

RE/MAX RE/MAX HOUSING MARKET REPORT – 2024 Q1

Magyarország

MACRO ECONOMIC ENVIRONMENT



INFLATION 3,6 %

The first quarter of 2024 was characterised by a slower decline in inflation. Starting from 3.8 per cent in January, inflation fell to 3.6 per cent by the end of March. Inflation is forecast to average 5 per cent in 2024. This could boost real wage increases and reduce cautious spending. A fall in the base rate is expected to boost investment.

The employment rate closed at 74.6 percent in February. The unemployment rate continued to rise during Q1 2024, standing at 4.6 percent at the end of February.

GDP grew by 1.1 percent in Q1 2024 compared to the previous quarter. In contrast to last year, analysts expect economic growth of 3 percent in 2024.

Economic and political developments will continue to have a significant impact on the Forint. Overall, the Forint weakened in the first quarter of the year. The exchange rate was around 382 HUF/EUR at the beginning of January, but by the end of March it had risen to 393 HUF/EUR.

HOUSING MARKET

The first quarter of 2024 closed at an increasing pace in terms of transaction numbers. Compared to the same period last year, transaction numbers were up by more than 50 percent, which could signal a recovery in the real estate market for 2024.

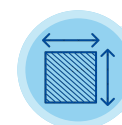
The increase in housing market turnover was also accompanied by a pick-up in housing lending, with the volume of housing loan contracts signed in the first two months of 2024 more than doubling from a year earlier, the MNB analysis said. The improving economic outlook with disinflation, falling lending rates and renewed home creation subsidies also played a significant role in the recovery in credit demand.

The latter also contributed to a surge in average loan amounts, as the average contract amount of CSOK Plus loans signed in the first quarter was HUF 25.4 million, which is substantially higher than the average loan amount of HUF 15 million for second-hand housing loans in February 2024, excluding CSOK Plus.

DEMAND / SUPPLY / VOLUME

Nearly 30,000 property sales were made in Q1, with transaction numbers increasing month on month in Q1. In January, 8,000 sales were concluded, in February 10,500 and by March the number had reached 11,000. This represents a 30 percent increase compared to the same period last year. The rising transaction numbers confirm the 110-130,000 total property sales forecast for 2024. This would be similar to the annual volume in 2022, showing an improvement in the market compared to last year's decline.

Average size



AVERAGE SIZE 40 - 80 sq.m.

The most sought-after average apartment size in Budapest in Q1 2024 was between 40-60 square metres. On the Buda side, larger properties between 60-80 square metres were also in demand.

Average time of sale



AVERAGE TIME OF SALE 4-5 MONTHS

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

Average price

In the first 3 months of 2024, both brick and prefab housing prices rose. However, according to the MNB's Housing Market Report, real house prices are expected to fall in the first half of 2024. Year-on-year, house prices fell by 0.4% in real terms in the first quarter. For the second quarter of 2024, analysts expect a further annual decline of around 2.3 percent.

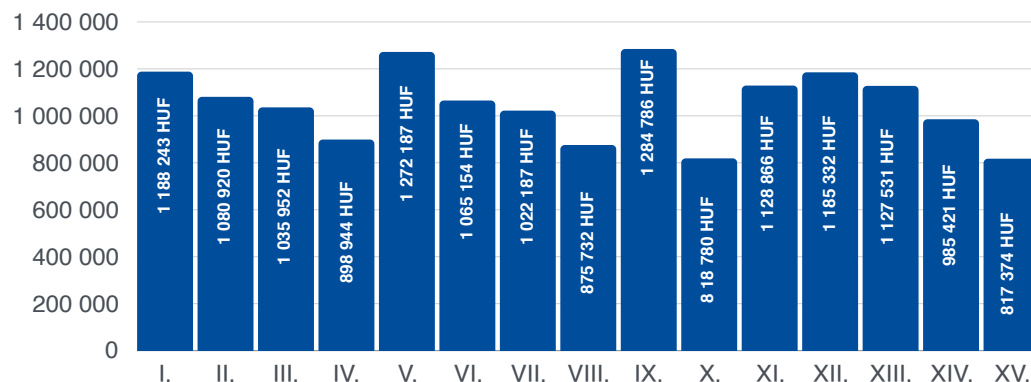
In the capital, most brick apartments sold for an average of between 600-800,000 HUF per square metre in Q1. The average price per square metre in Budapest is around HUF 1,000,000.

The average price per square metre of a detached house in Budapest is HUF 800,000, which is unchanged from the previous quarter.

The average price per square metre of panelled flats was around HUF 840,000 in Q1 2024, with a slight increase compared to December 2023.

As in the previous quarters, most new-build projects are located in the 13th district, with more than 7,000 new-build apartments to choose from. Next to the XIIIth district, Újbuda and Ferencváros have the highest number of new-build projects. The average price per square metre for a new-build home in Budapest is HUF 1.47 million. The average price per square metre of new-build housing is led by districts I, II and XII, with prices above HUF 2 million per square metre. The cheapest new-build flats are in districts XV, XIV and XXIII, with an average price per square metre of 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 Q1 2024.



■ The size of bargaining



BARGAIN LEVEL 4 %

The average bargaining rate in the first quarter of 2024 was 4 percent. A recovery in the supply market is noticeable. Landlords are already discounting their homes by 4 percent compared to previous quarters, with an average 3-4 percent change in the asking price.



AVERAGE RENT 250.000 HUF / Month

RENTAL MARKET

In Budapest, the average rent rose to HUF 250,000 by the end of February 2024. This represents an annual increase of 11.3 percent.

In the period since then, rent increases have been slowing down, with the annual rate of increase now less than the 20 percent forecast at the beginning of the year.

The increase in rents is explained by the rise in average earnings. The most expensive place to rent in Budapest is in the 2nd district, where the average monthly rent is HUF 335,000. The cheapest apartments for rent are in districts X, XV, XX and XXI, where the average monthly rent ranges from HUF 170-192,000.



Yield 5,6 %

INVESTMENT

In Q1 2024, one third of residential property was purchased for investment purposes. Investors spent an average of HUF 55 million per property, of which properties with an average floor area of 55 square metres were the best sellers. On an annual basis, there is a roughly 10 percent decline in investment property transactions.

EXPECTATIONS

With inflation easing, home loan schemes are improving month by month, which could lead to a pick-up in the housing market. The central bank base rate was also cut in Q1, falling to 8.25% by the end of March.

It is expected to fall to 5.5 percent by the end of this year and to 4.3 percent by the end of 2025.

A home renovation programme to be launched in June 2024 could boost demand for single-family houses to be renovated, with subsidies of HUF 6 million per property, subject to specific conditions.

The government has extended the reduced housing tax for a further two years. Under the decision, until 31 December 2026, newly built apartments and detached houses will be subject to a 5% VAT rate. The reduced rate may be applied until the end of 2030 for properties for which the building permit application has been submitted by the end of 2026.

In summary, a recovery in demand is forecast for 2024, boosted by improving credit conditions, stabilising economic conditions and home subsidies.



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