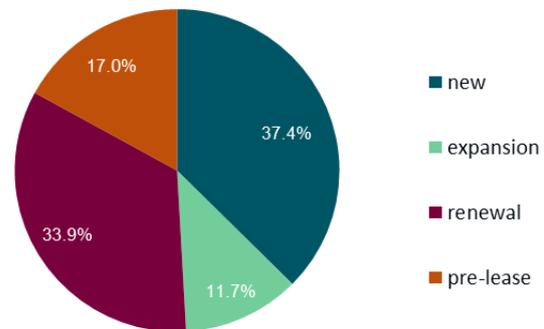


The Budapest Research Forum (hereinafter the 'BRF', which comprises CBRE, Colliers International, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) hereby reports its Q2 2018 office market summary.

Three new office buildings were delivered to the Budapest office market in the second quarter of 2018, totalling 57,060 sq m. GTC White House (21,560 sq m) and Promenade Gardens (22,500 sq m) both opened their gates along the Váci Corridor, while Graphisoft Park South (13,000 sq m) is the newest phase of the namesake park. The total modern office **stock** currently adds up to 3,503,170 sq m, consisting of 2,838,720 sq m category 'A' and 'B' speculative office space as well as 664,450 sq m owner occupied space.



Split of office demand in Q2 2018



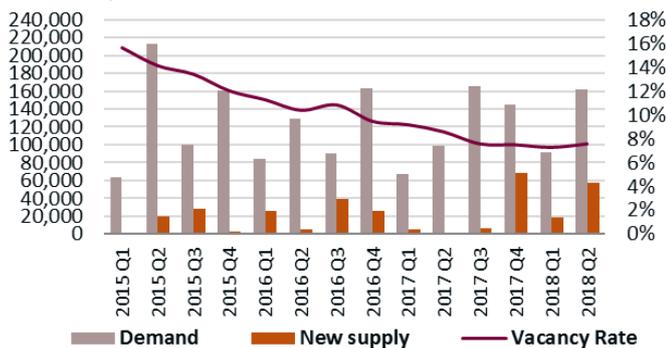
Similarly to the previous quarter, the strongest occupational activity was recorded in the Váci Corridor submarket, attracting 36% of the total demand. The Váci Corridor was followed by the South Buda and Central Pest submarkets, with 17% and 15% shares of the total demand, respectively.

According to the BRF, 196 lease agreements were signed in Q2 2018, with an average deal size of 824 sq m. There were 36 registered transactions occupying more than 1,000 sq m office space, of which 15 were new leases, 12 renewals, 6 expansions and 3 pre-leases.

The quarter's three largest transactions included one pre-lease, one new lease and one renewal – all in different submarkets. The largest one was evosoft's 20,400 sq m pre-lease agreement for their build-to-suit HQ in Univerzum Office Building in South Buda. The second largest deal was a 17,500 sq m renewal by ExxonMobil in the Center Point building along Váci Corridor, while the third was a 7,700 sq m new lease by a confidential tenant in Skylight City in Non-Central Pest.

The **net absorption** during the quarter amounted to 40,140 sq m, which marks more than a doubling year-on-year.

BRF Supply, Demand and Vacancy



The office **vacancy rate** stands at 7.6%, representing a slight uptick of 0.3 pps from the previous record low figure.

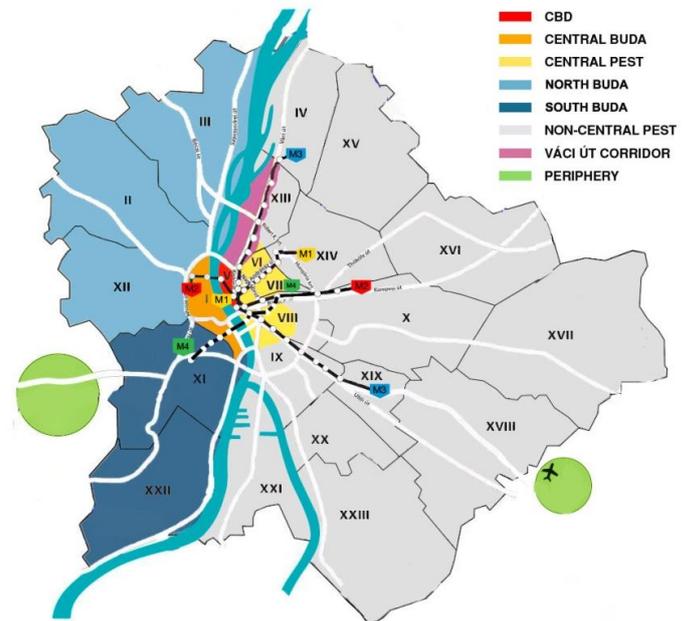
For the first time in five years, South Buda does not hold the lowest vacancy rate. This now belongs to the Non-Central Pest (4.4%) submarket, whereas the Periphery still suffers from an overwhelming vacancy rate of 30.0%.

Total demand in the second quarter of 2018 reached 161,550 sq m, representing a 64% increase year-on-year. New leases accounted for 37% of the total leasing activity and lease renewals for 34%, while pre-leases made up a relatively high 17% and expansions the remaining 12%.

Main office indicators

Q2 2018	Budapest
Completions (sq m)	57 060
Speculative Stock (sq m)	2 838 720
OO Stock (sq m)	664 450
Total Stock (sq m)	3 503 170
Vacancy (sq m)	267 380
Vacancy Rate (%)	7.6%
Pre-lease (sq m)	27 460
New Lease (sq m)	60 460
Lease expansion (sq m)	18 870
Lease Renewal (sq m)	54 760
Owner Occupation (sq m)	0
Total demand (sq m)	161 550
Net absorption (sq m)	40 140

Map of submarkets



More information

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