MARKETBEAT
BUDAPEST
OFFICE Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
13.4% Vacancy Rate	▼	▼
€25.00 Prime Rent, sq m/month	—	—
6.25% Prime yield	▼	▼

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

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
562.2 Ths Budapest Office Employment	▲	▲
2.8% Budapest Unemployment Rate	▼	▼
4.5% Hungary Unemployment Rate	—	▲

Source: Moody's, 11th September 2025

ECONOMY: GRADUAL RECOVERY EXPECTED FROM 2026

Hungary's economy experienced a modest contraction in early 2025, reflecting subdued global demand and persistent domestic inflationary pressures. Moody's projects GDP to rise by 0.9% in 2025 and accelerate to 2.6% in 2026, driven by household consumption and stable real wages. Inflation has eased but remains high at around 4.4%, keeping monetary policy tight, with the base rate expected to stay at 6.5% through year-end. Labour market conditions are softening, with unemployment projected to peak near 4.7% in early 2026, though real wage growth continues to support consumption. Office employment in Budapest continues to perform steadily relative to other CEE markets, retaining potential for further growth.

Investor interest in office assets strengthened notably in 2025, with the sector representing half of total annual investment volume. While mid-sized transactions predominated, several large-scale deals were completed, signalling a reviving market. Key transactions included CA Immo's divestments of IP West and Bartók Ház, while Bakerstreet 1 and Science Park were among the year's largest deals.

SUPPLY & DEMAND: SPECULATIVE SUPPLY DRYING UP

In Q3 2025, Budapest's office stock remained unchanged at 4,426,050 sq m for the second consecutive quarter, with no new completions recorded. The vacancy rate increased by 0.6 percentage points, while the speculative development pipeline continued to shrink. The handover of built-to-suit (BTS) office space earmarked for government use is now expected in 2026. Currently, 471,975 sq m is under construction, with BTS projects representing 83% of this volume.

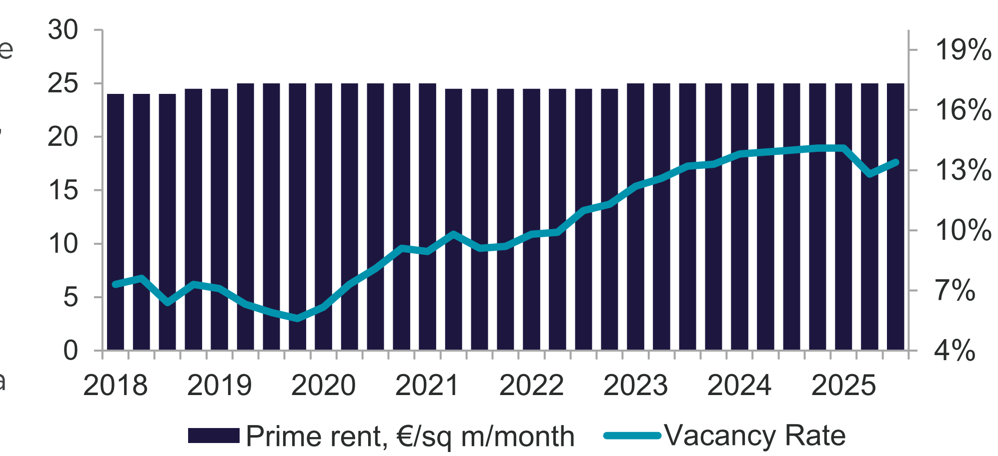
Year-to-date gross take-up totalled 314,945 sq m, down 5% from the previous year, while net take-up grew 7% year-on-year, supported by a major pre-lease agreement for H2Offices' new phase. Preleases accounted for 7% of total leasing activity, renewals 41%, new transactions 38%, expansions 6%, and owner-occupied deals 7%. Average deal size increased in 2025, although the number of deals fell 17% year-on-year. Demand was primarily driven by IT, telecommunications, and professional services companies.

PRICING: STABLE PRIME YIELDS AND RENTS

CBD prime office rents have remained stable at €25/sq m/month since Q1 2023, while prime yields have held steady at 6.25% since Q4 2024. Submarkets such as Central Buda and South Buda saw solid rental growth in 2024, narrowing the gap with CBD rates. Looking ahead, further rental appreciation is expected in 2025, particularly for newly delivered or refurbished offices 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	44,750	12.5%	9,350	23,160	2,255	3,000	-	25.00
Central Pest (CP)	693,000	131,695	19.0%	9,550	46,485	-	7,700	50,375	18.50
Central Buda (CB)	451,855	32,910	7.3%	15,280	34,830	-	1,300	-	23.00
Non-Central Pest (NCP)	633,375	105,040	16.6%	5,850	19,765	-	-	135,800	16.50
North Buda (NB)	341,850	27,960	8.2%	8,735	22,205	-	10,800	-	18.50
South Buda (SB)	681,360	84,145	12.3%	10,750	50,020	-	-	144,970	19.50
Váci Corridor (VC)	1,154,490	145,270	12.6%	42,005	106,535	2,805	58,285	60,000	19.50
Periphery (P)	111,060	23,460	21.1%	425	11,885	-	-	-	11.50
BUDAPEST TOTALS	**4,426,050**	**595,230**	**13.4%**	**101,950**	**314,885**	**5,060**	**81,085**	**391,145**	**25.00**

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

KEY SALES TRANSACTIONS 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SIZE (SQ M)
IP West	South Buda	CA Immo /BYD	32,130
Bakerstreet 1	South Buda	Atenor/Confidential	16,650
Andrássy 100	Central Pest	European Pension Fund/Domestic company	5,700
Bartók Ház	Central Buda	CA Immo/DRFG	17,700
Science Park	South Buda	Goldman/Chapel Hill & Recorde	29,550

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
H2O Offices Phase 2	Váci Corridor	Confidential	22,185	Prelease
Szépvölgyi Irodapark	North Buda	Confidential	4,930	Renewal*
BEM Center	Central Buda	Confidential	4,735	New
Science Park	South Buda	New Work	4,000	Renewal*

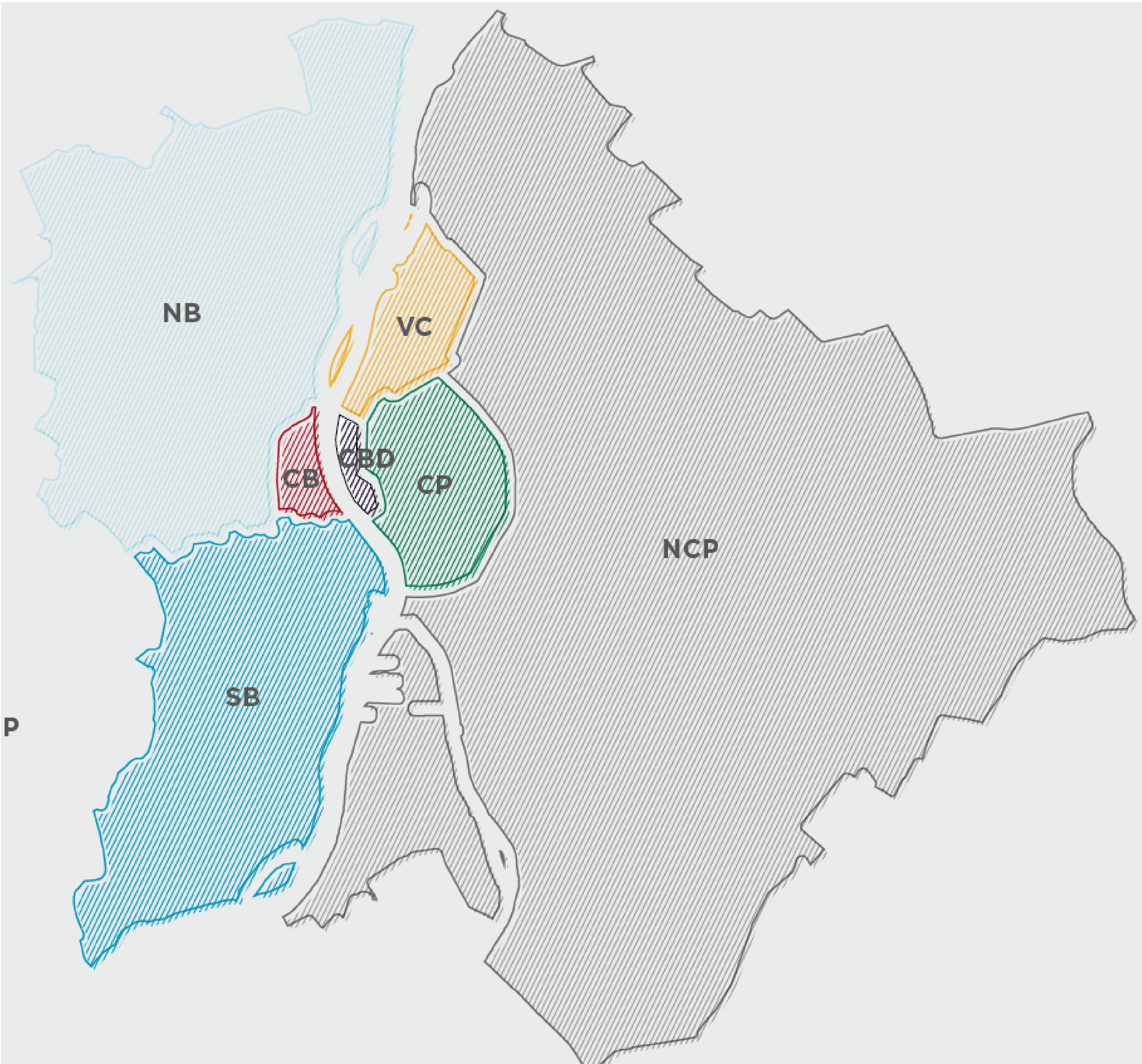
**Renewals included in leasing statistics.*

CONSTRUCTION COMPLETIONS YTD 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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