

# RE/MAX RE/MAX HOUSING MARKET REPORT – 2023 Q3

Magyarország

## MACRO ECONOMIC ENVIRONMENT



**INFLATION 12,1%**

Expectations suggest that Hungary is increasingly likely to reach single-digit inflation by the end of the year. By the end of September, inflation had already fallen to 12.1%, a significant drop from 20.1% in June. However, the economic growth outlook forecast in previous quarters has deteriorated, with analysts expecting a 0.2 percent contraction by the end of the year and 3.8 percent growth by 2024. The unemployment rate is currently at 3.9% and is not expected to fall much in 2023, but analysts expect a slight improvement (3.6%) in 2024.

High inflation this year has had a significant impact on real wages, which could fall by 1.9% on average in 2023. Positive developments in real wages are also expected next year, with real wage growth of up to 5.7% in 2024. By 2024, consumer confidence could recover and growth could start to pick up.

The effective interest rate target is 11 percent by the end of 2023, rising to 6.4 percent by end-2024. Overall, the forint weakened slightly in the third quarter of the year. While the exchange rate was still around 373 Huf/Eur at the beginning of July, it had risen to 390 Huf/Eur by the end of September.

## HOUSING MARKET

Housing market activity remained flat in the third quarter, following a trend reversal in previous months. Of the months this year, September saw the smallest change in terms of year-on-year transaction data. Based on the national house price index, the upward trend has stopped and prices are rather stagnating. In the capital, prices for brick and panelled flats fell slightly. It is expected that the housing subsidy scheme announced for 2024 (CSOK Plus) will have a significant impact on buyers' decisions this year, in many cases pushing back buyer demand to next year.

## DEMAND / SUPPLY / VOLUME

In the third quarter of 2023, there were more than 22,000 transactions, a decrease of around 9% in the number of transactions compared to the previous quarter, and a 20% year-on-year drop. The second highest month in terms of transaction numbers this year, after May, was August, with around 8,200 transactions.

Analysts expect transaction numbers to return to last year's last quarter level by the last quarter of 2023. They attribute this to falling inflation and interest rates, which could restore consumer confidence and boost borrowing.

## ■ Average size

In the third quarter of 2023, the most sought-after average flat size on the Buda side of the capital was between 60-80 sq.m, while on the Pest side it was still between 40-60 sq.m.

## ■ Average time of sale



**AVERAGE TIME OF SALE 4 MONTHS**

In RE/MAX transactions, the average time to sale for residential properties was 4 months. Typically, panel flats sell faster, around 3 months, while brick flats take 4 months.

## ■ Average price

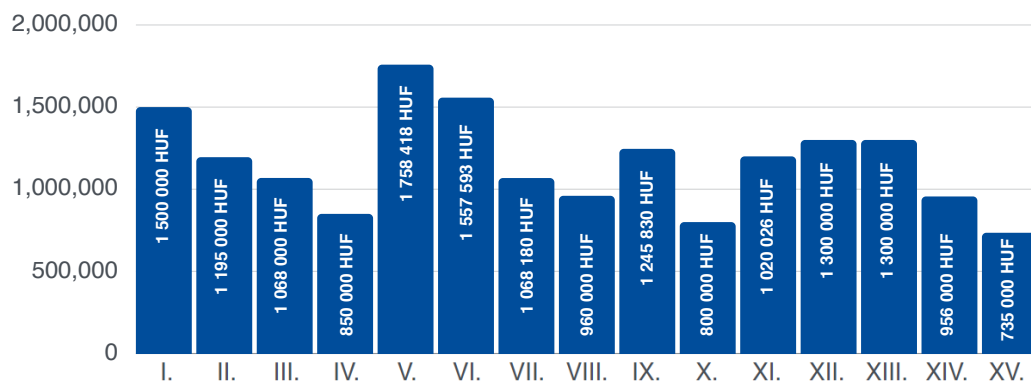
Second-hand brick apartments in Budapest were down 0.1 percent compared to the previous quarter. The average price of a second-hand apartment in Budapest is 953 thousand HUF per square metre. The most expensive district is V, with an average price of HUF 1.75 million per square metre, and the cheapest is XX with HUF 673,000 per square metre.

For family houses, buyers had to pay an average of HUF 800,000 per square metre in Budapest in September 2023.

The price per square metre of panelled flats in Budapest is slightly down, with prices falling by an average of 1 per cent quarter-on-quarter by the third quarter of 2023, with an average price per square metre of HUF 786 thousand.

In most of Budapest's districts, new-build prices per square metre are above HUF 1 million. In the third quarter, the most expensive district was the second district of Buda, where average prices for new homes reached HUF 2.6 million. Overall, the average price per square metre of new homes in 16 districts of Budapest exceeded HUF 1 million in the third quarter. This shows no significant price change compared to the first quarter.

The following chart shows the average price per square metre of properties sold by RE/MAX in Budapest in Q3 2023, typically used brick apartments



### ■ The size of bargaining



The average bargaining interest rate in the third quarter of 2023 averaged 5 percent. However, due to the strength of the buyer's market, owners have often conceded as much as 8 per cent on top of a 6-7 per cent change in the guide price during the bargain.

### RENTAL MARKET



In September 2023, the rental market stopped rising. Average rents in Budapest fell by 0.3%. The annual increase is still in double digits, averaging 12 percent since September 2022. The average monthly rent in the capital has risen to 240,000 forints, but the stagnation in rent in September could foreshadow a decline in the coming months. The more expensive districts are led by districts V and II, with average monthly rents of HUF 350,000 and HUF 340,000 respectively.

### INVESTMENT



In Q3 2023, 41% of all housing purchases in Budapest were for investment purposes, almost the same as in the same period last year, with an average of HUF 57.6 million spent on housing for investment purposes.

As benchmark bank interest rates fall, yields on non-inflation-tracking government bonds are falling quarter on quarter. The introduction of a social contribution tax on certain forms of investment on 1 July 2023 and the US double tax treaty, which will be terminated on 1 January 2024, will significantly change the volume of overseas investment, and is expected to affect both foreign and domestic investment.

The most sought-after domestic investment segments in the coming period could be inflation-tracking government bonds and real estate. For investment in the real estate market to grow, the economic situation will need to stabilise further and more favourable lending conditions for households will have to wait. The planned cut in the bank base rate to 11% by end-2023 could be a first step in this process.

### EXPECTATIONS

The CSOK Plus, which will be available from 1 January 2024, will have a significant impact on the housing market. It is important to note that, compared to the original CSOK scheme, this is an interest subsidised loan for which applicants must have sufficient income. This is expected to reduce the pool of potential applicants, but at the same time it could lead to a significant increase in volume. We expect a significant increase in demand for housing as a result of the impact of the scheme, as the economic situation stabilises, credit structures improve and consumer confidence returns.



**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

**Gyenizse Vilmos**  
Analyst  
M: +36 20 477 4912  
v.gyenizse@remax.hu

RE/MAX is one of the world's largest international franchised real estate agencies, taking its name from the acronym Real Estate Maximums. The company was founded in 1973 in the United States and now operates in 120 countries around the world with more than 140,000 real estate advisors.

© 2023 RE/MAX Hungary  
All rights reserved.  
The information contained in this market study is based on multiple sources that have been verified and RE/MAX's own database. The information provided may contain inaccuracies, as a result of which no liability can be accepted for any loss or damage caused by business decisions based on the published report.