

Hungary - Budapest

Key Performance Indicators (Q2 2025)

Prime Yield

7.00%

Expected Investment Returns
Change YoY: 0 bps

Prime Rent

€ 25.25

Monthly, per sq m
Change YoY:

Net Average Asking Rent

€ 15.06

Monthly, per sq m
Change YoY: 3.36%

Take Up

73K

Square Meter
124K Year2Date

Vacancy Rate

12.8%

Percentage of Stock vacant
Change YoY: -118 bps

Typical Lease Terms

5 years

Typical Rent Free Period
3-5 months

Completions

—

Square Meter
5K Annual2Date

Total Stock

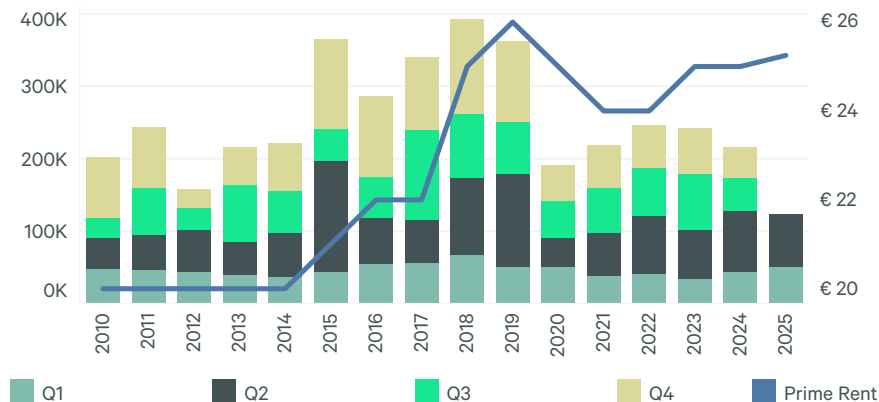
4,426K

Square Meter
3,861K Occupied Stock

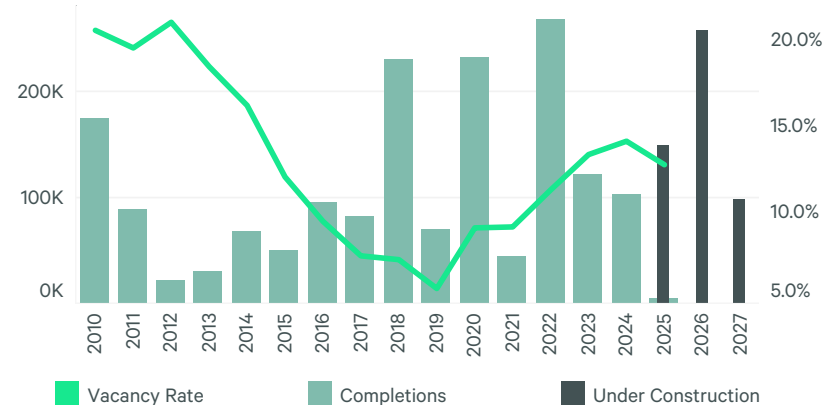
In the first half of 2025, the Budapest office market saw limited new supply, with no completions in Q2 and a total of just 5,060 sq m delivered by the end of H1. The modern office stock reached 4,426,050 sq m by mid-year. Speculative office space continues to be dominated by Class 'A' buildings, which account for 67% of the total, while Class 'B' offices represent the remaining 33%. Two buildings were reclassified as owner-occupied, increasing the owner-occupied stock to 877,000 sq m.

In Q2 2025, total leasing activity (TLA) reached 120,000 sq m, marking a 26% year-on-year increase. Looking at the total H1 volumes, TLA totalled 212,900 sq m, reflecting an 11% decline compared to the same period last year. In Q2, the top ten transactions included five lease renewals, three new leases, and two owner-occupation deals, highlighting the ongoing dominance of renewals and the continued scarcity of pre-leases due to a limited development pipeline. Overall take-up, excluding renewals, in Q1 stood at 72,900 sq m, down 13% year-on-year, while net absorption reached 57,000 sq m, supported by the absence of new completions and the impact of owner-occupied deals. Looking at the first half of 2025 as a whole, total take-up stood at 123,900 sq m, marking a modest year-on-year decrease of 4%. Meanwhile, net absorption for the six-month period totaled 45,500 square meters mainly due to activity in the second quarter. The overall vacancy rate dropped significantly to 12.8% (down 1.3 percentage points quarter-on-quarter and a 1.1 pps decrease y/y comparison), with Class 'A' stock showing a vacancy rate of 13.5%; the lowest rates were recorded in Central Buda (7.4%), North Buda (7.6%), and the CBD (10.5%), while the Periphery submarket remained the most vacant at 19.4%.

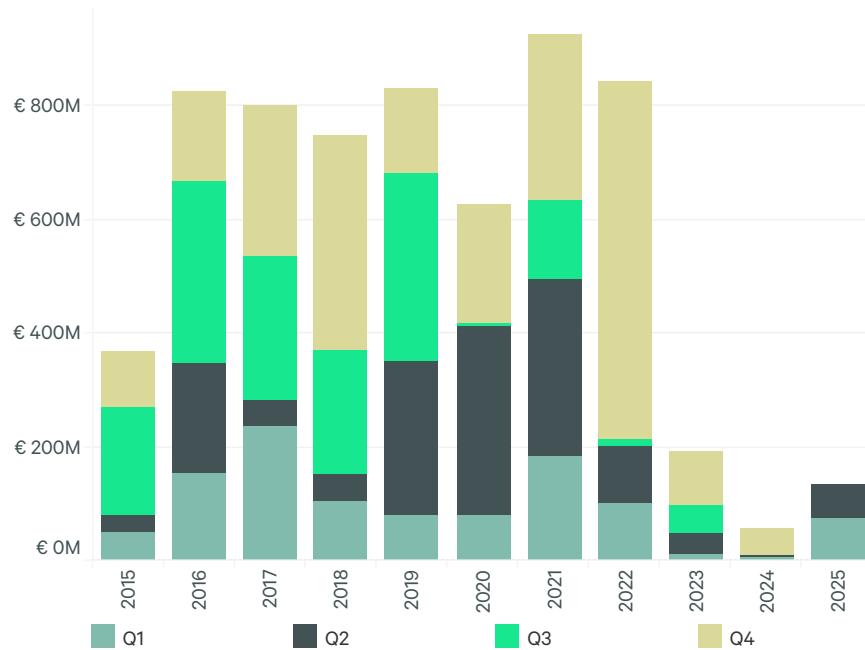
Market Trend (Take-Up | Prime Rent)



Development Activity (Completions | Vacancy Rate)



Hungary Office Investment Volumes



Note: 2025 annual numbers till 6/30/2025

As of mid-2025, no new office developments have commenced in Budapest. However, approximately 504,000 sq m of space is currently under construction, including 10,000 sq m of refurbishment projects—an outstanding volume even by regional standards. A significant portion of this pipeline is already pre-leased, largely driven by public sector agreements signed in 2023. Major developments such as BudaPart, Dürer Park, and Zugló City Center account for nearly two-thirds of the total space under construction. Completions in 2025 remain minimal at just 5,100 sq m, while forecasts indicate 149,300 sq m in 2026 (90% pre-leased), 256,900 sq m in 2027 (81% pre-leased), and 97,800 sq m in 2028 (91% pre-leased). This high pre-lease ratio, combined with the lack of new starts, leaves few relocation options for larger occupiers. Additionally, around 230,000 sq m of planned projects have yet to break ground, further limiting future availability.

As of July 2025, the average asking rent for vacant space standing at 15.1 EUR/ sq m/ month, by 3.4% up y/y. For existing 'A' category assets, the asking rent stands at 17.2 EUR/ sq m/ month, reflecting a 2% y/y increase. For ongoing developments, the typical range is between 20-23 EUR/ sq m/ month, which can be higher due to low supply if the demand will stronger. Prime rent is quoted at 25.25 EUR/ sq m/ month in the CBD and 19.25 EUR/ sq m/ month in non-central locations.

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