Hungary - Budapest

Key Performance Indicators (Q2 2025)

Prime Yield	Prime Rent	Net Average Asking Rent
7.00%	€ 25.25	€ 15.06
Expected Investment Returns	Monthly, per sq m	Monthly, per sq m
Change YonY: 0 bps	**Change YonY:**	**Change YonY: 3.36%**

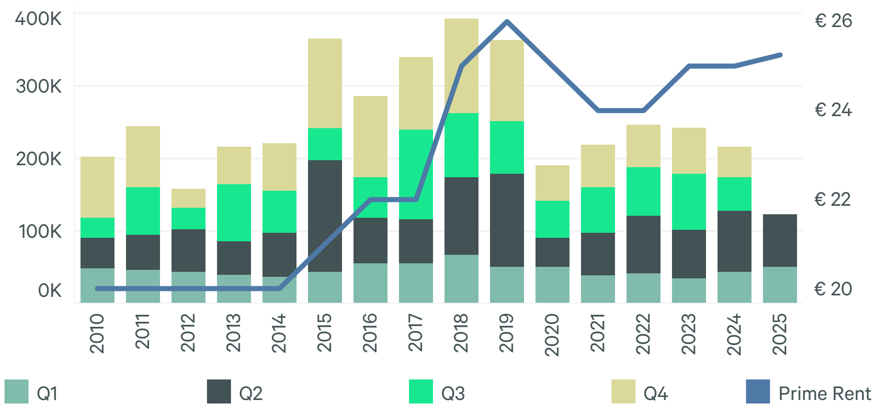
Take Up	Vacancy Rate	Typical Lease Terms
73K	12.8%	5 years
Square Meter	Percentage of Stock vacant	Typical Rent Free Period
124K Year2Date	**Change YonY: -118 bps**	**3-5 months**

Completions	Total Stock
-	4,426K
Square Meter	Square Meter
5K Annual2Date	**3,861K Occupied Stock**

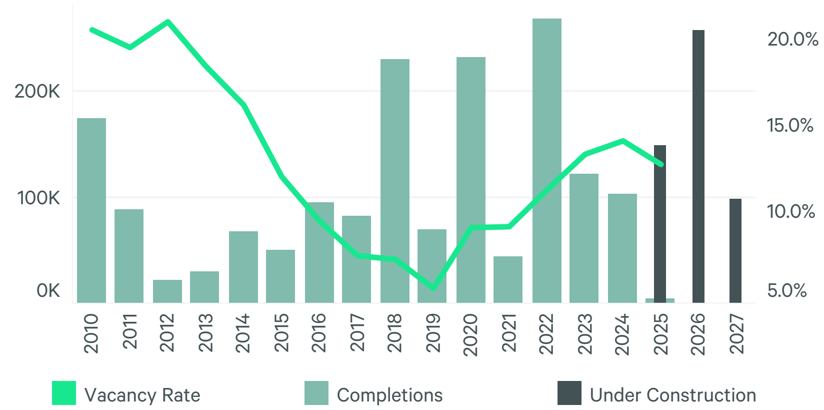
In the first half of 2025, the Budapest office market saw limited new supply, with no completions in Q2 and a total of just 5,060 sq m delivered by the end of H1. The modern office stock reached 4,426,050 sq m by mid-year. Speculative office space continues to be dominated by Class 'A' buildings, which 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%.

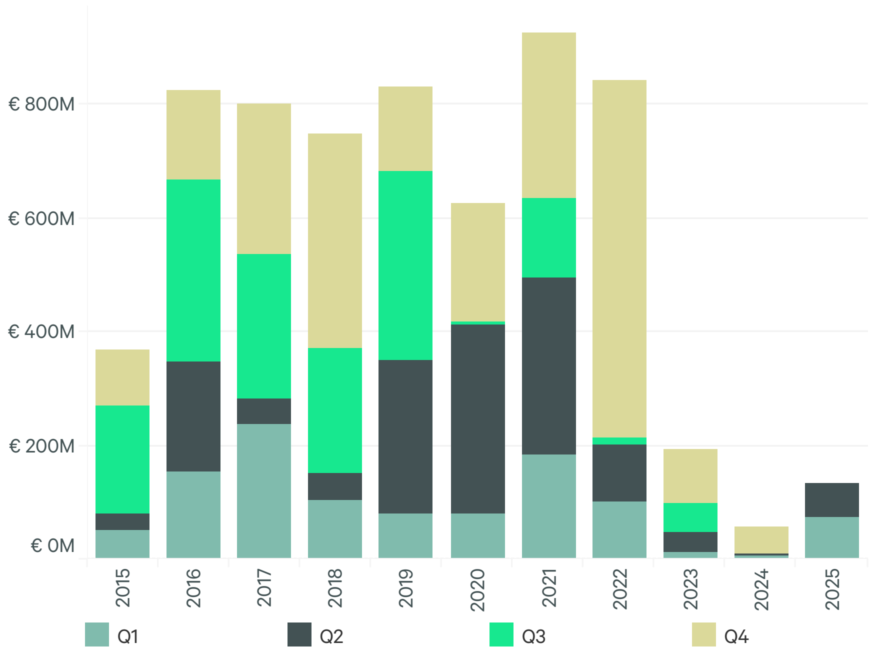
Market Trend (Take-Up | Prime Rent)



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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