

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.25% Prime Yield (OFF)	▬	▬
6.75% Prime Yield (IND)	▼	▬
€286 M YTD Total Volume	▲	▲

All Property Classes, prime yield as of 30th June 2025
Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.9% GDP*	▲	▲
4.5% Unemployment Rate	▬	▲
2.2% 5-Yr EUR SWAP**	▼	▲
6.60% 10-Yr Interest Rate	▲	▼

* Annual Growth Forecasts
Source: Moody's as of 30th July 2025

ECONOMY: GRADUAL RECOVERY EXPECTED FROM 2026

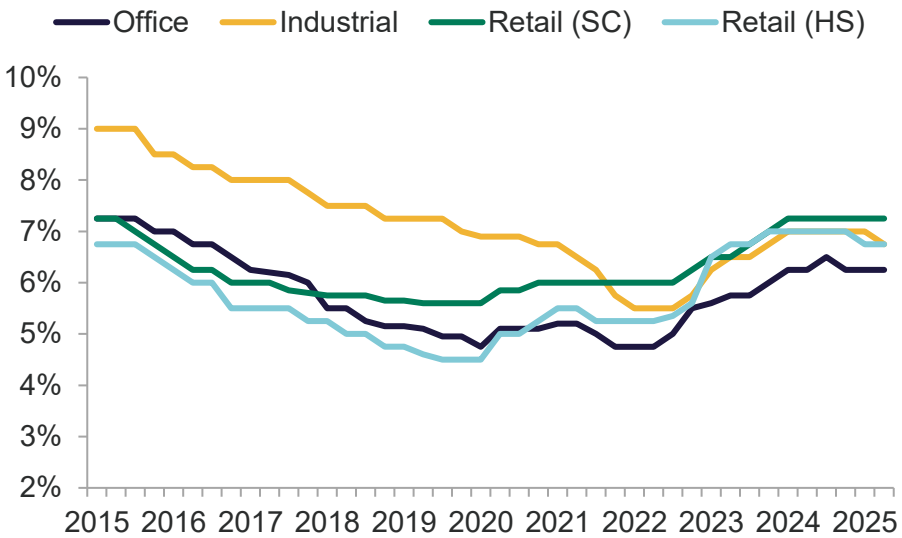
Hungary's economy contracted by 0.4% year-on-year in Q1 2025. In response, Moody's revised its full-year GDP growth forecast downward to 0.9%, citing subdued domestic consumption and persistently high inflation. Although inflation eased to 4.4% in May, it remains above the central bank's 4% target, extending a period of tight monetary policy. As a result, the National Bank of Hungary is expected to maintain its base rate at 6.5% through late 2025. The labour market has shown relative resilience, and although industrial production was moderate in early 2025, a gradual expansion is anticipated in the second half of the year. Hungary's recovery will depend in part on external demand, particularly from Germany, its key trading partner, and the broader performance of European supply chains. The country continues to attract substantial Chinese foreign direct investment, especially in battery and electric mobility manufacturing. Despite ongoing trade tensions and tariffs, Hungary maintains a strong position within this strategic sector.

INVESTMENT OVERVIEW: LARGER TRANSACTIONS RETURN

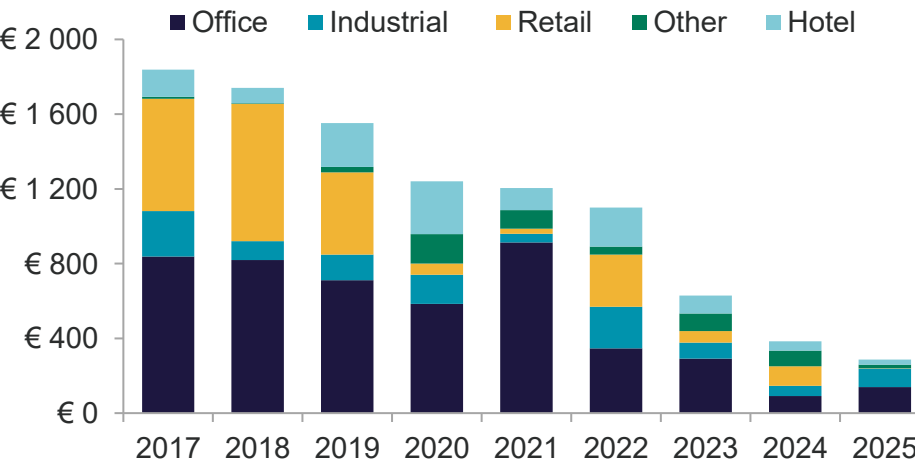
Hungary's investment market remained subdued in 2024, with activity at levels reminiscent of the post-Great Financial Crisis period. However, the first half of 2025 showed early signs of recovery, as investment volumes exceeded €280 million, a notable 55% year-on-year increase. This stronger performance was largely driven by the closing of three larger transactions. Nevertheless, majority of deals remained in the sub-€25 million range, continuing the trend observed in 2024. The market is gaining momentum, with several transactions currently in the pipeline. The most high-profile deal - the sale of the Marriott International property - is expected to close in the third quarter. It will mark the first transaction exceeding €100 million since 2022 and is set to push this year's investment volume above the total recorded in 2024. Office assets led the market in H1 2025, accounting for 49% of total investment volume. Notable transactions included Atenor's sale of BakerStreet 1 and several owner-occupied deals. A key example is BYD's acquisition of IP West from CA Immo, which will serve as the Chinese electric vehicle manufacturer's European HQ and R&D centre. In contrast, the retail sector saw a sharp decline. After leading the market in 2024, only one retail transaction was recorded in H1 2025. Industrial assets maintained a strong position, supported by a major deal in Q1 when HelloParks sold a two-asset logistics portfolio in Páty. Domestic buyers continued to dominate the market, although their share declined slightly due to the arrival of new foreign investors.

Yield stabilisation appears to be on the horizon, with repriced levels beginning to consolidate. Industrial prime yields have already decreased by 25 basis points quarter-on-quarter. Looking ahead, market sentiment for the remainder of 2025 is cautiously optimistic.

PRIME YIELD TRENDS



INVESTMENT SALES VOLUME BY SECTOR



Source: Cushman & Wakefield Research

INVESTMENT ACTIVITY

PROPERTY TYPE	YTD NO. OF TRANSACTIONS	YTD SALES VOLUME (€ MILLION)	AVERAGE VOLUME PER PROPERTY (€ MILLION)	PRIME YIELD (%)
Office	7	134	19.9	6.25
Industrial	2	99	49.5	6.75
Retail	1	2	High Street	7.00
			Shopping Centre	7.25
			Retail Park	7.50
Hotel	2	27.2	13.6	7.25

ECONOMIC INDICATORS*	2019	2020	2021	2022	2023	2024	2025 (F)	2026 (F)
GDP growth (%)	5.1	-4.5	7.2	4.3	-0.7	0.5	0.9	2.6
Private consumption expenditure (%)	5.0	-1.4	4.2	5.1	-6.4	5.1	5.4	4.1
Unemployment rate (%)	3.3	4.1	4.1	3.6	4.1	4.5	4.5	4.7
Inflation (%)	3.4	3.4	5.2	15.2	17.1	3.7	4.7	4.3
HUF/USD (average)	290.7	308.0	303.1	372.6	352.9	365.6	347.7	359.5
Interest Rates: 10-year bond yield (%)	2.5	2.2	3.1	7.6	7.5	6.5	6.6	6.2

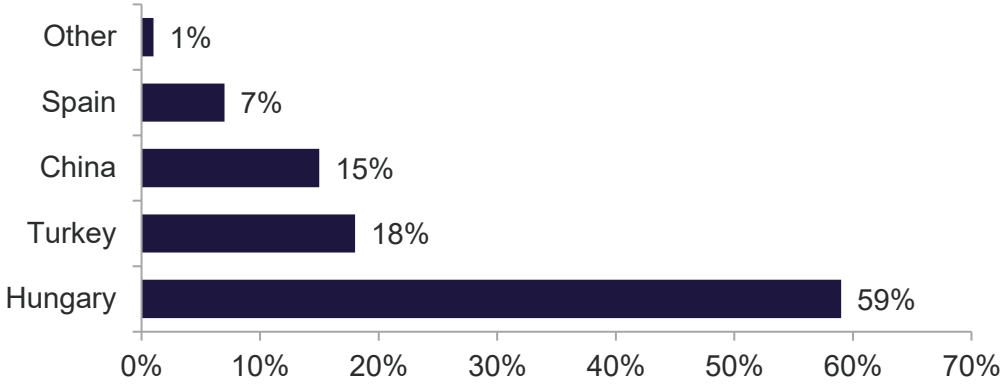
* Annual % growth unless otherwise indicated. Source: Moody’s Analytics as at 30th June 2025.

SIGNIFICANT SALES - 2025

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M/ ROOMS)	MARKET
HelloParks Páty (2 assets)	Industrial	Erste RE Fund	HelloParks	84,300	Greater Budapest
Kinnarps House	Office	Confidential	Kinnarps	9,280	Budapest – Váci út
IP West	Office	BYD	CA Immo	32,130	Budapest – South Buda
Bakerstreet 1	Office	Confidential	Atenor	16,650	Budapest – South Buda
Pest Center	Office	Private Chinese Company	Immo Rapid Kft	4,400	Budapest –Central Pest
Szerémi Business Park	Industrial	Confidential	Gestor Zrt.	20,000	Budapest – South Buda
2 assets portfolio	Hotel	Confidential	Echo Partners AG	145	Budapest CBD & Central Pest
Hotel Regnum	Hotel	Investum	Confidential	50	Budapest CBD

Closed transactions. Sources: Real Capital Analytics, Cushman & Wakefield Research

2025 H1 ACQUISITIONS BY CAPITAL SOURCE COUNTRY



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