

# RE/MAX RE/MAX HOUSING MARKET REPORT – 2023 Q2

Magyarország

## ECONOMIC INDICATORS / MACRO ECONOMIC ENVIRONMENT

Analyst expectations are even more positive compared to the previous quarter. According to the Macronome Institute's Q2 forecast, the Hungarian economy is expected to grow by 0.7% this year and by 3.6% in 2024. They point out that the Hungarian economy is likely to avoid recession this year and could grow substantially by 2024. According to KSH data, GDP is -2.4 percent in the second quarter of 2023, which is a negative change of 1.5 percent on a quarterly basis. The volume of household consumption expenditure fell by 3.9 percent in Q1 and is expected to decline by a further 1 percent by the end of 2023. This is mainly due to falling real wages as a result of high inflation.

Inflation in the second quarter of 2023 fell to 20.1% in June, already well below the peak of 25.7% in January. Single-digit inflation is within reach by the end of the year. The effective interest rate is expected to reach 13 percent of the base rate in September, after which the base rate will start to be gradually reduced.

The labour market situation remains stable, with the unemployment rate at 3,8 percent in May 2023, up slightly from a low of 3.3 percent.

Economic and political developments continue to have a significant impact on the Forint. Overall, the Forint strengthened further in the second quarter of the year. While the exchange rate was still around 402 Ft/Eur at the beginning of January, it eased to 371 Ft/Eur at the end of June.



**INFLATION 20,1% GDP -2,4%**

## HOUSING MARKET

According to market experience the housing market in the second quarter of 2023 was characterised by increasing activity and sideways prices. In the first half of this year, there were nearly 44 thousand sales in the housing market. After three quarters, the national price index is again on the rise. The change in the housing subsidy scheme for 2024 is expected to have a significant impact on purchasing decisions in the second half of 2023, bringing forward buyer demand.

*\*Correction: please note that the total number of transactions in the RE/MAX Residential Market Report for Q1 2023 was correctly ~20,000, of which 8,000 were for the month of March.*

## DEMAND / SUPPLY / VOLUME

There were more than 24 thousand transactions in the second quarter of 2023, an increase of around 20 percent compared to the previous quarter. So far this year, the highest number of transactions has been in May, with more than 10 thousand transactions in that month. Compared to the same period last year, however, all three months have seen a significant drop in the number of transactions, with a drop of over 30 percent. In April, 6.8 thousand properties changed hands and in June 7.1 thousand. The total number of transactions in the first half of 2023 is 26 percent down on the same period in 2020, 47 percent down on the first half of 2021 and 41 percent down on the first half of 2022.

### ■ Average size

In the second quarter of 2023, the most popular dwelling size on the Buda side of the capital was half and half between 40-60 sqm and 60-80 sqm, while on the Pest side it was typically between 40-60 sqm.

### ■ Average price

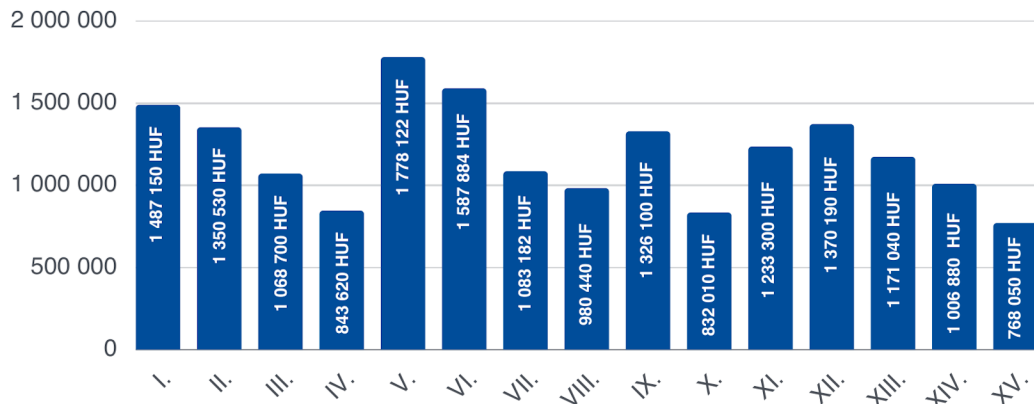
According to housing market analyses, the average price per square metre of transactions in Budapest in the second quarter of 2023 is estimated at HUF 1.1 million. This is 9 percent higher compared to the same period last year but shows a 0.5 percent decrease compared to the previous quarter. In the second quarter, the highest average price per square metre was recorded in the second district of Budapest, with an average price of HUF 1.44 million per square metre. In District V, the average price per square metre was HUF 1.23 million and in District XIII HUF 1.2 million.

The average price per square metre in the market for panel flats was around HUF 741,000 in the second quarter, up 1,1 percent year-on-year. Measured on a quarterly basis, the market for panel flats fell by 0,8 percent.

In the second quarter of 2023, the average price for second-hand houses was 647 thousand forints per square metre. This represents an increase of 7 percent quarter-on-quarter but is still 7 per cent behind the figures from 1 year ago. On the Buda side of the capital, second-hand houses cost an average of HUF 926 thousand per square metre.

In the second quarter of 2023, the average price per square metre of new housing in Budapest was HUF 1.6 million per square metre. This represents a slight increase of 1.3% compared to the first quarter.

The following chart shows the average price per square metre of properties sold by RE/MAX in Budapest in Q2 2023, typically second-hand brick apartments



**AVERAGE SALES TIME 4 MONTHS**

**The time of sale**

In RE/MAX transactions, the average time to sale for residential properties was 4 months. Typically, sales of panel apartments are faster, around 2-3 months, while for brick apartments it is 3-4 months.



**DECREASING BARGAIN LEVEL 5%**

**The size of bargaining**

According to the MNB report, in the first half of 2023, advertised house prices fell by 4 percent in Budapest and by 4.4 percent on average in the country. At the same time, reduced demand and low transaction numbers for overpriced homes foresee a further increase in bargaining. Average market bargaining interest rates in the second quarter of 2023 were similar to the previous quarter, ranging from 4 to 6 percent.

**RENTAL MARKET**

According to KSH-ingatlan.com's rent index, rents in May rose by 1.8 percent nationally and by 0,6 percent in the capital over the course of a month. On an annual basis, prices rose by 15.6 percent nationally and 16.5 percent in Budapest. The average price of apartments for rent in Budapest is around HUF 230 thousand per month.



**AVERAGE RENT 230 000 HUF / Month**

**INVESTMENT**

In the second quarter of 2023, 32 percent of all housing purchases in Budapest were driven by investment, only a few percent lower than in the same period last year. Moreover the main buyer motivation was investment in Budapest, with investors spending an average of HUF 51.8 million on housing. According to statistics from ingatlan.com, an average annual gross rental yield of 5.6% can be achieved in Budapest based on current average prices per square metre and average rents.



**YIELD 5,6%**

**EXPECTATIONS**

The housing subsidy cuts announced for 2024 cause increasing demand for the second half of 2023. The social contribution tax on investments introduced from 1 July 2023 could also drive investors towards real estate investments, further increasing demand. The declining economic risks could push inflation down to 1 digit by the end of the year, which could lead to a gradual start of a reduction in the bank base rate, which would encourage the purchase of real estate on credit. These effects are more likely to lead to stronger positive changes in housing demand towards the end of 2023 and into 2024.

RE/MAX continues to forecast divergent movements in each segment of the housing market over the coming period. As a result of economic trends, the overall slowdown in the market will be different for different property types.



**RE/MAX Hungary**  
1061 Budapest, Andrásy út 5. IV. em. 14.  
www.remax.hu

**Pápai Dorottya, MRICS**  
Business Development Manager  
M: +36 70 708 6505  
d.papai@remax.hu

**Gyenezse Vilmos**  
Analyst  
M: +36 20 477 4912  
v.gyenezse@remax.hu

RE/MAX is one of the biggest global franchise real estate agencies of the world. The RE/MAX name comes from the Real Estate Maximus phrase as an acronym. The company was founded in the USA in 1973, by today it operates with more than 140.000 real estate agents in 120 countries around the globe.

© 2023 RE/MAX Hungary  
All rights reserved.  
In this market study, the information is based on several certified sources and on the database of RE/MAX. Despite this, the communicated information can be imperfect, and owing to that, RE/MAX doesn't take responsibility for any loss or business decision based on this published information.