

# RE/MAX RE/MAX HOUSING MARKET REPORT – 2023 Q4

Magyarország

## MACRO ECONOMIC ENVIRONMENT



YEARLY AVERAGE  
INFLATION 17,6 %

According to the KSH, Hungary reached 9.9% inflation by October. This fell further to 7.9% in November and 5.5% in December. In 2023, the annual average inflation rate is 17.6 percent.

GDP has undergone significant changes compared to last year, with data for the quarters to 2023 all falling compared to the same periods last year. Economic growth returned to the level of a year ago in the fourth quarter of 2023.

The unemployment rate was at a high of 4.2 percent, an increase of 0.3 percent on a quarterly basis and 0.4 percent on an annual basis. The employment rate stood at 74.7 percent at the end of the fourth quarter, an increase of 0.3 percent over a year.

Economic and political developments continue to have a significant impact on the forint. Overall, the Forint strengthened moderately in the fourth quarter of the year. While the exchange rate was around 390 HUF/EUR at the beginning of October, it had fallen to 383 HUF/EUR by the end of December.

## HOUSING MARKET

December last year was the third strongest month of the year in terms of transaction numbers. The 2023 market lagged behind the 2022 real estate market in both transaction numbers and price growth. Analysts expect an uptick in both transactions and home prices in 2024, which could return the real estate market to the 2022 annual growth level. This is supported by the fact that, following a decline in the third quarter, house prices again showed a slight increase in the fourth quarter, as demand rose.

## DEMAND / SUPPLY / VOLUME

In Q4 2023, there were a total of nearly 24,500 transactions. In December, the real estate market closed with almost 8,000 transactions, an increase of more than 20 percent compared to December of the previous year. On an annual basis, the number of transactions in 2023 is estimated at around 124,000, according to the MNB. This is down from the number of transactions in 2022, a decline of ~20 percent year-on-year. Experts expect around 130,000 transactions in 2024, which would be similar to the 2022 result.

## ■ Average size

The most sought-after average dwelling size in 2023 was between 40-60 sq.m. nationally. In the capital, properties between 60-80 sq.m. were also in demand on both the Pest and Buda sides.



AVERAGE TIME OF SALE 4-5 MONTHS

## ■ Average time of sale

In RE/MAX transactions, the average time to sale for residential properties was 4 months. Typically, panel homes sell faster, around 4 months, while brick homes take 5 months.

## ■ Average price

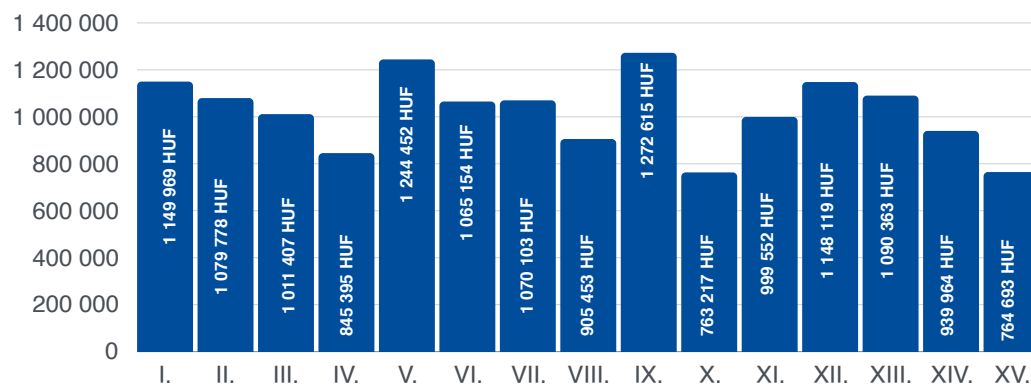
The quarter ending 2023 saw stagnation and a slight increase in house prices. According to the MNB, the housing market grew by only 1% year-on-year, significantly below the 20% increase from 2021 to 2022.

In Budapest, used brick apartments were available at an average price of 967,000 sqm in December 2023. During the year, properties with a price per square metre of between HUF 600-800 thousand dominated on the Pest side, while on the Buda side, apartments changed hands at between HUF 1.2-1.4 million per square metre.

In the last month of 2023, the price per square metre of detached houses was around HUF 806,000, while the average price per square metre of flats in Budapest was HUF 818,000.

There is no major change in terms of new construction projects, with districts XIII, IX and XI still offering the most new construction projects. In Q4, the number of new build properties for sale in these districts is estimated at between 2,000 and 7,000. Two thirds of the new-build homes on offer in the capital were sold almost immediately. The most expensive districts in the new-build property market are districts II, XII, VI and V, with prices above HUF 2 million per square metre. The cheapest price per square metre is in the new builds of districts XXIII and XVII, where the price per square metre is between HUF 800,000 and HUF 1 million.

The following chart shows the average price per square metre of properties sold by RE/MAX in Budapest in Q4 2023.



### The size of bargaining



The average bargaining interest rate in the fourth quarter of 2023 averaged 5 percent. However, due to the strength of the demand market, owners have often conceded up to 5 percent on top of a 5 to 6 percent change in the guide price during the bargain.

### RENTAL MARKET



In the fourth quarter, season ticket prices rose by 0.2 percent nationally and by 0.1 percent in the capital. On an annual basis, national rents increased by 12 percent. According to MNB analysis, the rate of rental growth slowed in 2023, but exceeded that of house prices.

The average monthly rent for apartments in Budapest did not change much compared to the previous quarter, so it is still around HUF 240,000. The most expensive districts are the 1st district, where the average monthly rent is 300 thousand forints. The cheapest district on the rental market is District XIII, where you can rent a property for an average of HUF 180,000 per month.

### INVESTMENT



In Q4 2023, nearly 30 percent of all housing purchases in Budapest were for investment purposes. In the capital, investors spent an average of HUF 48 million on housing.

The Central Bank's base rate fell to 10.75 percent in the fourth quarter. Analysts expect the bank's base rate to reach 6 percent by autumn 2024, which would imply a further decline during 2024. Lower bank base rates could stimulate the credit market and more people will be able to buy property on more favourable loan terms.

It is important to note that as inflation falls, newly issued inflation-linked government bonds are also becoming less popular. The first quarter of 2025 will be the first quarter in which the most favourable inflation-linked government bonds will pay interest after the annual inflation of 2023. After that, a significant amount of capital is expected to be freed up in the investment market. The freed-up funds are expected to be diversified across a number of investment segments. As a consequence, we can also expect to see an increasing number of investment purchases in the real estate market, which will have an impact on real estate prices as well as increasing demand.

### EXPECTATIONS

Stagnation/slight growth in 2023 is expected to be followed by positive growth in 2024. As the economic situation stabilises more strongly and credit conditions improve, the dominance of the demand market may decrease and the gap between supply and demand may even out. Analysts are divided, expecting price increases of between 1% and 4% in the various property segments.

In 2024, the larger price changes in the real estate market may first appear in smaller municipalities, due to the expansion of housing subsidies and the increase in subsidies (CSOK Village, CSOK, CSOK Plus). After the increase in prices per square metre in smaller municipalities, this effect may spread to larger municipalities and the capital.



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