



WHAT IS THE FUTURE OF COMMERCIAL REAL ESTATE MARKET IN BUDAPEST?

It does not seem hard to prognosticate the further growth of the market under the current circumstances but an outlook on the influential factors could be helpful before jumping into conclusions.

THE BOOM IS STILL NOT OVER? Shopping malls such as Polus and Campona were sold at the beginning of this year and the boom is probably far from over. The sale of Aréna Plaza indicates that the tendency is still continuing and that the boom is not over. Office complexes like Millenium Towers, Váci Corner Offices, Eiffel Square Office Building and Váci Greens and Krisztina Palace were also sold, and a further transaction was realised when National Bank of Hungary sold Eiffel Palace to Corpus Sireo Real Estate – three years after acquiring it in 2014.

Nagy és Trócsányi assisted the MNB acquisition, which was well publicised. MNB sold Eiffel Palace 19% higher price than it was bought for. Hungarian participants are driving the market at least their role has become inevitable. In a recent transaction West End Business Center offices were acquired by OTP real estate fund but we could list here several acquisitions by Erste Real Estate Fund and Diófa Real Estate Fund as well. According to experts, it is possible that the number of transactions will fall back slightly but the value of the transactions will increase which may support the healthy and balanced growth of the market. 2016 was the year of upswing but the future holds ongoing expansion and thus the 1,7 billion euro investment realised in 2016 in the Hungarian commercial real estate market will most likely be repeated or exceeded in 2017.

VACANCY RATES HITS ROCK BOTTOM - MARKET IS THRIVING As land has a limited amount, location is key for investors, since finding the hot spot is crucial even if the demand is high – causing record low vacancy rates. In case of such a historically low rate as it is lately, investors have promising prospects – as experts of Cushman & Wakefield have predicted that development activity continues to accelerate. Based on the published analysis of BRF it can be stated that Budapest has committed renters, therefore has a tempting vacancy rate - decreasing from quarter to quarter - nowadays, which does not seem to stop soon. South-Buda has 3.3% but the first place can be concerned with the expansion of the market since the current office stock (3.35 million sqm) will increase with 700.000 sqm new supply until 2019 based on the latest forecasts in Q3 (exceeding the expectations of Q1).

NAGY ÉS TRÓCSÁNYI – REAL ESTATE PRACTICE

Real estate has been a core part of Nagy és Trócsányi's practice since the establishment of the firm and we are widely recognised for providing clients with the full spectrum of related services including: sale and purchase, lease encumbrances, real estate finance, real estate litigation, real estate transactions, greenfield development.