

Property Investment Market Report

Hungary H1 2022



AVISON
YOUNG

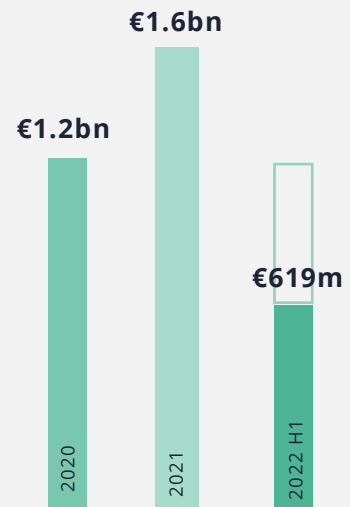
2022 H1 Investment Market Report

Despite the return of high inflation, raising interest rates and the unresolvable situation of the Russian-Ukrainian war, the H1 2022 total transaction volume was in line with 2021 numbers, reaching €619 million. Nevertheless, the number of deals reduced, and such volume was achieved on the back of a large retail portfolio transaction which represented 35% of the total volume. The specific transaction was the disposal and partial lease back of a Tesco Retail Portfolio acquired by Adventum Investment Fund Management with 13 assets in Hungary and 4 in the Czech Republic.

Investors' appetite remains very strong for industrial assets and a number of transactions were recorded in Greater Budapest and the regions. The most significant deal within the sector was the acquisition by WING of the Airport City Logistic Park from CPI.

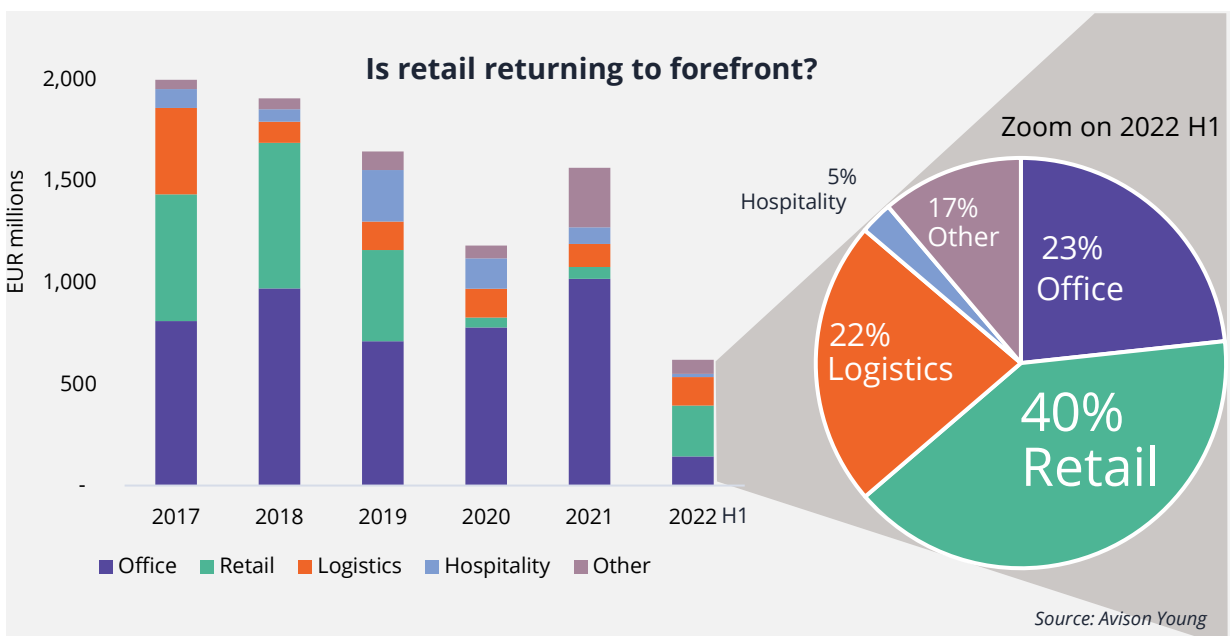
As a consequence of the robust activity in retail and logistics, the office segment only accounted for 23% of the total volume, falling short of the usual 60%+ share. Two noteworthy CBD prime assets transacted: Akademia Business Center was acquired by Europa Capital and their local partner ConvergenCE from DWS. Following the relocation of Raiffeisen to their new HQ, the prime asset with frontage to the Danube offered a significant value-add opportunity. In the same vicinity, a fund managed by Groupama Gan REIM entered the Hungarian market with the acquisition of the historical Freedom Palace sold by the French SCC group.

Transaction volumes since 2020



2022 H1 volumes in line with 2021 FY

Source: Avison Young

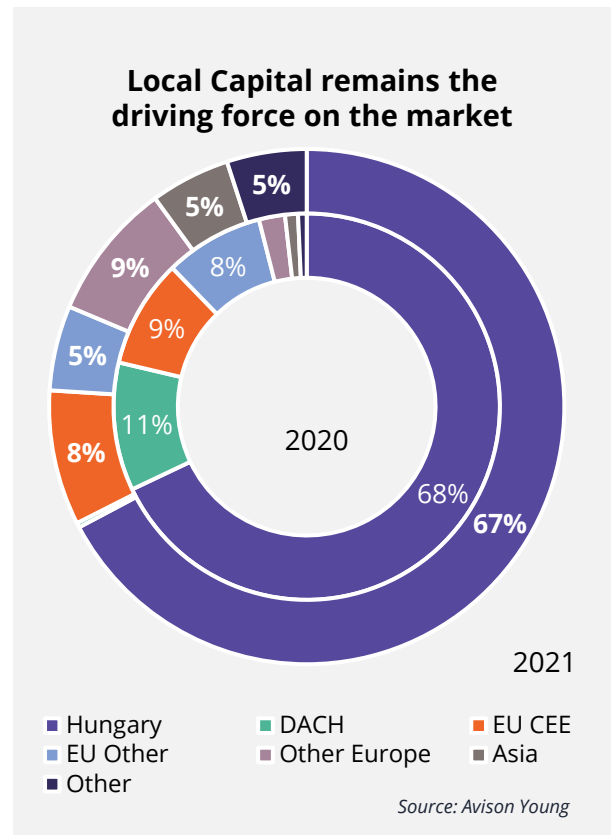


Source: Avison Young

Pricing and capital sources

Despite the few high-profile deals closed by international buyers, the weight of local capital remained dominant with circa 70% of the activity driven by local investors.

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. The expected further increase of interest rates in the coming months will reinforce the gap between the market based on full equity buyers and the others.



Main transactions of 2022 H1

Asset	Sector	Size (sq m)	Buyer	Seller
Tesco Portfolio (13 HU assets)	Retail	273,000	Adventum	Tesco
Airport City Logisitic Park	Indus.	52,000	WING	CPI
Európa Center Miskolc	Indus.	32,000	CGL	Private
Akácliget Logisztikai Központ	Indus.	20,000	RED	M7
Westgate	Indus.	18,000	Biggeorge	Logicor
R70	Office	17,000	Epkar	CA Immo
OBI Fót	Retail	13,000	Adventum	Bee
Land	Land	61 ha	CTP	Private
Budapest East Business Park	Land	45 ha	CTP	Weerts
Prologis Sziget II	Land	26 ha	Prologis	Private

Source: Avison Young

What's coming?

The beginning of 2022 has witnessed a stable activity in term of volume but has shown a decline in term of number of transactions. There are very few tenders coming to market and a significant number of deals are structured on an off-market basis.

Increasing interest rates, high inflation and geo-political turmoil in Europe are all creating a challenging environment for real estate investment.

Despite this challenging some long term institutional investors are taking positions and entering the market but local and regional equity is most likely going to remain the most active across all sectors.



**Get more
market
information**

Benjamin Perez Ellischewitz

Principal

+36 70 333 1818

benjamin.perez-ellischewitz@avisonyoung.com

**AVISON
YOUNG**