

# RE/MAX RE/MAX AGGLOMERATION REPORT - 1st Half 2024

Magyarország

## MACROECONOMIC ENVIRONMENT



INFLATION 3,7 %

In Q2 2024, inflation rose compared to March. While inflation fell to 3.6% in March, it rose to 3.7% in April and 4% in May. In June, it reached 3.7 percent again. GDP closed Q1 2024 already positive at 1.1 percent. In contrast to last year, analysts expect economic growth of 3 percent in 2024.

The employment rate stood at 74.3 percent at the beginning of 2024, but it increased further to 75.1 percent by April. The labour market situation is stable, with the unemployment rate not changing much from January to April 2024, falling from 4.5 percent to 4.4 percent.

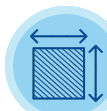
Economic and political developments continue to have a significant impact on the Forint. The exchange rate was around 382 Ft/Eur at the beginning of January, but by mid-June it had risen to 398 Ft/Eur.

## HOUSING MARKET

According to the MNB's housing market report, the annual nominal house price dynamics nationwide accelerated to 5.8 percent by the end of 2023, but fell by 1.8 percent in real terms. The first quarter of 2024 was characterised by measured house price increases, with house price dynamics rising to 7.1 percent nationally and 6.1 percent in Budapest on an annual basis.

In 2024, the real estate market in the agglomeration of Budapest reached a turning point, with demand and prices rising by 8 percent per annum in the agglomeration ring. After this increase, the average price per square metre is 640 thousand HUF. Buying property in these areas has become on average 10 million forints more expensive than a year earlier.

For the agglomeration settlements as a whole, well-developed infrastructure is a huge advantage for buyers, and also adds value to properties in these areas. The main indicators for moving out of the capital include factors such as: greener, healthier environment, homes with gardens cheaper than in the capital, etc.



AVERAGE SIZE 90 - 120 sq.m.

### ■ Average size

The most sought-after floor area among buyers is 90-120 square metres. Typically, people moving out of the capital prefer detached houses in green belt areas. When buying a home, the environment and the fact that the home has a terrace/terrace are also important factors.



AVERAGE TIME OF SALE 6 MONTHS

### ■ Average time of sale

In RE/MAX transactions, the average sales time for single-family homes was 6 months.

### ■ Average price

By the first quarter of 2024, the average price per square metre of second-hand detached houses in the agglomeration of Budapest increased by 10 percent to HUF 502,000 compared to the first half of 2023.

The real estate market in the districts is characterised by significant price differences. The most expensive districts for second-hand detached houses are Váci, Budakeszi and Szentendre. The average price per square metre in these districts is 798 thousand, 745 thousand and 651 thousand HUF. They are followed by the southern district of Érdi and the northern district of Dunakeszi, where the average price per square metre of a family house is 620 thousand HUF. The areas further away from Budapest are among the cheapest agglomeration areas. In Cegléd and Nagykőrös, average prices per square metre are already 291 thousand and 255 thousand HUF respectively.

It is common experience that in the agglomeration of Budapest, buyers are more sensitive to price than floor area. More expensive properties are staying on the market for much longer in the current economic situation. Experts estimate the upper limit of buyers' willingness to buy at HUF 70-80 million. The most expensive region is the western and northern parts of the conurbation, with the Buda area being the most expensive.

### ■ The size of bargaining



BARGAIN LEVEL 3-4 %

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 guide price.

### ■ New build property market

The market for new construction in the conurbation is very subdued, as it was last year. According to market analyses, 6.5 percent of properties sold in the agglomeration last year were sold for less than HUF 10 million, and 2.7 percent were less than 30 square metres. Among this year's sales, almost a fifth of buyers (18.3) preferred the HUF 20-30 million price range, followed by the HUF 30-40 million price range with 15.5 percent.

## AGGLOMERATIONS

### ■ Northern agglomeration (Szentendre, Göd, Dunakeszi)

The Northern sector has the lowest prices per square metre in Q1 2024. The price per square metre for buying a property in these areas will be 544 thousand HUF. Demand is abundant in this area, with buyers having a wide choice of property types. However, with high property prices and fuel prices, many people prefer to buy property in the capital. In this segment, property supply prices are closely in line with those in the capital, but sales prices are on average 10 percent lower. For apartments, the price per square metre is 700-800 thousand HUF, for detached houses 500-700 thousand HUF. The most expensive place to buy a flat is Szentendre, with an average price of HUF 910 000 per square metre. For family houses, the average price is 920 thousand HUF per square metre. In Göd, the average price per square metre is 820 thousand HUF, while for detached houses it is 790 thousand HUF. In Dunakeszi, the average price per square metre is 920 thousand forints for flats and around 910 thousand for detached houses.

### ■ Western agglomeration (Budakeszi, Budaörs, Törökbálint)

In the western agglomeration, the average price per square metre is HUF 824 thousand. This is the highest of the other agglomeration sectors in terms of price per square metre. This represents a price increase of 19 percent compared to last year. The most expensive agglomeration settlements are Budakeszi, Budaörs and Törökbálint. The average price per square metre for flats in these areas is 870,000, 1 million 89,000 and 963,000 HUF. For family houses, the average prices are 880 thousand, 960 thousand and 860 thousand HUF.

### ■ Eastern agglomeration (Csömör Erdőkertes, Gödöllő)

In the Eastern conurbations, there were no significant price changes on an annual basis. In Csömör, Erdőkertes and Gödöllő, the price per square metre of a property is still around HUF 653,000. In Gödöllő, the average price per square metre of apartments is HUF 805 thousand, and for detached houses HUF 735 thousand. In Csömörön and Erdőkertes, the average price per square metre of detached houses is around HUF 835 thousand and HUF 670 thousand respectively.

### ■ Southern agglomeration (Diósd, Szigetszentmiklós, Dunaharaszti, Tököl)

The still popular Southern sector saw a more moderate price increase in 2024. There was a 2 percent annual increase, with the average price per square metre rising to 600 thousand forints. In this segment, most buyers are generally willing to buy for HUF 50-60 million for detached houses and HUF 30 million for apartments. In the case of family houses, this category includes properties built in the 1980s and requiring minor renovation. In Diósd, Szigetszentmiklós, Dunaharaszti and Tököl, the average price per square metre of a family house is HUF 910 000, 700 000, 760 000, 610 000. For apartments it is 900 thousand, 730 thousand, 860 thousand, 650 thousand forints.

## EXPECTATIONS

With inflation easing, home loan schemes are improving month by month, which could lead to a pick-up in the housing market. The base rate of the central bank was also reduced in Q1, falling to 7% by the end of June. 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 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, demand is forecast to recover by 2024, boosted by improving credit conditions, stabilising economic conditions and home subsidies.



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