

Property Investment Market Report

Hungary 2021



AVISON
YOUNG

2021 Investment Market Report

The start of the post-COVID recovery?

Total transaction volume reached EUR 1.6 billion in 2021. Despite weak volumes in Q1 and Q3, a strong finish to the year ensured that the final volumes significantly recovered from the low 2020 base. In addition to the yielding investments at EUR 1.4 billion, a significant volume of transactions was realized by land deals (in particular for logistic developments).

Investment activity was seriously impacted by the COVID pandemic as travel limitations were imposed, in particular for ex-EU investors, and questions remained on the trends and evolution of occupiers' demand.

Office has again taken the lion share of the investment volume at EUR 1.0 billion, followed by industrial which is in high demand, while retail and hospitality are still struggling to generate interest from investors.

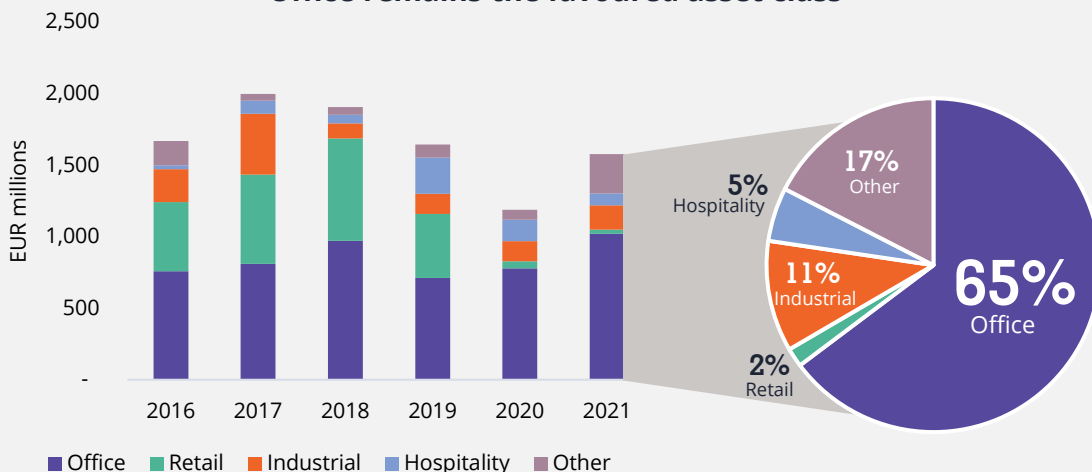
Impact of the pandemic on transaction volumes



30% y-o-y volume rebound in Hungary significantly above the regional CEE trend

Source: Avison Young

Office remains the favoured asset class

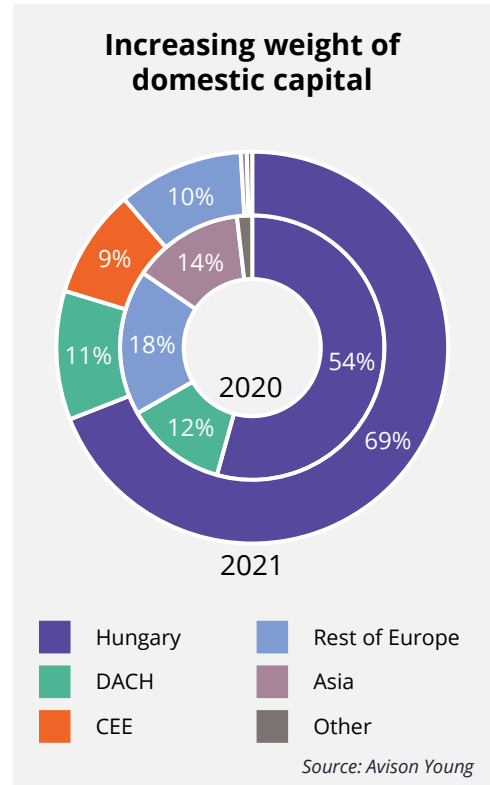


Source: Avison Young

Pricing and capital sources

Local Hungarian capital was particularly active on the market (also across the CEE region) and represented almost 70% of the acquisitions but some high profile transactions have attracted core European equity back to the country such as S-Immo and Union Investment.

Pricing in the core segment remained stable with premium being paid on super prime products. Re-pricing in the core+, value-add and Grade B categories was more noticeable mainly due to the significantly more conservative approach of financing banks.




5.25%
Office



5.75%
Industrial



6.25%
Retail (SC)

Main transactions of 2021

Asset	Sector	Size (sq m)	Buyer	Seller
Univerzum (Ericsson and Evosoft)	Office	44,000	GTC	WING
Váci Greens F	Office	24,500	Optima	Atenor
Infopark B C I	Office	30,000	GTC	WING
Szervita Square	Office	12,000	Union Investment	Horizon Dvpt
Budapest Gate	Office	20,000	S-Immo	Property Market
Váci Greens D	Office	16,000	GTC	Private Hungarian
Budapest East Business Park	Logistics	46,500	CTP	Weerts
Infopark D	Office	18,000	GTC	WING
Forest Office	Office	22,000	GTC	Optima
MAV Portfolio (9 properties)	Mixed	30,000	Indotek	MAV

Source: Avison Young

What's coming?

The end of 2021 has witnessed an increase of activity, with some large transactions expected to close in H1 2022. While there are a limited number of tenders on-going, a significant volume of will be done on the basis of off-market deals.

Some market entries are expected but will probably not slow the ongoing significant consolidation amongst the dominant market players. Local and regional equity is most likely going to remain the most active across all sectors.



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