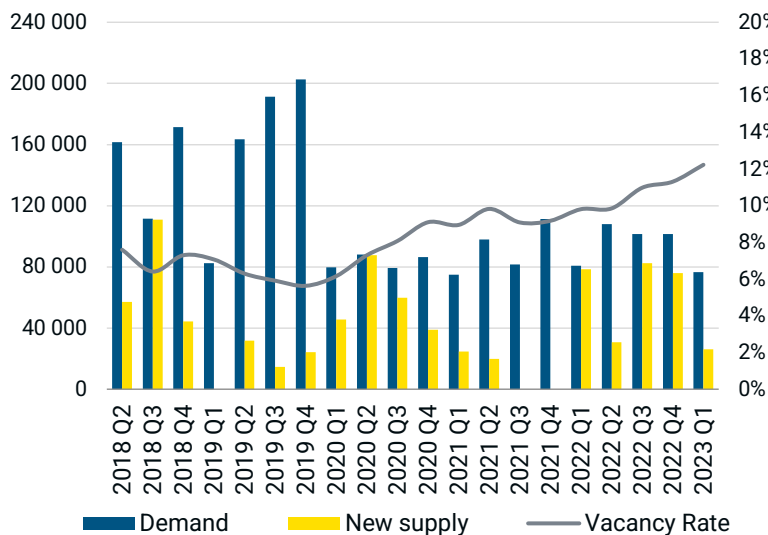
Imperial Krisztina Plaza (16,830 sqm) has been moved to the owner-occupied stock, while Bokor utca 15-21. has been removed from the modern office stock monitored by BRF. Due to the annual size correction, the size of speculative stock was expanded by 24,230 sqm, excluding completions.

Total **demand** reached 76,660 sqm in Q1 2023, which is 24% lower than the value registered in the previous quarter. Compared to the same period of 2022, it represents a 5% decrease. Lease renewals stood for the largest share of total leasing activity with 56%, followed by new leases in the existing stock with 39%, expansions of existing premises reached 4% and pre-leases amounted for only 1% of the total demand.

Split of office demand in Q1 2023



Supply, Demand and Vacancy



The strongest **tenant activity** was recorded in Váci Corridor submarket, attracting 31% of the total demand. Central Pest submarket reached second place with 23%, followed by the Central Buda with 15%.

According to the BRF, 120 lease agreements were concluded in Q1 2023 and the average deal size amounted to 640 sqm (-12% q/q). The BRF registered three transactions concluded on more than 3,000 sqm office space, including two renewals and one new lease.

The **largest transaction** during the first quarter was a renewal for 7,290 sqm in Rumbach Center, while the biggest new lease was signed for a total of 5,070 sqm in H2O Offices.

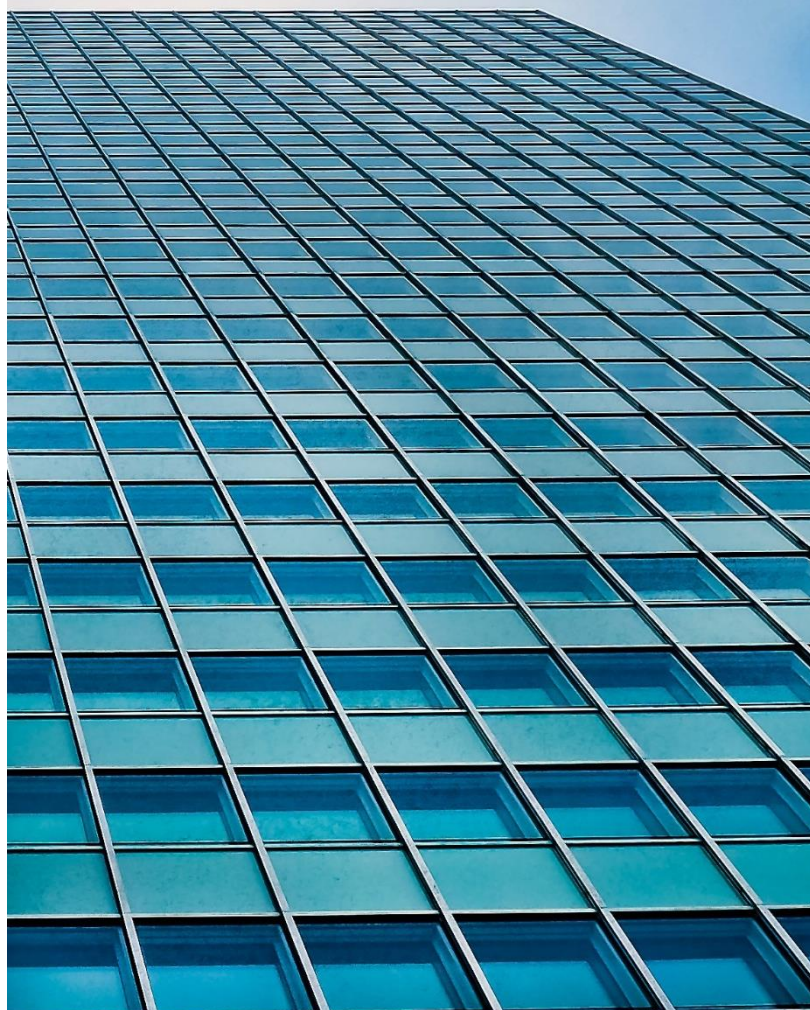
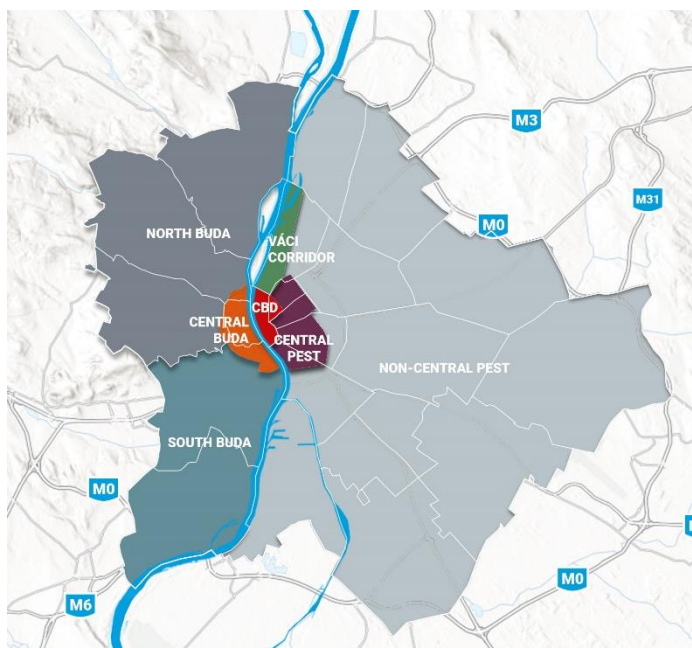
The office **vacancy rate** increased to 12.2%, representing a 0.9 pps increase quarter-on-quarter and 2.4 pps increase year-on-year. The lowest vacancy was registered in North Buda with a vacancy rate of 3.7%, whereas the highest vacancy rate remained in the Periphery submarket (36.0%).

Net absorption turned to negative range in the first quarter of 2023, meaning that the size of occupied areas decreased by 19,160 sqm in the first three months.

I. Summary table

Main indicators (Q1 2023)	
Completions (sqm)	26,050
Speculative Stock (sqm)	3,507,280
OO Stock (sqm)	794,580
Total Stock (sqm)	4,301,860
Vacancy (sqm)	526,200
Vacancy Rate (%)	12.2%
Pre-lease (sqm)	1,130
New Lease (sqm)	29,660
Expansion (sqm)	3,070
Lease Renewal (sqm)	42,810
Owner Occupation (sqm)	0
Total Leasing Activity (sqm)	76,660
Net absorption (sqm)	-19,160

II. Market map



MORE INFORMATION

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