

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
12.8% Vacancy Rate	▼	▼
€25.00 Prime Rent, sq m/month	—	—
6.25% Prime yield	—	—

Overall, All Property Classes, as of 30 June 2025, Source: Cushman & Wakefield, Budapest Research Forum

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
563.7 Ths Budapest Office Employment	▲	▲
2.5% Budapest Unemployment Rate	▲	—
4.5% Hungary Unemployment Rate	▲	▲

Source: Moody's, 30th June 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 annual GDP growth forecast downward to 0.9%, citing weaker domestic consumption and persistently high inflation. Although inflation eased to 4.4% in May, it remains above the central bank's 4% target, extending the period of tight monetary conditions. 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, with unemployment projected to peak only slightly in Q4. Office employment in Budapest continues to hold a stable position among its CEE peers and retains growth potential.

Investor activity in the office sector picked up slightly toward the end of 2024, a trend that continued into early 2025. In the first half of 2025, office properties accounted for 49% of total investment volume. While most transactions fell within the mid-size range, two significant large-scale deals were completed: Bakerstreet Offices 1 and IP West.

SUPPLY & DEMAND: SPECULATIVE SUPPLY DRYING UP

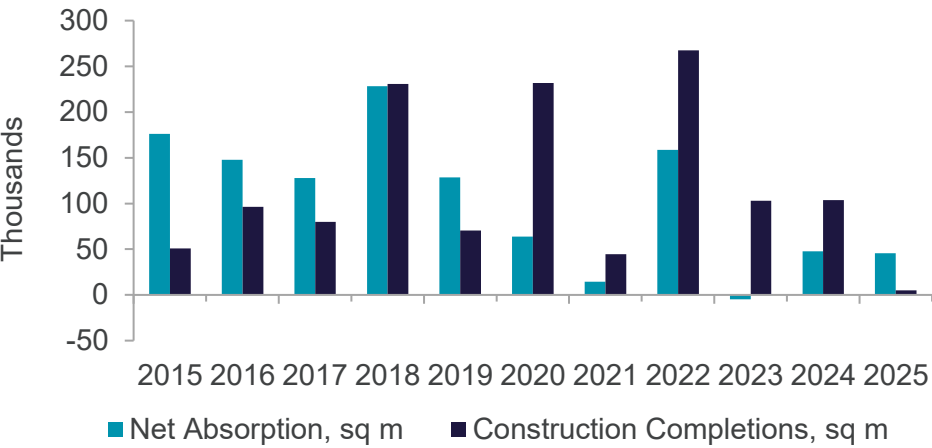
In Q2 2025, Budapest's office stock remained unchanged at 4,426,050 sq m, as no new completions were recorded during the quarter. The speculative development pipeline continues to shrink, while a significant volume of built-to-suit (BTS) office space for government use is scheduled for delivery by late 2025 and early 2026. Currently, 471,975 sq m of office space is under construction, 83% of which is BTS. Supported by growing end-user demand, the vacancy rate dropped notably by 1.3 percentage points quarter-on-quarter, reaching 12.8%.

Gross take-up totalled 212,945 sq m in H1 2025, marking an 11% year-on-year decline. Net take-up remained stable, representing 47% of total leasing activity, although no pre-lease transactions were recorded. Renewals fell to 42%, while owner-occupier deals gained momentum, accounting for a notable 11% of total demand in the first half of the year. Although the number of transactions declined by 13%, the average deal size remained consistent. Demand was primarily driven by companies in the IT, telecommunications, and professional services sectors.

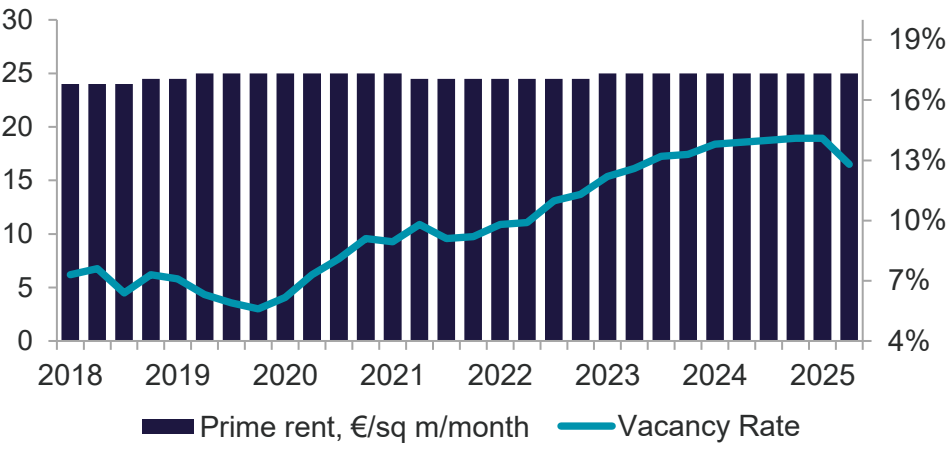
PRICING: STABLE PRIME YIELDS AND PRIME RENTS

CBD prime office rents have remained unchanged since Q1 2023, holding steady at €25/sq m/month. Prime yields have also been stable since Q4 2024, currently standing at 6.25%. Submarkets such as Central Buda and South Buda recorded solid rental growth throughout 2024, contributing to a narrowing of the rental gap with the CBD. The Váci Corridor continued this positive trend, with rents rising by 2.7% quarter-on-quarter in Q2 2025. Looking ahead, further rental growth is anticipated in 2025, particularly for newly delivered or refurbished properties with strong ESG credentials.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR SPEC (SQ M)	UNDER CNSTR BTS (SQ M)	PRIME RENT* (€/SQ M / MTH)
CBD	359,060	37,760	10.5%	7,350	13,815	2,255	3,000	-	25.00
Central Pest (CP)	693,000	119,770	17.3%	11,690	36,935	-	7,700	50,375	18.50
Central Buda (CB)	451,855	33,520	7.4%	10,485	19,550	-	1,560	-	23.00
Non-Central Pest (NCP)	633,375	106,945	16.9%	7,305	13,915	-	-	135,800	16.50
North Buda (NB)	341,850	25,990	7.6%	2,695	13,470	-	8,900	-	18.50
South Buda (SB)	681,360	79,545	11.7%	26,940	39,270	-	-	144,970	19.00
Váci Corridor (VC)	1,154,490	140,145	12.1%	44,760	64,530	2,805	58,285	60,000	19.00
Periphery (P)	111,060	21,515	19.4%	8,750	11,460	-	-	-	11.50
BUDAPEST TOTALS	4,426,050	565,190	12.8%	119,975	212,945	5,060	79,145	391,145	25.00

* Prime rents reflect prime asking rents €/sq m/month.

KEY SALES TRANSACTIONS 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SIZE (SQ M)
Maros Business Center	Central Buda	CPI/Confidential	7,000
Kinnarps House	Váci Corridor	Kinnarps/Confidential	9,300
IP West	South Buda	CA Immo /BYD	32,130
Bakerstreet 1	South Buda	Atenor/Confidential	16,650
Pest Center	Central Pest	Immo Rapid /Chinese private company	4,395

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
IP West	South Buda	BYD	17,800	OO take-up
Gateway Offices	Váci Corridor	Confidential	13,800	Renewal*
Budaors Office Park, B	Periphery	Confidential	5,165	OO take-up
Váci Greens A	Váci Corridor	Healthcare company	4,990	New

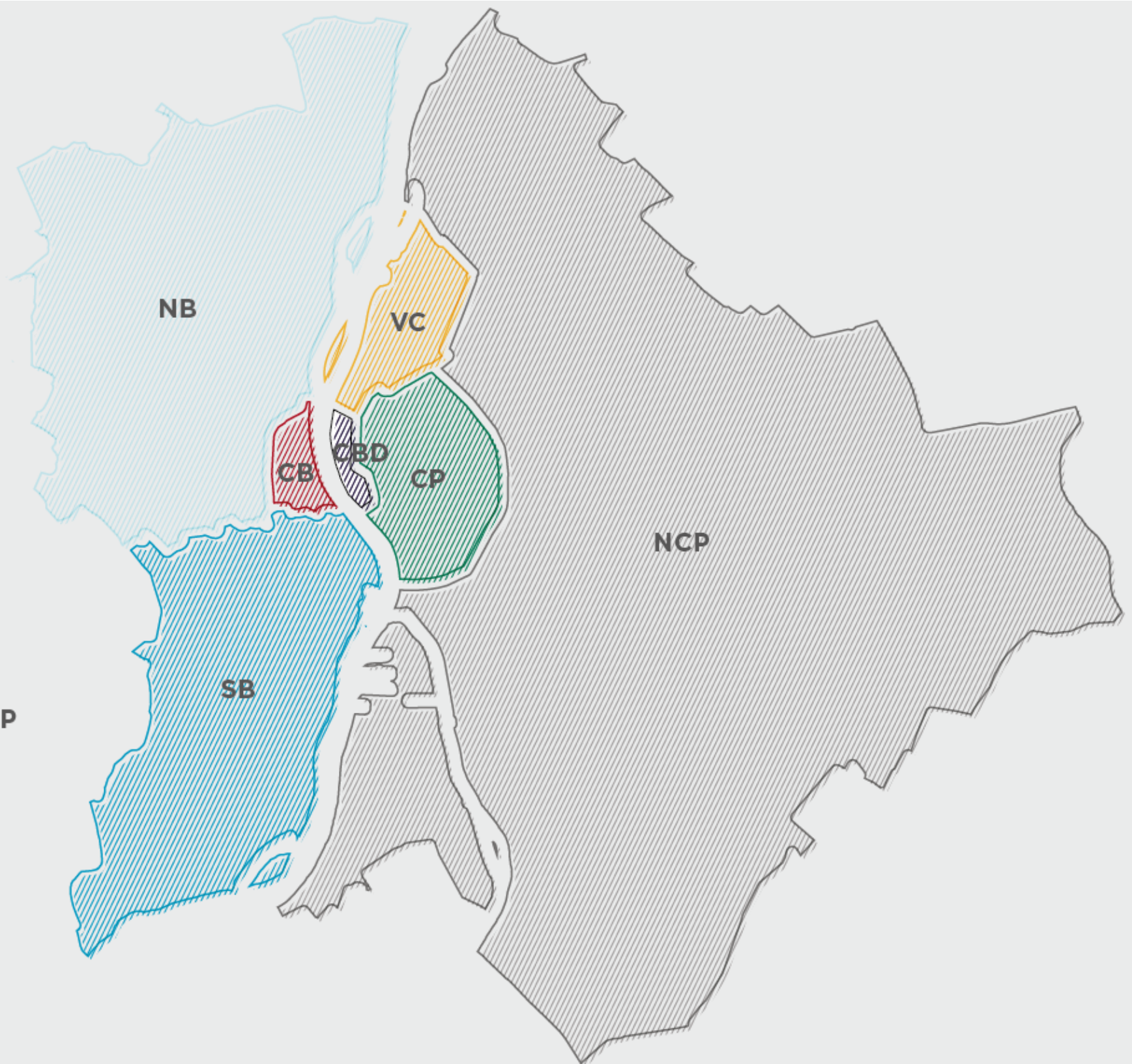
*Renewals included in leasing statistics.

CONSTRUCTION COMPLETIONS H1 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Wagner Palota	CBD	Confidential	2,255	Optinvest
Rhodium Irodaház	Váci Corridor	None	2,810	FITOUT Zrt.

Source: Cushman&Wakefield & Budapest Research Forum

OFFICE SUBMARKETS



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