

Property Investment Market Report

Hungary 2025 H1



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Investment Market Report 2025 H1

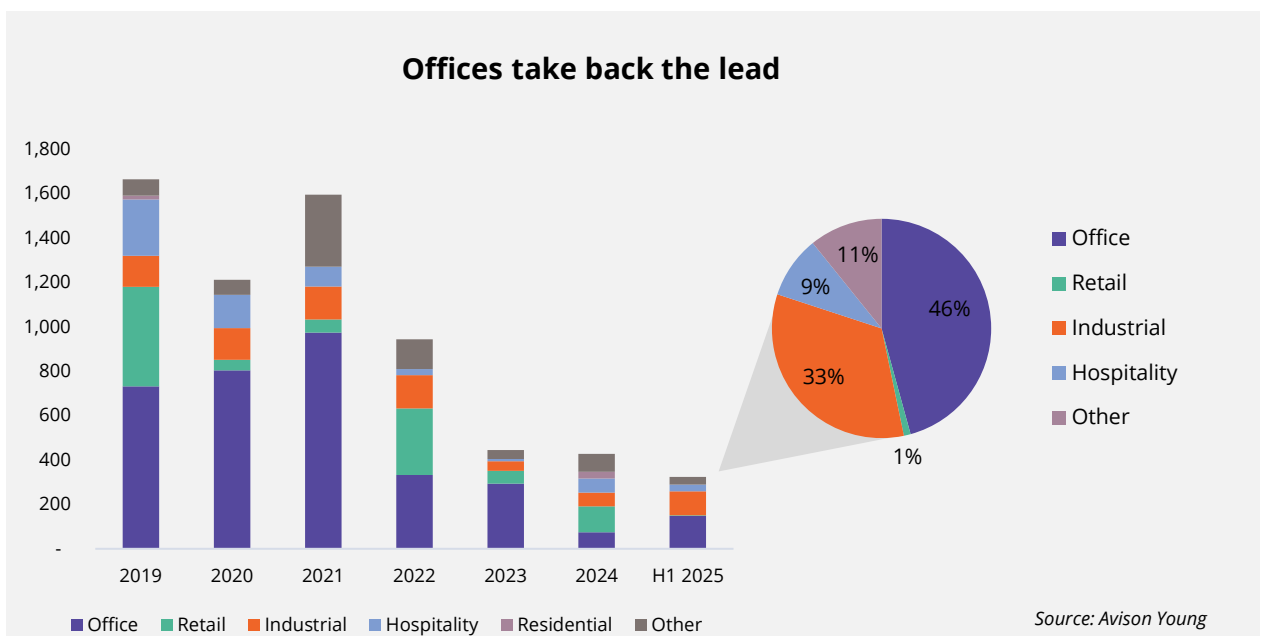
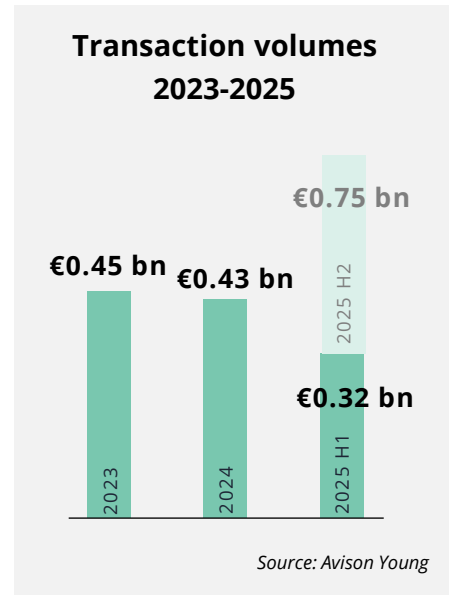
In H1 2025, the Hungarian real estate investment market has shown signs of recovery with above €320 million transacted, showing a +73% progression YoY. Moreover, an additional €200 million was signed but not closed by the end of the semester.

The Hungarian market remains extremely concentrated, as all major transactions took place in the Greater Budapest. Office has returned as the main asset class in the mix (46%), followed by industrial (33%) but full-year projections are expected to show a more balanced split as major transactions in hospitality and retail are due to close in Q3.

The most significant deals were the disposal of two industrial buildings in the logistics park of Hello Parks Pátj acquired by Erste RE Fund from Futureal, as well as the sale of Baker Street I, the 18,000 sqm new office HQ of E.on acquired from Atenor by Mondo, a new market entrant.

After a strong year in 2024, transaction volumes in the retail and hospitality asset classes have been subdued (1% and 9% respectively), but the pending closing of the Budapest Marriott Hotel and the Park Center retail portfolio in Q3 will rebalance the transaction mix.

Note: Arm's length transactions are included in the volumes (Intra-group and related party transactions are not)

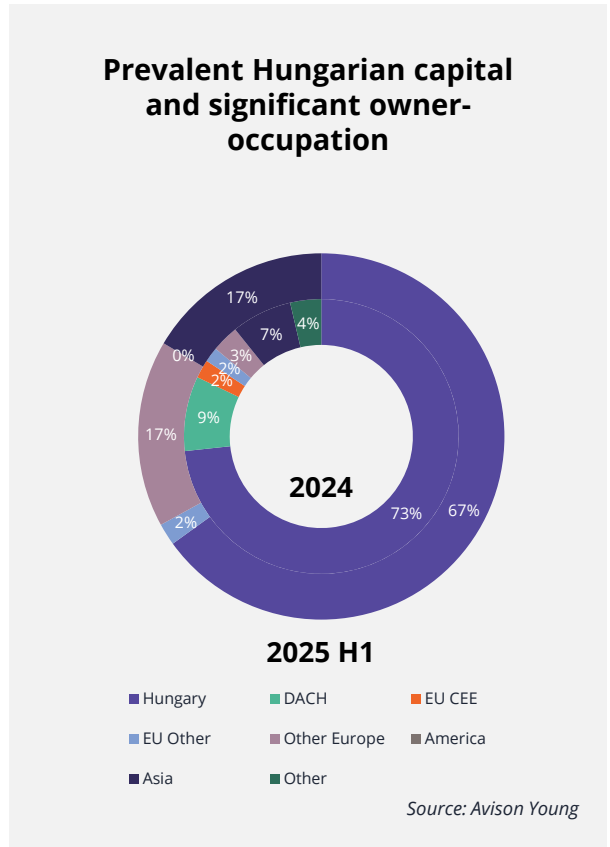


Pricing and capital sources

Hungarian capital remains dominant on the market with 67% of the H1 volume but new international investors entered the market.

Our views on pricing remain unchanged with 6.75% for prime office and industrial. The pricing range in retail goes from 6.00% for Budapest prime high-street to 7.50% for strip malls; prime shopping centres yields falling somewhere in between (untested for several years). Prime hotel yields are in the 7.00-7.50% range depending on the type of operation (lease vs management contract) but expected to compress in the coming months. A such, prime yields remain stable, but the pricing range of secondary assets remains extremely open as vacancy rates are expected to grow in the office and industrial assets classes.

Full-equity deals remain prevalent as debt finance represents increased risk due to banks remaining conservative in their lending.



6.75%
Office



6.75%
Industrial



7.50%
Retail
(Strip Mall)

Main transactions of 2025 H1

Asset	Sector	Size (sq m)	Seller	Buyer
Helloparks PT2 and PT3	Industrial	84,000	Helloparks (Futureal)	Erste RE Fund
Bakerstreet Phase 1	Office	18,000	Atenor	Mondo
IP West	Office	32,000	CA Immo	BYD (owner occupier)
Szerémi Business Park	Industrial	20,000	Gestor	Private
2 Eurostars hotels	Hospitality	145 (keys)	Echo Partners	Hotusa Group
Kinnarps House	Office	9,300	Kinnarps	Realis Group
Maros BC	Office	7,000	CPI	Realis Group

Source: Avison Young

What to expect in H2 2025?

The recovery in terms of investment volumes observable in the first semester is expected to materialise further into the second half with a yearly volume around €750-800 million, almost double of 2024.

Several larger transactions are due to close in H2 2025 across all asset classes, such as the disposal of the Marriott Hotel of Budapest, the retail portfolio of Park Center, or several office assets. While the increase of investment volume is a positive trend, several factors limit liquidity on the market such as the relatively high perceived country risk, the low GDP growth or the level of uncertainty caused by both external (Russia-Ukraine war) and internal (parliament elections in 2026) factors.

After a contraction of -0.1% in Q1 2025 and a limited growth of +0.4% in Q2, the 2025 yearly growth will most probably close around +0.75% with local consumption remaining the driving force, on the back of fiscal measures (higher family allowance, tax breaks, new housing program, etc). Such growth level does not act as a sufficient driver to push real estate demand in volume which remains mainly driven by rationalisation and ESG standards.

Brownfield investments (renovations, repurposing, change of use) is becoming a real driver on the supply side and will be further enhanced by the upcoming vacancy of city centre office building due to the relocation of state departments out of the CBD.

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