

Avisource
2023 FY
Hungary

Industrial & Logistics
Market
Tracker



Highlights

- The Greater Budapest industrial stock grew to 3.5 million sq m with some 360,000 sq m delivered in 2023. A further 305,000 sqm are expected in 2024.
- The industrial stock has also shown a significant increase in the regional markets, with almost 517,000 sq m being delivered in 2023, thus pushing the national stock above the 5 million sq m level.
- Vacancy has increased substantially reaching 7.7% by year end, a 3.5 percentage point increase compared to 2022.
- Take-up peaked in Q4 in the Greater Budapest Area, accounting for 50% of the yearly figure of more than 630,000 sq m.
- High inflation throughout 2023 and construction costs staying at peak have pushed prime rent to 5.9 €/sq m/month offset by increasing tenant incentives.

Greater Budapest



TOTAL
LOGISTIC STOCK (SQ M)

3.5 million



NEW SUPPLY
2023 (SQ M)

360,000



VACANCY RATE

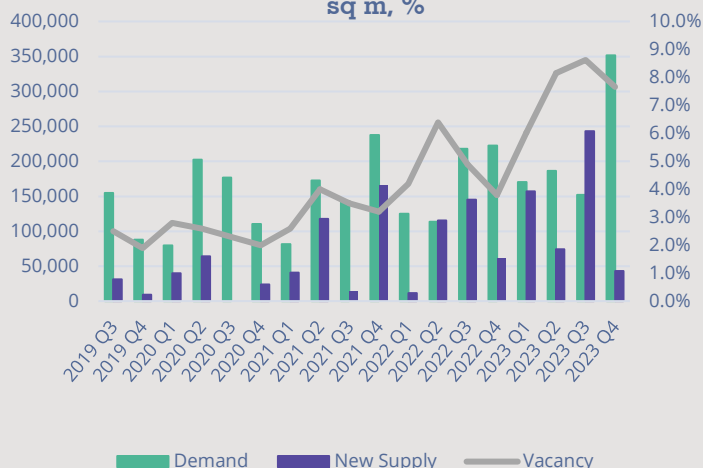
8.6%



UNDER CONSTRUCTION
(SQ M)

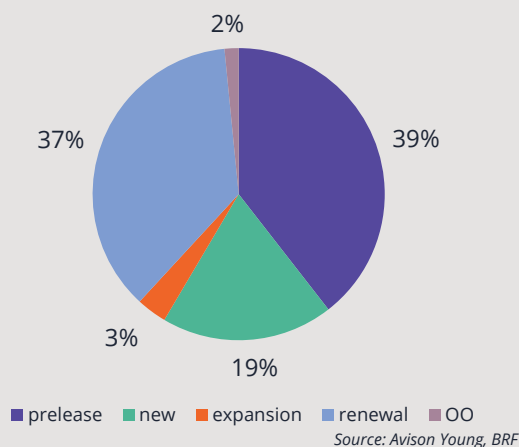
305,000

Greater Budapest New Supply, Demand and Vacancy sq m, %



Source: Avison Young, BRF

Demand Structure 2023



Source: Avison Young, BRF

Prime headline rents (€/sq m/mth)

Logistic Parks 4.50-5.90
City Logistics 5.25-6.50



Source: Avison Young

Industrial Leasing

In 2023, demand has slightly exceeded 2022 level, amounting to a little more than 860,000 sq m. 73% of this gross take-up happened in the Greater Budapest area, which has contributed to an increased vacancy there.

The demand structure has seen some changes compared to last year, most notably, the proportion of new leases has decreased by 24 percentage points, while the pre-lease category's weight has skyrocketed by 21 percentage points. This has to do with the lack of large vacant units and the fact that attractive terms can be now secured by tenants in case of pre-lease.

Due to the increase of new supply in a period of declining industrial activities (mild recession of 2023), the vacancy rate has increased substantially. This change was most notable in the Greater Budapest area, where vacancy moved from 3.7% to 8.6%, while the increase was milder (5% to 5.7%) in the regional markets.

Total demand was pulled by large leasing transactions by the retail and logistic sectors as seen in the below table. The biggest lease of the year was a renewal done in Q4 in GLP Üllő Logistics Centre amounting to 82,320 sq m area.

Take-up (sq m)	YTD 2023	vs. YTD 2022
Gross	860,000	+1%

Source: BRF, Avison Young

Building	Tenant	Area (sq m)
GLP Üllő Logistics Centre	Auchan	82,320
Panattoni Gyal Park	Rossmann	32,000
HelloParks Páty	TransDanubia	24,000
HelloParks Páty	Gebrüder Weiss	22,000
VGP Park Gyor Beta	Confidential	19,900
HelloParks Páty	DM	18,000
Prologis Park Budapest Gyál	Cargo Partner	16,877
CTPark Komárom	FSK L&S Hungary	16,750
Panattoni Keskemet Park	ZF	16,600
CTPark Budapest East	Confidential	15,500
Panattoni Debrecen Park	ZF	13,700

Source: BRF, Avison Young

Regional Hungary



TOTAL LOGISTIC STOCK (SQ M)

1.6 million



NEW SUPPLY 2023 (SQ M)

160,000



VACANCY RATE

5.7%



UNDER CONSTRUCTION (SQ M)

143,000



HelloParks Páty



CTPark Ecsér F



VGP Győr Beta

New supply

The amount of new supply in 2023 has reached over 517,000 sqm, more than 75% of which was delivered in the Greater Budapest area.

Several new industrial buildings have been completed and delivered in 2023, the biggest of which was the MG3 and MG4 halls in HelloParks Páty amounting to 58,000 sq m in the West submarket, followed by the 46,300 sq m HelloParks Maglód (Airport submarket) and the 45,200 sq m development in the HelloParks Fót (North submarket).

The pipeline for 2024 is currently standing slightly below 300,000 sq m, relatively evenly distributed between the Greater Budapest area and the regions (53% and 47%). The biggest planned addition is the delivery of a 60,000 sq m hall in HelloParks Alsónémedi.

Q	Park Name	Submarket	Size sq m
Q3	HelloParks Páty	West	58,000
Q1	HelloParks Maglód	Airport	46,300
Q3	HelloParks Fót	North	45,200
Q2	CTPark Ecsér	Airport	42,500
Q3	VGP Győr	Countryside	37,800
Q1	HelloParks Fót	North	26,000
Q1	IGPark Kecskemét South	Countryside	21,600
Q2	Miskolc Ipari Park	Countryside	20,000
Q1	Prologis Park Sziget II	South	18,600
Q2	LogStar Park Városkapu	North	18,600
Q2	IGPark Miskolc Phase 1	Countryside	18,500
Q2	Panattoni City Dock Törökbálint	South	17,300
Q4	Budapest Dock	South	13,770
Q4	East Gate PRO	North	9,820
Q4	LogStar Park West Gate	West	8,400
Q4	VGP Park Budapest Aerozone	Airport	8,400

Source: BRF, Avison Young



6.75%
Prime Industrial Yield

Logistics Investment

2023 saw limited investment activity in the logistic and industrial segment with small standing assets being transacted as sell and lease back opportunities or vacancy possession factories.

Panattoni market entrance has translated into transactions with IAD and OTP as financing partners on speculative and BTS development in the Greater Budapest, Debrecen and Kecskemét. The BTS development in Debrecen and Kecskemét will accommodate the activities of ZF as a supplier of BMW and Mercedes plants in those cities.

Rents

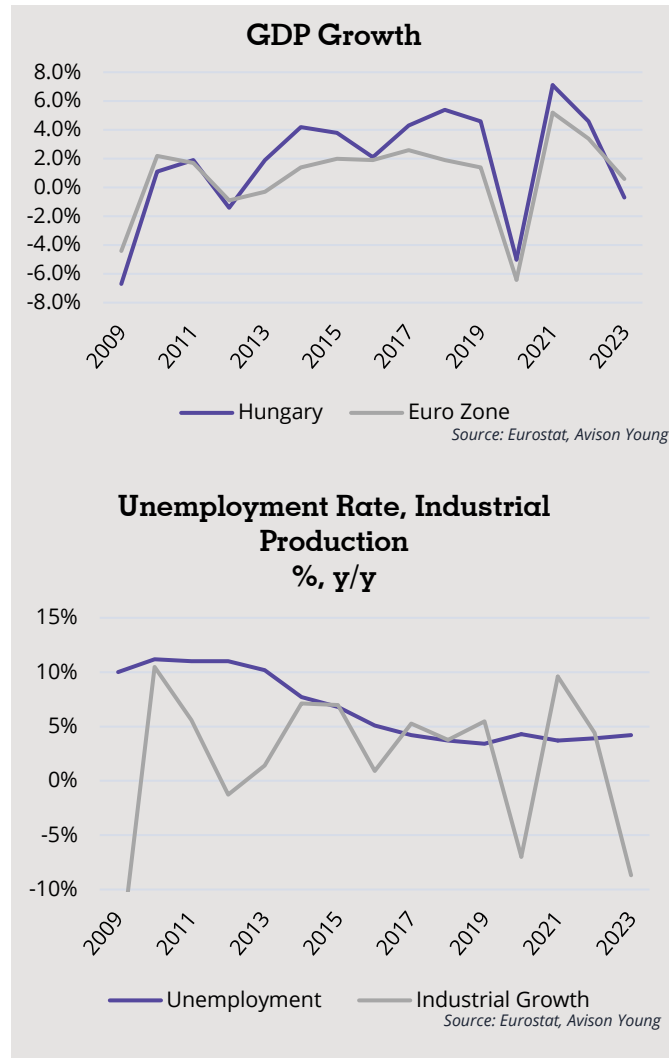
Rents have increased by more than 10% YoY. Most of the increase took place in the first half of the year when inflation was still above 15%. Further rent increases are not expected as the slowdown of inflation is now coupled with higher vacancy levels.

Economic Background

Early 2023 saw inflation peaking at 26% in January, coming down to single digit values by October with a forecast of 4-5% by end of 2024. The recession of early 2023 was followed by a gradual recovery but 2023 still closed on a recession of -0.60% which expected to be followed by a growth of +2.4% in 2024.

The National Bank of Hungary settled on a third rate cut in December, setting the base interest rate at 10.75% (down 225 bps YoY), followed by a further 75 bps cut in January 2024.

Unemployment rate increased marginally in 2023, standing at 4.1% nationwide (3.4% in Budapest) but further increase is not anticipated due to the persistently tight labour force availability.



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