

Avisource

2025 FY Budapest

Office Market Tracker

Highlights

- 2025's office demand was down by 7.5% y-o-y, amounting to ca. 465,000 sqm.
- While picking up in the second semester, the volume of new deliveries was limited to 55,400 sqm, half of 2024.
- Vacancy decreased further, reaching 12.50% by year end.
- Development pipeline is primarily made up of owner-occupied and pre-leased projects anchored by public occupiers.
- Upcoming relocation of administrations and state companies in new owner-occupied projects being delivered at the end of 2025 and throughout 2026, will put some stress on the rental market as roughly 200,000 sqm will be vacated. Some of these buildings will be removed from stock and/or will go through a change of use and refurbishment.
- Leasing activity concentrate on assets with ESG credentials while the obsolete stock will go through upgrades and change of use (particularly in the city centre).



TOTAL
OFFICE STOCK

4.5 m sq m



NEW SUPPLY
2025

55,460 sq m



VACANCY RATE

12.5%



UNDER CONSTRUCTION
/ REFURBISHMENT

500,000 sq m



Wagner Palace



Rhodium



Dürer Park I

New supply

Deliveries picked up after an extremely underwhelming first semester, with the yearly total volume amounting to 55,440 sqm, half of 2024 total.

4 buildings were delivered, but 95% of the volume was made up by the delivery of Dürer Park I and II (50,400, sqm), two owner-occupied projects purchased by the state during their construction.

The development pipeline remains primarily made up of government or government-related projects (75%). Deliveries of such assets will take place through 2026 and older stock will be vacated, putting significant stress on the leasing market. However, the stock to be vacated is outdated and a significant portion of these buildings will go through a refurbishment and/or change of use (being removed from the office stock).

| Q | Building | Submarket | Size (sq m) |
|----|---------------|------------------|-------------|
| Q1 | Wagner Palace | CBD | 2,255 |
| Q1 | Rhodium | Váci corridor | 2,805 |
| Q4 | Dürer Park I | Pest non-Central | 34,400 |
| Q4 | Dürer Park II | Pest non-Central | 16,000 |

Source: BRF, Avison Young

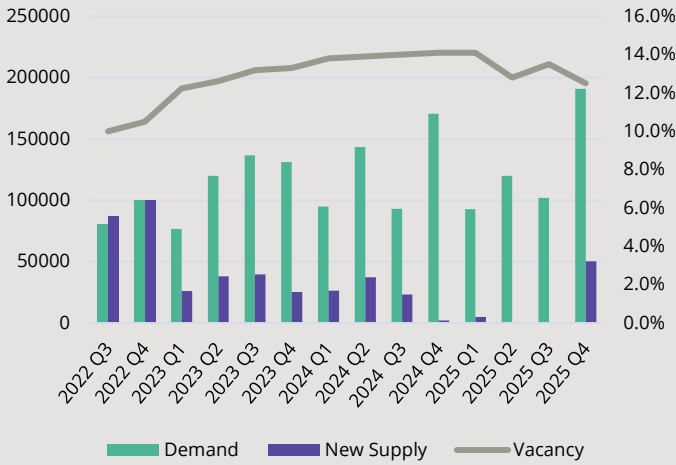
Rents and Service Charge

Service charge levels have normalized in the 5.00-7.00 €/sqm/mth depending on energy efficiencies and services provided.

The market is currently a tenant's market as despite the depleted pipeline, vacancy is expected to increase.

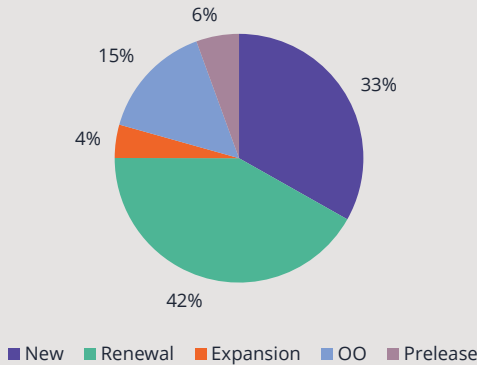
We continue to see a "flight to quality" trend on the market as the rift between A-class office stock and older buildings continues to widen. The rental range is widening between prime assets with ESG certifications and non-prime outdated stock. Negotiations currently tend to focus on tenant incentives (rent-free periods, fit-out contribution...) rather than headline prices.

New Supply, Demand and Vacancy sq m, %



Source: Avison Young, BRF

Demand 2025



Source: Avison Young, BRF

Prime headline rents (£/sqm/mth)

| | |
|------------|---------------|
| CBD | 22.00 – 25.00 |
| Inner City | 16.00 – 21.00 |
| Outer City | 10.00 – 15.00 |



Source: Avison Young

Leasing Activity

Take-up activity in 2025 amounted to some 465,000 sqm, a 7.5% decrease y-o-y while net absorption was very robust at a level of 100,000 sqm.

The demand mix is similar to last year's, as renewals continue to make up the biggest portion of the activity, followed by new leases. Renewals remain financially compelling in most cases due to fit-out costs limiting the attractiveness of relocations. However, the weight of renewals in the mix was reduced from 57% in 2024 to 42% in 2025 as new leases and owner occupation gained momentum.

The Váci Corridor continued to be the most active submarket (34% of the total take-up), followed by Central Pest (22%).

The largest transactions of the year were the MBH Bank's owner-occupied Dürer Park I (34,400 sqm), and the 30,000 sqm lease of State companies in Zugló City Centre. Another owner-occupier transaction was the acquisition of IPWest by BYD for its owned used (17,000 sqm) as its new European Headquarters.

Several substantial lease renewals took place in 2025, including the 20,000 sqm ExxonMobil in The Pillar.

The most significant prelease of the year was the second phase of H2Offices (22,200 sqm) to be delivered by Skanska in Q2 2027 for a multinational company.

| Take-up (sq m) | 2025 | 2024 | Y-o-y |
|----------------|---------|---------|-------|
| Gross take up | 464,520 | 502,000 | -7.5% |
| Net absorption | 99,500 | 47,600 | 109% |

Source: BRF, Avison Young

| Type | Buildings | Occupier / Tenant | Area (sq m) |
|----------|----------------------------|-------------------|-------------|
| OO | Dürer Park Phase 1 | MHB Bank | 34,400 |
| OO | Zugló City Centre | State companies | 30,000 |
| Prelease | H2O Phase 2 | Confidential | 22,200 |
| Renewal | The Pillar | ExxonMobil | 20,000 |
| OO | IPWest | BYD | 17,700 |
| Renewal | Gateway | Post Office | 13,800 |
| New | V17 | BDPST Group | 12,500 |
| Renewal | Váci Greens E | Idomsoft | 7,460 |
| Renewal | West End Business Center I | EY | 7,100 |
| Renewal | Advance Tower | ThermoFisher | 6,500 |

Source: BRF, Avison Young



6.75%

Prime Office Yield

Economic Background

Despite the positive sentiment regarding the economic outlook of Hungary at the beginning of the year, 2025 did not bring the anticipated breakthrough. GDP stagnated throughout the year as the latest estimates point to a 0.5% annual GDP growth.

The main contributing factor to this weakness was the persistently depressed industrial production. On the other hand, internal consumption increased, mainly due to real wages growing by ca. 5% on average in 2025 and the various government subsidy programs introduced throughout the year (3% government subsidised mortgage, income tax relief for mothers).

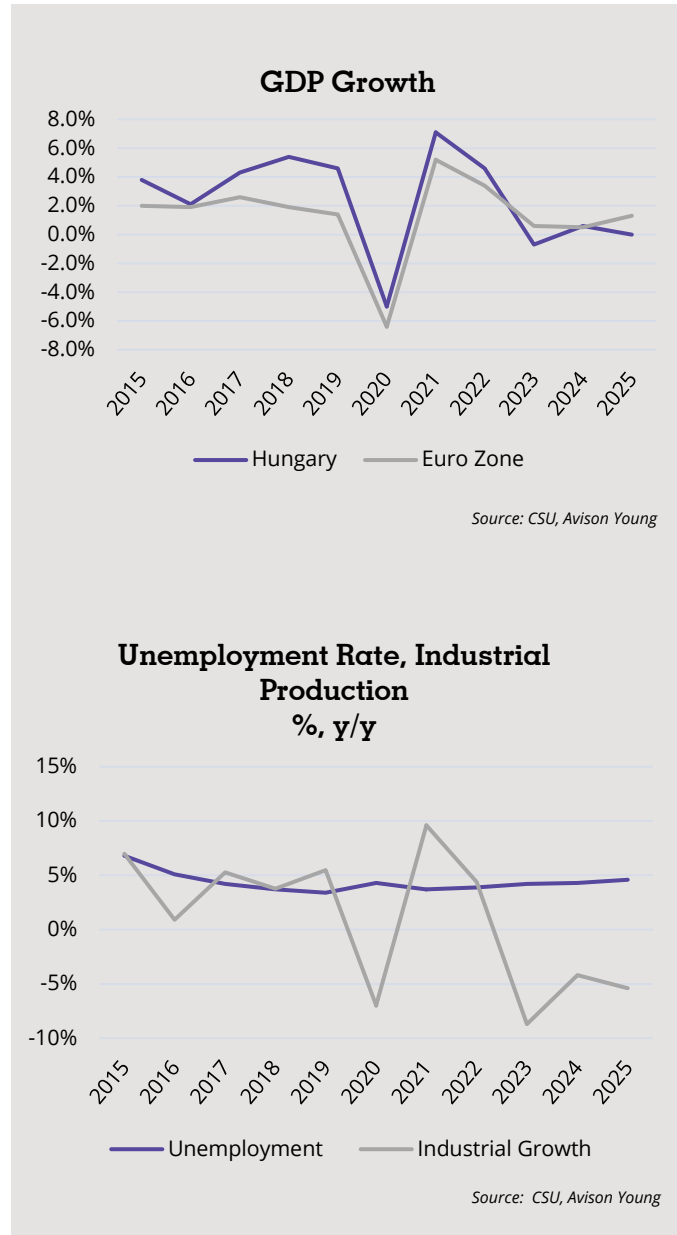
The job market remained tight with an unemployment rate of 4.6% (+30 bps y-o-y).

Office Investment

After an underwhelming year in 2024, office returned as the dominant asset class among investment transactions in 2025. €334 million of office assets were transacted throughout the year, a quadrupling over the limited 2024 volume of €75 million. This made up 37% of the total annual investment volume, the highest weight among all asset classes.

The most notable transaction of the year was the disposal of Bakerstreet Phase 1 sold by the Belgian developer Atenor to a new market entrant.

While there is a continued investor appetite on the market for core assets, we see an increased level of interest in the core+ and value-add investment categories, especially for well-located assets that can be secured at competitive prices.



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