

# RESIDENTIAL MARKET M O N I T O R

THIRD QUARTER 2012

# WELCOME

## DEAR READER, DEAR PEERS,

The current state of the housing market might give rise to rather ambivalent feelings. Increasingly, the market of homes for resale shows signs of stagnation, what we can evaluate as good news, especially when looking back to these last years. Still, on the market of newly built homes, we continue to observe a downward trend, even if its pace is getting more and more slower. However, the negative performance of the market of newly built homes is less and less decisive for the picture of the market as a whole, given that new homes represent a constantly decreasing portion in sales, where homes sold by owners account for roughly 95 percent of the market. The end of the year brings changes in the regulatory system as well, with modified duties, at the same time, the government's programmes aimed at expanding demand do not have an impact on the market for the time being. This year, we expect a turnover level identical with the one of last year. For the upcoming year, it is increasingly difficult to make forecasts or to search for trends with positive indications; in the light of predictions on slackening economic growth and household lending it seems that we have got to prepare for stagnation, during a longer period than previously hoped for.

Attila Déry  
Otthon Centrum  
Senior Analyst





# SUMMARY

## HOME CONSTRUCTION

### Further downward:

the hedge-hopping of the home construction figures pertaining to the last several years continued in the first 9 months of this year as well, even if the rates of decline were lower. The number of construction permits was 12 percent lower, the number of occupancy permits 20 percent lower in this period, as compared to the same period of the previous year.

### Considerable regional differences:

in the capital city, the drop in the number of homes built is threefold of the national average, but in the cities with county rights, an increase is already observed. In villages, the drop in home construction is identical, at a rate of 20 percent, with the average for the country.

### No trend change can be expected:

even though the number of construction permits decreased less than the number of occupancy permits, the downward trend was not broken, that is, no trend change can be expected in home construction.

## FINANCING ENVIRONMENT

### No growth:

according to NBH (National Bank of Hungary) data, new housing-purpose household borrowing in the third quarter of the year was the same as observed in the second quarter. In the third quarter, new contracts represented an amount of 32.74 billion forints, that is, more than 40 percent less than the value measured in the same period of 2011.

### Deteriorating expectations:

NBH has cut its lending forecast, expecting a reduction in the stock of household loans in 2013 and also in 2014, which means that a trend change can be foreseen for 2015, at the earliest.

Some improvement in the terms and conditions:

NBH expects some improvement in the lending terms, which were substantially tightened due to the one-off repayment scheme. The average APR indicator may decline, subject to the expansion of loans offered under schemes with government subsidies for interest payments.

## HOUSING POLICY AND REGULATION

Changes in duties:

from 2013, the present two-rate duty (up to 4 million HUF, 2%, above that level, 4%) will be replaced by a uniform duty of 4 percent. A positive change is that the 40,000 HUF limit of preferential duty for young people buying a home will be lifted, and also, no duty will be payable in the case of a negative difference in market values (when people move from an expensive home to a cheaper one). Due to these changes in duties, some of the buyers might advance their purchases, but there are some groups who have an interest precisely in postponing their purchases to the following year, therefore, the market impact of these changes cannot be predicted, but no major rearrangement shall be expected.

Government subsidies:

in the third quarter of the year, an impact of the government's demand-stimulating programmes could not be observed yet on the residential market. The background for that might be partially the terms of these programmes, and partially low demand for loans.

Exchange rate fixing:

by the end of September 2012, those who joined the exchange rate fixing scheme concluded more than 65,000 collection account contracts. This might bring a contraction on the offer side, and that might reduce the pressure on prices, originating from oversupply. Roughly 20 percent of the eligible debtors joined the exchange rate fixing scheme.

Auction quota system:

further on, banks do not use in full their possibilities for forced sales, offered by the auction quota system, what is more, the utilisation ratio is rather diminishing. At the same time, in spite of the forced sales already started, the basis of the quota increased, with some fluctuations, during the last quarters, with 112,000 properties at present, involved in forced sales.

## MARKET OF THE NEWLY BUILT HOMES

**Declining sales:** on the buyers' side, the continued high level of distrust and the stock of unsold homes, remaining static because of the lack of resupply, make more and more buyers turn towards the market of homes for resale. On the developers' side, a major drop in demand and difficulties in the financing environment are holding back home construction. Developers react to these circumstances with smaller project sizes and renting out completed homes.

**Smaller projects:** NBH expects some improvement in the lending terms, which were substantially tightened due to the one-off repayment scheme. The average APR indicator may decline, subject to the expansion of loans offered under schemes with government subsidies for interest payments.

## THE MARKET OF HOMES FOR RESALE

**Blowout of an upturn:** in the first three quarters of 2012, in a comparison with the same period of the previous year, the increase in demand is more and more restrained. The number of transactions in the first three quarters of the year exceeds the performance of the same periods in last year only by less than 10 percent.

**Growth in bargaining:** sellers are compelled to make concessions not only at the time of concluding the contract, but already prior to that, during the selling process, they have to lower the offered prices. In the first three quarters of this year, the rate of both price reductions in the selling process and price-cutting given at the time of concluding the contract increased in a comparison with the first three quarters of last year. This year, in the first three quarters, price-cutting passed the level of 13 percent, on an average for the country as a whole. Out of that, the reduction of the offer price by the seller in the selling process accounted for 5 percent, whilst the buyer managed to bargain 8 percent, when the contract was signed. The size of price-cutting increased from the second quarter to the third quarter of this year as well, for all types of property.

**Unchanged selling times:** in the last year, time required for the sale of properties did not change in any of the segments. The average selling time decreased, to some extent, only in the case of blockhouse flats according to data of properties that exchanged hands in the first three quarters of 2012, in a comparison with the same period of the previous year.

## MARKET OF RENTED HOMES

### Stagnating rentals:

in the first nine months of 2012, there was a minimal increase in the rentals of blockhouse homes, as compared to the same period of the preceding year. At the same time, the rentals of brick-built homes increased over the same period, but even so, this is the level of 2010.

### Yields:

at present, in the case of properties purchased for the purpose of letting, yields of 8 to 10 percent can be achieved over an investment period of 10 years.

## HOUSING LAND MARKET

### Plot prices:

in the first nine months of 2012, there was a minimal increase in the rentals of blockhouse homes, as compared to the same period of the preceding year. At the same time, the rentals of brick-built homes increased over the same period, but even so, this is the level of 2010.

### Plots looked for:

in Budapest, demand is most important for plots with a value between 13 and 22 million forints, with sizes of 700-800 square meters; in Pest county, for plots of 10-15 million forints, sizes of 700-800 square meters. In both the eastern and western parts of the country, demand is concentrated on plots between 2 and 10 million forints. In the western part of the country, one-fifth of the searchers had an interest in plots with values above that level.



# HOME CONSTRUCTION

## KEY FINDINGS

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the hedge-hopping of the home construction figures pertaining to the last several years continued in the first 9 months of this year as well, even if the rates of decline were lower. The number of construction permits was 12 percent lower, the number of occupancy permits 20 percent lower in this period, as compared to the same period of the previous year.

### Considerable regional differences:

in the capital city, the drop in the number of homes built is threefold of the national average, but in the cities with county rights, an increase is already observed. In villages, the drop in home construction is identical, at a rate of 20 percent, with the average for the country.

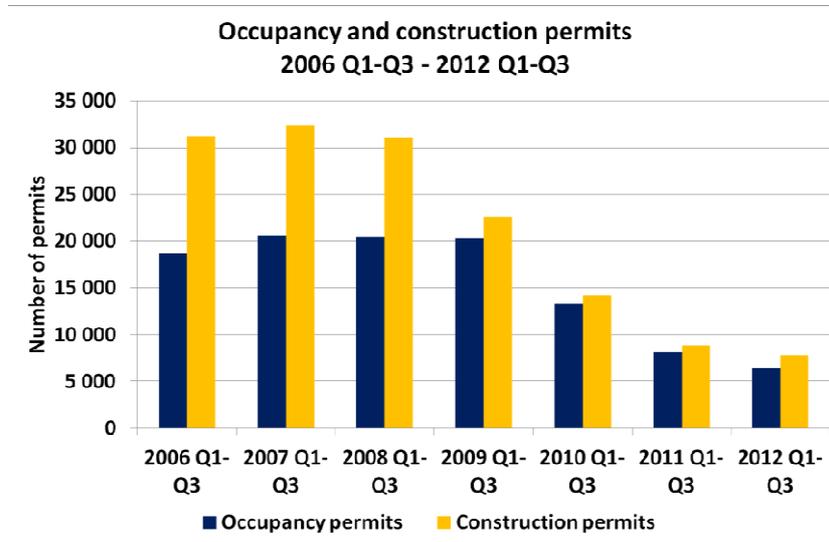
### No trend change can be expected:

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Observing home construction statistics, unfortunately, a picture already known from previous years can be seen. On the basis of HCSO (Hungarian Central Statistical Office) data, in the first nine months of the year, as compared to the first 9 months of last year, 20 percent less homes obtained occupancy permits. This 20 percent drop is identical with the drop measured between last year's and this year's first halves, but it is less than the almost 40 percent drop experienced between the first 9 months of the years 2011 and 2010. This means that at a country level, home construction shows a downward trend, but the rate of the decrease is slowing down. Another decrease with slower rates is characteristic for the number of construction permits. At the level of the country, 12 percent less was the number of construction permits issued in the first 9 months of the year, as compared to the same period of last year. The slowdown in this downward trend is more significant than the one for occupancy permits, given that prior to the 12 percent

decrease of this year, the drop in the number of construction permits issued was 37 percent for the first three quarters, from the year 2010 to 2011.

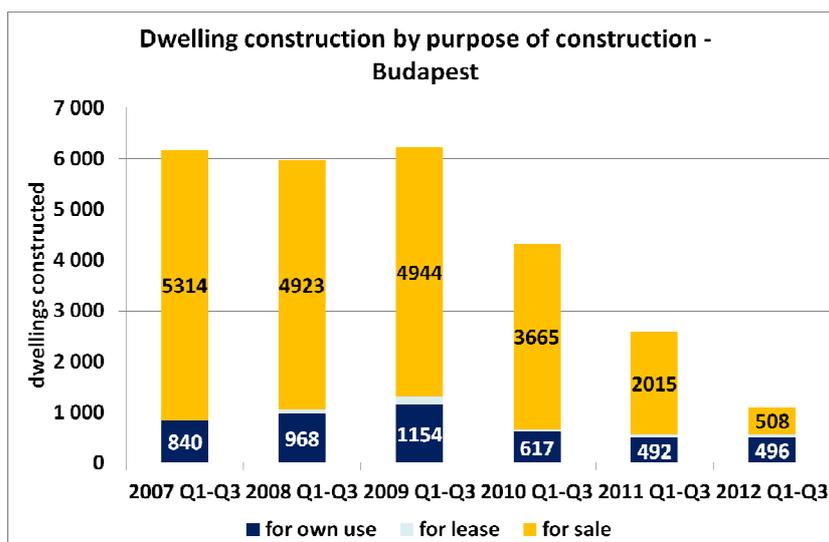
**1. Chart - Main indicators of home construction in Hungary**



Source: HCSO

The number of construction permits is relatively closely followed, with a lag of one year, by the number of the occupancy permits, that is, we can consider the number of construction permits issued to be a good predictive indicator for the number of homes that would be completed. On this basis, no trend change can be expected in the number of homes built. Another good indication of the market players' restrained expectations is that the numbers of the homes completed and the number of the construction permits issued are very close to each other, even with a one-year lag, that is, the construction permits are realised in a higher proportion than in the years prior to the crisis, and that reflects a more conscious, risk-avoiding attitude of the builders.

**2. Chart - Breakdown by construction purpose in housing - Budapest**



Source: HCSO

Similarly to experiences of previous quarters, significant differences exist between the home construction performances of the different geographical areas. In Budapest, the number of homes completed in the first 9 months remained below 1,100. This is 58 percent less than the value measured for the first three quarters of 2011. This drop of

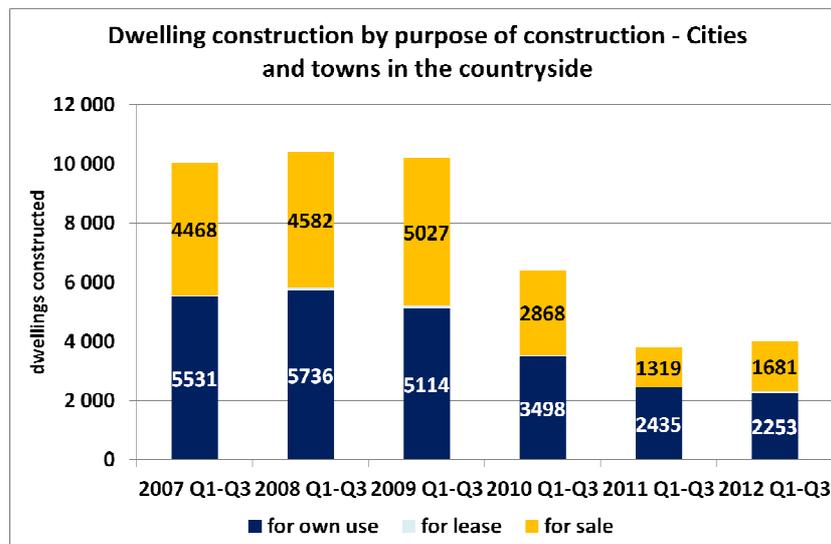
almost 60 percent is the triple of the average for the country and it is higher than the drop of 40 percent measured in the first three quarters of the year, from 2010 to 2011. The reason behind this drop, exceeding by far the countrywide average, is a major decline in the number of homes built for sale. Whilst the number of homes built for own use did not change between the first three quarters of 2011 and the same period in 2012, the number of homes built for sale dropped to one-fourth in the capital city. This change is even more spectacular, when we compare data for 2012 with the data for 2008 or 2009.

As opposed to a major drop in Budapest, in the towns and cities of the countryside, the number of homes being built shows a stagnation already. Home construction is the liveliest in cities with county rights, where already an increase may also be observed in the number of the occupancy permits.

According to HCSO data, a more important activity can be already seen in the larger cities; in Szeged and Debrecen, more than 300 homes were built this year, to date, and in addition to these cities, the number of completed homes was above one hundred in Kecskemét, Győr, Sopron, Érd and Nyíregyháza.

In the towns and cities of the countryside, the market is driven at present by homes built for sale, as their number increased in the first nine months of the year, whilst the number of homes built for own use decreased in a comparison with the same period of 2011, however, construction projects belonging to this latter category continue to represent the majority.

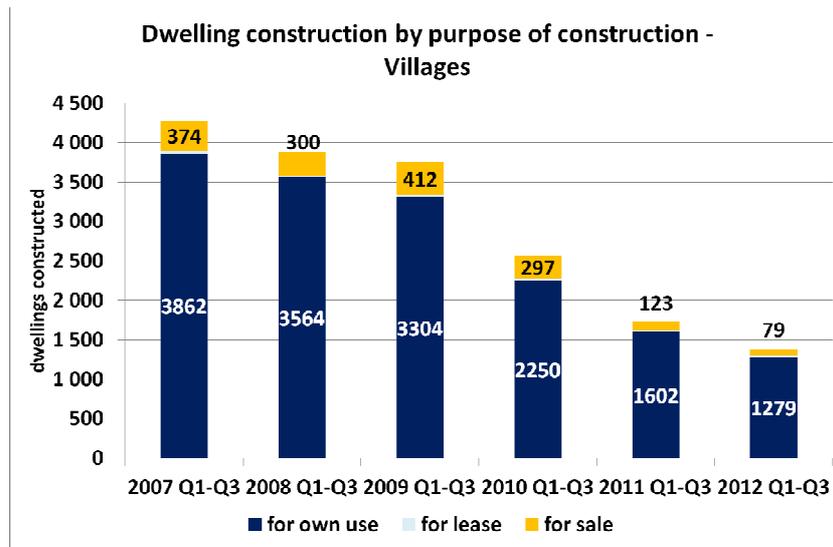
**3. Chart- Breakdown by construction purpose in housing - cities and towns in the countryside**



Source: HCSO

In villages, the drop in the number of homes built corresponds to the average for the country as a whole, 20 percent. The number of homes built for sale is a negligible figure, in these places – not surprisingly – home construction for own use was dominant.

4. Chart - Breakdown by construction purpose in housing - villages



Source: HCSO



# FINANCING ENVIRONMENT

## KEY FINDINGS

### No growth:

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NBH has cut its lending forecast, expecting a reduction in the stock of household loans in 2013 and also in 2014, which means that a trend change can be foreseen for 2015, at the earliest.

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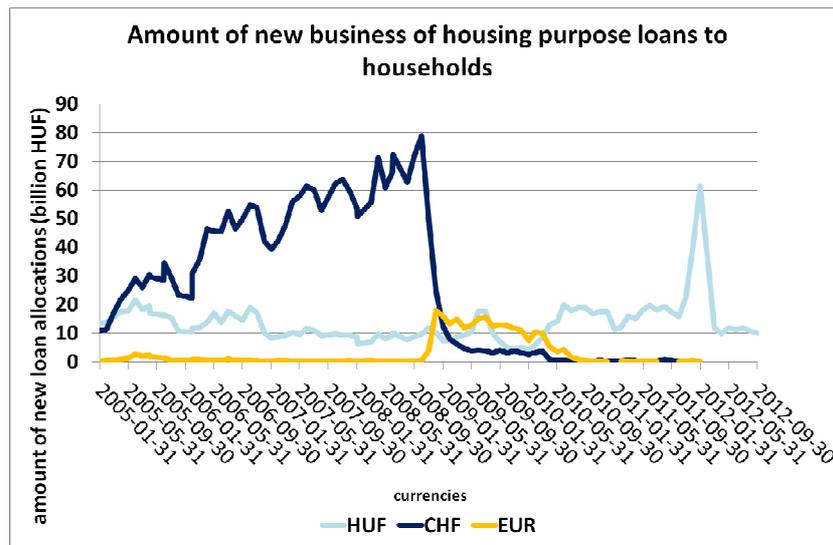
In September 2012, the loan stock of households decreased by 40.3 billion forints, according to NBH data. In September, households were net borrowers in terms of forint loans, that is, borrowings exceeded repayments by 21.8 billion forints, whilst with regard to currency loans, they were net repayers, as redemptions exceeded new loans by 62.1 billion forints. The stock of housing-purpose retail loans amounted to 3,541 billion in September 2012, whereof loans denominated in forints represented 1,649 billion and currency loans 1,892 billion forints.

New disbursements of housing-purpose loans amounted to 10.1 billion forints in September 2012, that is, were practically identical with the contractual amount of new housing-purpose loans disbursed in April, the lowest level this year. In the third quarter of the year, the total sum under new contracts amounted to 32.74 billion in the case of retail loans for housing purpose, which is almost identical with the figure of 33.04 billion, in the second quarter. That is, the reduction in the volume of new contracts has stopped

for the time being, but the volume in the third quarter was more than 40 percent inferior to that volume in a comparison with the same period of last year.

The change in loan stock was influenced also by the conversion of currency loans in default into forint loans. NBH said that in the framework of the conversion programme, defaulted currency loans to the value of 25.3 billion forints were converted during the months of June, July and August. As the credit institutions waived 25 percent of the defaulted currency loans converted into forints, the aforementioned conversion increased the forint loan transactions by 19.6 billion forints during the months of June, July and August.

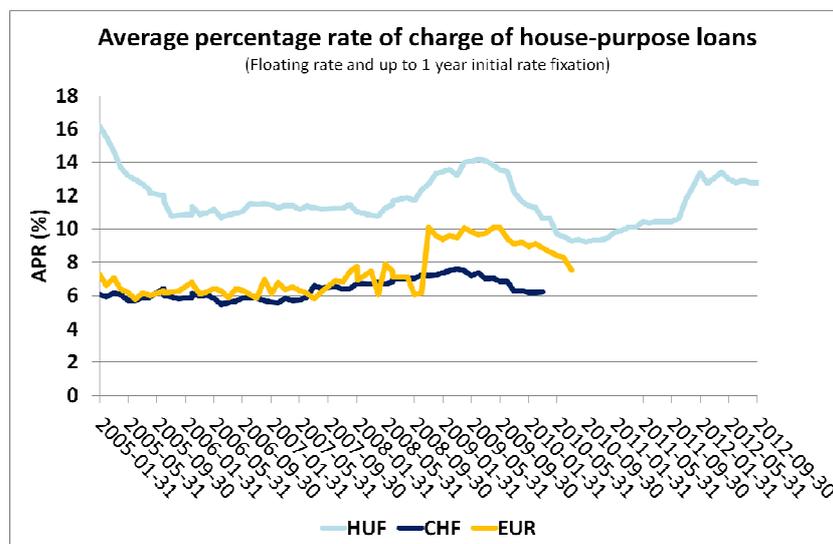
**5. Chart - The amount of new housing-purpose retail loan allocations**



Source: NBH

As to the average APR indicator, from the end of 2011, the one-off repayment scheme brought a significant increase and, actually, this effect persisted also in the first half of 2012, and only a minimal decrease can be observed in the third quarter of the year as well. According to NBH data, banks are planning to moderate their interest premiums within short.

**6. Chart - Average APR indicator for housing-purpose loans to households**

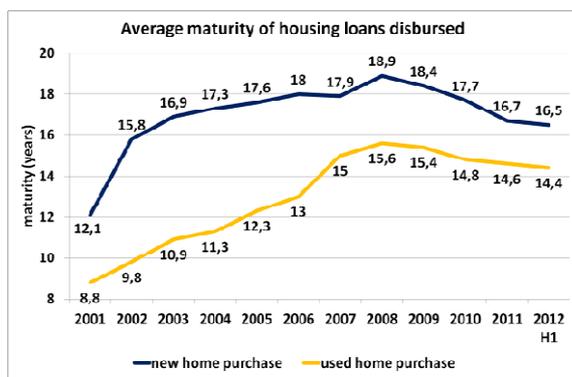


Source: NBH

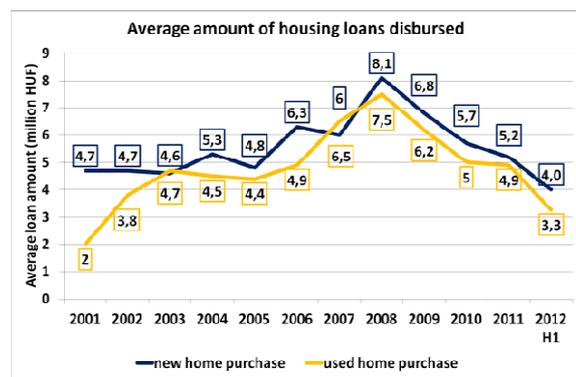
The average APR indicator may decline, subject to the expansion of loans offered under schemes with government subsidies for interest payments. In the opinion of NBH, the potential effect of the central bank's rate cuts is smaller in the case of household loans, as compared to the corporate segment. Only 40 percent of the loan stock of households is forint-based, and within 6 months, only half of these loans can be repriced.

No major change can be seen in the maturities of housing loans disbursed in the first half of 2012, as compared to the data for 2011. The average maturity of loans obtained in the first half of this year for the purpose of purchasing newly-built homes was 16.5 years, according to HCSO data. It is important to take into consideration that purchases of newly-built homes dropped, that is, disbursements of this type of loans are small in number. The average maturity of loans disbursed for the purpose of purchasing homes from the owners is roughly 2 years shorter.

**7. Chart -- Average term of housing loans disbursed**



**8. Chart -- Average amount of housing loans disbursed**



Source: HCSO

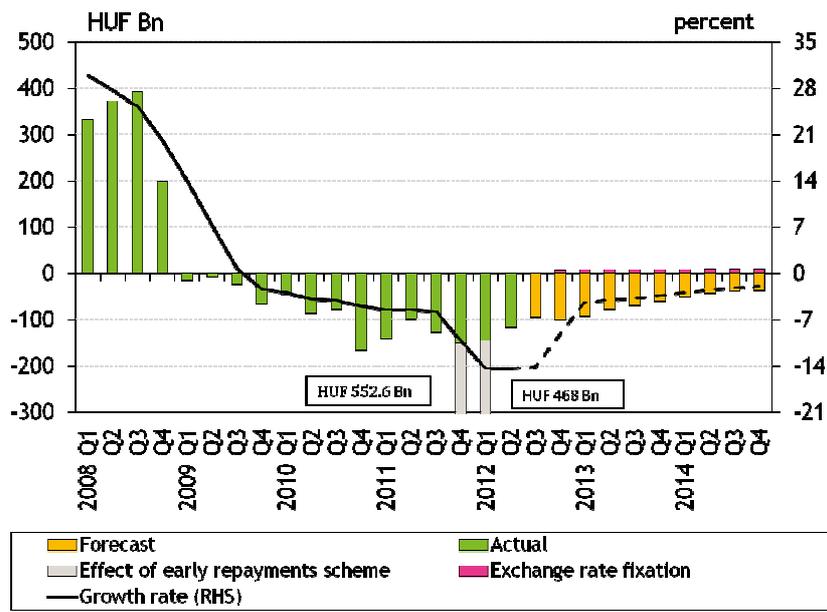
In the case of the average loan amount, the decrease observed since 2008 continued, as to loans disbursed in the first half of 2012, the average loan amount is already at the level of 2001, according to HCSO data.

## LENDING FORECAST

NBH modified its previous forecast, where a recovery in household lending was expected by the end of 2013, because of the deteriorating external and internal environment. According to the new forecast, a 3.4 percent decrease in the stock of household loans in 2013 shall be followed by another squeeze of 2 percent in 2014. NBH expects a further moderation in demand for household loans, where a deterioration of the income position and the cautiousness of households represent the reasons behind. On the offer side, the banks' readiness to lend might be restricted because of the tax burdens; at the same time, the interest-subsidised schemes and the rate cuts by the central bank may open possibilities for offering less expensive loans.

For a resurrection of lending to households, a takeoff is needed in housing market demand as well. NBH forecasts on household lending do not paint a rosy picture from the point of view of the housing market; for 2012, we assume stagnation. In the year 2013, on the basis of the forecasts, the financing environment will not be able yet to support a boost on the residential market. Deteriorating forecasts regarding economic growth do not predict a very positive picture for 2013, either. In addition to the financing environment, an improvement is necessary also in the expectations of the households (safety of their jobs, revenues) in order to let the market wake up from its present status of burning at low heat.

9. Chart - Forecast of lending to households



Source: NBH



# HOUSING POLICY AND REGULATION

## KEY FINDINGS

### Changes in duties:

from 2013, the present two-rate duty (up to 4 million HUF, 2%, above that level, 4%) will be replaced by a uniform duty of 4 percent. A positive change is that the 40,000 HUF limit of preferential duty for young people buying a home will be lifted, and also, no duty will be payable in the case of a negative difference in market values (when people move from an expensive home to a cheaper one). Due to these changes in duties, some of the buyers might advance their purchases, but there are some groups who have an interest precisely in postponing their purchases to the following year, therefore, the market impact of these changes cannot be predicted, but no major rearrangement shall be expected.

### Government subsidies:

in the third quarter of the year, an impact of the government's demand-stimulating programmes could not be observed yet on the residential market. The background for that might be partially the terms of these programmes, and partially low demand for loans.

### Exchange rate fixing:

by the end of September 2012, those who joined the exchange rate fixing scheme concluded more than 65,000 collection account contracts. This might bring a contraction on the offer side, and that might reduce the pressure on prices, originating from oversupply. Roughly 20 percent of the eligible debtors joined the exchange rate fixing scheme.

### Auction quota system:

further on, banks do not use in full their possibilities for forced sales, offered by the auction quota system, what is more, the utilisation ratio is rather diminishing. At the same time, in spite of the forced sales already started, the basis of the quota increased, with some fluctuations, during the last quarters, with 112,000 properties at present, involved in forced sales.

## CHANGES IN DUTIES

From 2013, the extent of the duty payable upon the purchase of a home becomes a flat rate. The two-rate duty on the acquisition of residential property, in effect in 2012 (up to 4 million forints, 2 percent, for the amount exceeding that level, 4 percent) becomes a flat-rate charge, that is, the buyer shall pay 4 percent on the whole of the market value. In the case of a home that is not more expensive than 4 million forints, this means an additional burden of 80,000 forints for the buyer. The basis for charging the duty remains the market value of the purchased home or, if the buyer sold his/her previous residential property within one year before (or after) the purchase of the new home, then the basis is the difference between the market values of the purchased and sold homes. This additional liability of 80,000 forints appears also in a case where this value difference is a positive figure, that is, when it reaches 4 million forints. In the case of properties with a purchase price below 4 million forints or where the market value difference is lower than that, the payable difference will be smaller than 80,000 forints, of course, but in these cases, the additional duty payable is significant under the new rules, given that the buyer will have to pay in 2013 the double of the duty charged in 2012, under the previous rates.

In Budapest, in the first half of 2012 – on the basis of sale and purchase transactions registered by HCSO –, the average price of homes sold by owners was 13.8 million forints. In the case of such properties, considering representative for the average, the duty is HUF 472,000 under the rules of that period. According to the draft, next year, this amount may increase to 552,000 forints, meaning an additional burden of 17 percent. In the countryside, in the case of cities with county rights, at an average price of about 9 million forints for homes sold by the owner, the duty of 280,000 forints increases to 360,000 forints, meaning an almost 30 percent increase in the respective burden. Moving from a home of 10 million into one of 12 million would mean that the duty will be not the 2012 level of HUF 40,000, but 80,000 forints.

Therefore, those who move from a cheaper home to a more expensive one and they sold their previous residential property more than one year before the date of the purchase, it makes sense to speed up the process of property lookup and the sale and purchase. It is important to know that it is not sufficient to complete the signing of the sale and purchase contract until the end of the year, because NAV charges the duty on the basis of the date when the contract was received by the Land Registry. It is therefore necessary to calculate with the time required for the submission, too.

But in a case where the value of the home sold within one year before the purchase or will be sold within one year after that is higher than the value of the property purchased, a wait-and-see attitude is the appropriate tactics. On the basis of rules in effect at present, if the buyer moves from a more expensive property into a cheaper one, then, even if the market value difference of the two properties is negative, the buyer shall still pay the duty, for the absolute value of the difference. According to the new rules, in the case of a negative difference, the buyer is exempted from paying the duty. This modification might mean a relief for those who are compelled to sell their homes because of payment difficulties, given that in their case, financial means remaining after the repayment of the loan are limited for the purchase of a new home, in other words, moving from an expensive home to a cheaper one is more likely.

Another positive change is that the upper limit of HUF 40,000 for the 50 percent duty allowance offered to young people below the age of 35 years, buying their first residential property will be lifted from 2013, and the other upper limit of 8 million forints, for the value of the property will be moved to 15 million forints. With this regulation, the duty payable by young people will decrease significantly from 2013. According to the present regulations, in the case of a property of 8 million, the full amount of the duty is HUF 240,000, from which a 50 percent allowance would mean 120,000, but young people

buying their first home can use only HUF 40,000 out of that. According to the new rules, in effect from 2013, using the upper limit of maximum 15 million for the home's value and the flat rate duty, the amount of the duty is HUF 600,000, from which young people buying their first home will have to pay only HUF 300,000, due to the allowance of 50 percent. In addition, the upper limit of 15 million opens a larger segment of the available offer for young homebuyers mainly in Budapest

## HOUSING SUBSIDY AND INTEREST SUBSIDY

We already presented in detail the terms of the government's demand-stimulating programmes, in the previous numbers of Residential Market Monitor. The practical impact of these programmes cannot be observed on the market, even though the social benefit is already available, since last January, and the interest-subsidised schemes could appear in the product range of the banks practically from the second half of 2012. The low popularity might be attributed to the terms and conditions and to the very low propensity to indebtedness in the households. Even if the loan costs of the interest-subsidised schemes actually are very competitive as compared to the other housing loans, until now, they could not attract additional demand to the residential market. It is not rare that someone who plans to buy a home financed by a loan anyway, opts for this scheme, as opposed to previous offers, but for the time being, we cannot report new entrants. A more substantial demand expansion effect can be expected only when the economic and financing environment improves.

## PROGRAMMES TO SUPPORT CURRENCY LOAN DEBTORS

The government launched several programmes aimed at helping housing loan debtors struggling with payment problems, in particular, debtors of foreign currency loans. In this subchapter, we present the operation of these programmes.

We already presented in detail the terms and conditions of the exchange rate fixing in previous issues of Residential Market Monitor. In short, in the new, modified system of exchange rate fixing, the installment calculated at or below the fixed exchange rates – in the case of the Swiss franc, 180 HUF/CHF, in the case of the euro, 250 HUF/EUR, in the case of the Japanese yen, 2,5 HUF/JPY – shall be paid in full by the debtor. As to the portion of the installment that exceeds the fixed exchange rate, which is the difference between the installments calculated on the basis of the exchange rate on the market and the installment calculated at the above, fixed exchange rate, the debtor is liable only for the payment of the principal's portion. Even that is not to be paid immediately, but this amount is recorded by the bank on an omnibus account, in the form of a credit, payable by the debtor. The bank remits the other portion of the installments due above the fixed exchange rate, the portion of interests and interest-type fees, and the debtor will not be required to pay that later as well. By the way, this amount will be borne by the bank and the government in equal portions.

Until September 30, 2012, according to HFSA (Hungarian Financial Supervisory Authority) data, 64,571 collection account loan contracts were concluded, where until now 1,962 million forints of debt was accumulated by the users of this scheme. The total stock of currency loans protected by the exchange rate fixing was roughly 609 billion forints at the end of the first three quarters of the year. About 20 percent of the eligible debtors entered the programme until the end of September, which means that the participation ratio remained below the preliminary expectations until now. A possibility to join this programme is open until 31 December 2012.

The exchange rate fixing system is available only for currency loan debtors with overdue liabilities of less than 90 days. For debtors with delays of payment exceeding 3 months, the conversion of their currency loans into forints could mean a help. In the case of

debtors who were in delay with the payment of at least 78,000 forints for more than 90 days as at September 30, 2011 and their default is continuing, an opportunity was provided to change the currency of the loan to forint. According to the data of NBH, finally the exchange rates used for the conversion were as follows: 248,5 HUF/CHF, 298,6 HUF/EUR, 2,99 HUF/JPY. The banks converted, by the deadline specified in the law, the 31st of August, currency loans to the value of 23 billion forints (about 3100 contracts).

We also already presented the operation of the National Asset Management Company (Nemzeti Eszközkezelő Társaság, NET) in previous issues of Residential Market Monitor; as to the terms and conditions, the only change was that the programme is available for a wider scope (the criterion initially was that there shall be two dependents, but the changes in this summer, this was reduced to one dependent). According to data of NET Zrt, as at 31 October 2012, the number of properties offered to NET was above 1,100. Most of such offerings continue to come from the counties of Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg. These two counties account for more than 30 percent of the offerings, with Budapest and Pest County accounting for almost 10 percent. At the same time, data for the counties Győr-Moson-Sopron and Vas remain below 1 percent. The average market value of these properties was, at the time of signing the loan contract, HUF 6,660,000. NET Zrt is prepared to buy a total of 8,000 properties.

The above may result in a narrowing of supply, as a direct effect observable on the property market. In the first half of 2011, it is estimated that the number of those who offered their properties for sale explicitly because of payment difficulties might have been 10-15 percent. These people, if they are in a position to join the exchange rate fixing scheme and the new terms and conditions already mean an affordable burden for them, might withdraw their offer to sell. This would mean a decrease in supply on the market, and that might have a positive impact in the present situation of oversupply. On the other hand, the restrained popularity of the exchange rate fixing scheme until now does not help such decrease in the available offer.

## AUCTION QUOTA

The auction quota system is operational already since mid-2011, its rules were covered in detail in previous issues of Residential Market Monitor. Essentially, this is a facility for banks to transfer for forced sale, on a quarterly basis, only a certain portion of their loan stocks in default since more than 90 days. This means that banks can initiate the sale of such properties outside court, or file an application for enforcement regarding that property. In 2012, that quota represents 3 percent for each quarter of the year. The auction quota was designed to avoid a situation where properties representing collaterals behind loans in default come to the market, all of them at the same time, generating a major drop in the prices there.

**1. Table - Forced sales quotas of property collaterals behind loans with overdue amounts exceeding 90 days**

	basis for the quota	utilisation of the quota
4Q2011	100 268	72%
1Q2012	99 778	83%
2Q2012	107 182	84%
3Q2012	113 846	70%
4Q2012	112 286	68%

Source: HFSA

According to HFSA data, the basis for the quota at present consists of 112,000 properties. Even though forced sales could start in the year 2011, the basis of the quota increased, with some fluctuations. That is, in spite of forced sales, the number of loans in default continues to grow.

Every quarter, HFSA publishes the number of properties selected for forced sale and the quota utilisation level. As witnessed by these statistics, banks use the forced sales option in continuously decreasing proportions. Even if no official information is available on the reasons for such low popularity, in the management of non-performing loans, an important decision-making criterium for the bank is the recovery of the claim.

The sale of the property upon mutual consent between the bank and the debtor may be one of the alternatives of the forced sales described above. According to the experiences of Otthon Help (a company belonging to the same corporate group as Otthon Centrum, providing help in the sale, management, value appraisal of properties provided as collaterals for loans in default from the point of view of banks), even though the possibilities existed already last year for the joint sale of properties behind bad debts, by the bank and the debtor, in 2012, banks manifest an increased interest in this solution.

The auction quota system shall remain in force until the end of 2014, but the liquidation of bad loans shall last, according to an estimate of Otthon Help, taking account of the joint sale option with the debtor's involvement as well, at least until the end of the operation of the auction quota system, that is, three years, but even a longer period, of one or two additional years might be also needed.

The auction quota system is designed to lessen any pressures on prices from forced sales. In practical life, this operated well until now, and it is highly likely that we shall not expect a decrease in the prices due to forced sales in the future either. The purpose of a sale jointly with the debtor is selling at market prices, therefore, no pressure will be exercised on prices and, depending on the timing of such sales, it might bring some expansion in the supply.



# MARKET OF THE NEWLY BUILT HOMES

## KEY FINDINGS

**Declining sales:** on the buyers' side, the continued high level of distrust and the stock of unsold homes, remaining static because of the lack of resupply, make more and more buyers turn towards the market of homes for resale. On the developers' side, a major drop in demand and difficulties in the financing environment are holding back home construction. Developers react to these circumstances with smaller project sizes and renting out completed homes.

**Smaller projects:** NBH expects some improvement in the lending terms, which were substantially tightened due to the one-off repayment scheme. The average APR indicator may decline, subject to the expansion of loans offered under schemes with government subsidies for interest payments.

*Notes to the methodology: accurate data on the sale and purchase of newly built homes are available from the procedure of imposing the respective fee. NAV (the Hungarian tax authority), in charge of maintaining that database, makes the decision on the basis of the fee allowance applicable to the purchase of new homes whether the property in the given sale and purchase was a new one, or an existing one. It can happen, however, the prior to the purchase of a new home, the buyer already sold a property, and for him/her, the fee payable is more preferential, if the fee due for the new home can be diminished by deducting the fee already paid, instead of making use of the fee allowance offered for the purchase of the new home. In other words, it is thinkable that NAV classifies some of the transactions implying newly built homes as sale and purchase of existing residential property. Therefore, the number of transactions for newly built homes in the KSG statistics, originating from NAV, shall be considered as a lower estimate for the number of transactions with new homes.*

*Statements on the Budapest market of newly-built homes are based on the project database of Otthon Centrum, in addition to HCSO data. This database contains data, retrospectively, from 2005, the data of newly built homes and projects offered for sale, as at the date of the semi-annual updating process. For instance, the number of sales transactions, the delivered and unsold stock of homes and the main characteristics of the homes.*

On the situation of the market of newly-built homes, either in terms of the number of homes built or from the point of view of selling transactions, we cannot give a rosy picture. A further decline in the number of homes under construction was already

mentioned in the previous chapter, however, in connection with that, sales of newly-built homes also show a downward trend.

According to HCSO data, the number of newly-built homes sold is permanently decreasing since the crisis in Hungary. Whilst since 2009, the number of all sales and purchases was permanently around the level of 90,000, the number of new homes sold is declining, reflecting a narrowing of the supply, on the one hand, and the lack of confidence among buyers, on the other. HCSO data on the sales and purchases in the first half of 2012 cannot be considered final, either in the case of resales or new homes, because for the whole of the year 2012, we expect a total of 90,000 transactions, but the share of newly-built homes in total sales is telling, even so.

**2. Table- Number of newly built homes and their share within all transactions in Hungary**

number of sales and purchases (pc)	2008	2009	2010	2011	1H2012 *
home for resale	140 000	82 900	85 500	83 900	35 400
newly built home	14 100	8 300	4 800	3 900	1 200
share of newly built homes in sales	9,15%	9,10%	5,32%	4,44%	3,28%

Source: HCSO, Otthon Centrum  
\* preliminary data

Behind the fact that buyers are turning away from the market of newly-built homes, we find two main reasons. On the one hand, the general lack of confidence can be felt on the market of newly-built homes as well, as manifested in the interest of buyers only in already completed homes or the ones that are very close to completion, not daring to pay installments of the purchase price for longer periods, in advance. On the other hand, this implies for developers serious difficulties in financing, who have, similarly to homebuyers, inconveniences in accessing to funds from banks. This is exactly why on the market it is not rare phenomenon that a project with a small number of flats already holds the construction permit, even the sales are relatively strong, but in order to be able to start the construction, the developer needs to sell one or two flats.

Another reason for a stronger market of homes for resale is that the present stock of newly-built homes offered (in Budapest, this means 3-4,000 homes) is a very static one, given that less and less newly homes are built for sale (as we could see on 2. Chart, there is a major drop in this respect, particularly in Budapest). In other words, for an update of the stock, a resupply is missing, therefore, the buyers face an offer of homes, not particularly changing, and many times already pre-picked, and so, if they do not find a home corresponding to their needs, they might easily continue their search on the market of homes for resale.

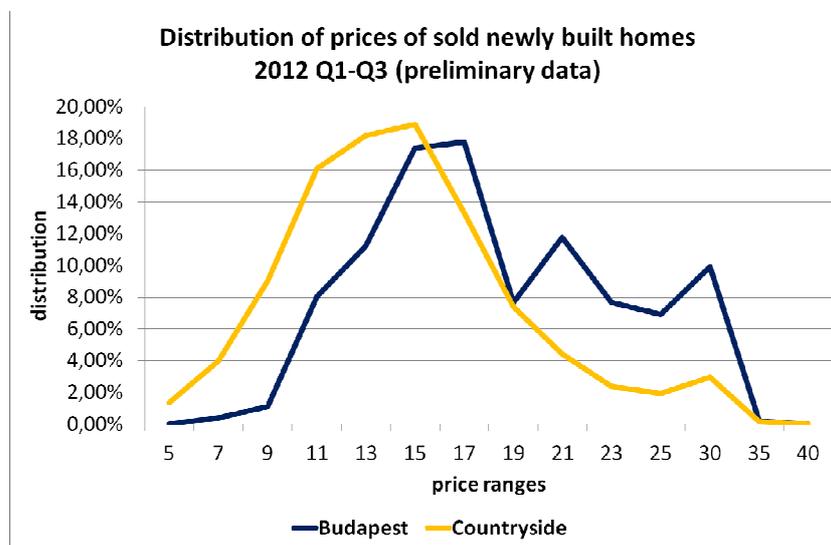
On the developers' side, the already presented adaptation forms continue to be observable. Further on, projects with a small number of flats represent the majority on the market, and developers continue their efforts to lure the buyers with price allowances (a discount to the listed price, free garage or storage room etc.). One can experience increasingly often that the completed homes are rented out by the developers. This way, these homes are either completely leaving the market, or the developer will offer the home together with the lessee. In such cases, lease contracts for a determined period are frequent, ensuring that even in the case of a change in ownership, the lessee shall be able to remain there. This might be attractive among buyers who are looking for investment opportunities, given that the property can produce income immediately.

In the chapter dealing with regulations we already presented the potential effects of social benefit and interest subsidy on the market of newly built homes. These measures may give an impetus for new-home demand, but still, due to a low propensity to

indebtedness and the present environment in the economy, they will be able to exercise their effects probably from 2013, in practice.

On the basis of sale and purchase transaction data registered by HCSO in the first nine months of 2012 (which cannot be considered final yet), we obtain a picture that is not surprising at all in terms of the prices of the homes (see 10. Chart). In the counties of the countryside, new homes in the range between 13 and 15 million and in the range of 11 and 13 million represent the largest share within total sales of new homes. In Budapest, the somewhat more expensive homes, in the range of 15 to 17 million, appear most frequently. While in the countryside, from the top range of 13-15 million, the share of the increasingly expensive newly-built homes is continuously decreasing within total sales, in the capital city, the share of homes exchanged at prices between 17 and 30 million forints remains relatively stable and homogeneous. In other words, in the capital city, the new homes with higher price levels are searched for and purchased by a far wider segment.

**10. Chart - Breakdown of newly built homes, based on their selling prices**



Source: HCSO, Otthon Centrum

(The price ranges on 10. Chart indicate, in each case, the upper limit of a given range, where the round values in millions show the lower limit of the price ranges, that is, precisely, the range of 17 million represents the range from HUF 15,000,000 to HUF 16,999,999.)



# THE MARKET OF HOMES FOR RESALE

## KEY FINDINGS

### Blowout of an upturn:

in the first three quarters of 2012, in a comparison with the same period of the previous year, the increase in demand is more and more restrained. The number of transactions in the first three quarters of the year exceeds the performance of the same periods in last year only by less than 10 percent.

### Growth in bargaining:

sellers are compelled to make concessions not only at the time of concluding the contract, but already prior to that, during the selling process, they have to lower the offered prices. In the first three quarters of this year, the rate of both price reductions in the selling process and price-cutting given at the time of concluding the contract increased in a comparison with the first three quarters of last year. This year, in the first three quarters, price-cutting passed the level of 13 percent, on an average for the country as a whole. Out of that, the reduction of the offer price by the seller in the selling process accounted for 5 percent, whilst the buyer managed to bargain 8 percent, when the contract was signed. The size of price-cutting increased from the second quarter to the third quarter of this year as well, for all types of property.

### Unchanged selling times:

in the last year, time required for the sale of properties did not change in any of the segments. The average selling time decreased, to some extent, only in the case of blockhouse flats according to data of properties that exchanged hands in the first three quarters of 2012, in a comparison with the same period of the previous year.

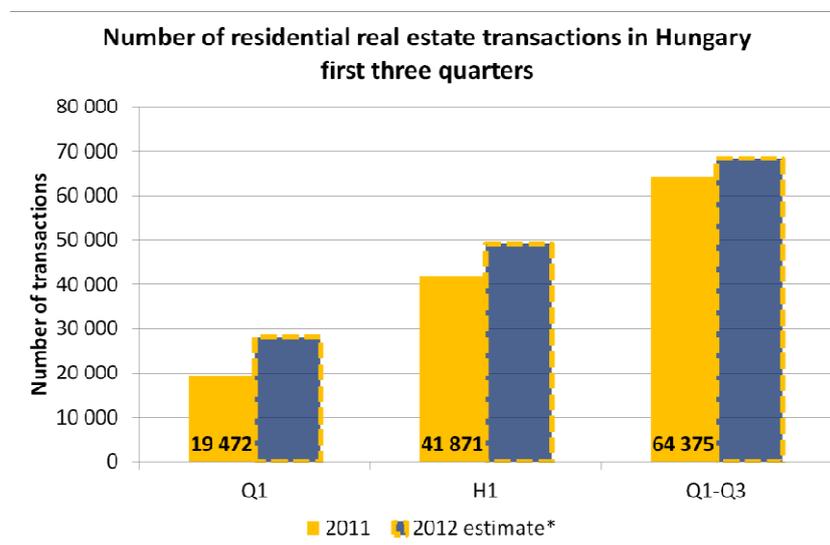
In this chapter, we present the main trends on the market of homes for resale. Detailed analyses on the market of residential property from owners are included in our Residential Market Adviser publication.

## BLOWOUT OF AN UPTURN

The important upswing experienced at the beginning of the year, generated by the one-off repayment scheme, seems to be blown out completely already in the third quarter of the year. Whilst in the first quarter of the year, the turnover on the residential market exceeded the figure measured in the same period of the previous year by 40 percent, the surplus in the first-half was only about 20 percent. In the first three quarters, due to the blowout of this momentum, the number of sale and purchase transactions shows only a surplus of less than 10 percent this year, in a comparison with the same period of last year. This blowout of the momentum supports more and more the assumption according to which the one-off repayment scheme was not able to lure actual surplus demand to the market, it rather induced purchases that were brought forward. In the hope of chance bargains, many buyers entered the market at the beginning of the year, who were considering a property purchase anyway. In the present period, their presence is missing, this is why we see on the Hungarian residential property market a transaction number that is closer and closer to the previous year's level.

The blowout of recovery in demand also indicates that in 2012 we will see last year's turnover data again. This turnover level of roughly 90,000 transactions means, already for a fourth year, a low, but stable demand on the housing market. The reason behind the low level of demand is the narrowing of financing possibilities, the deterioration of the households' expectations, but stability also means that the need for a home is always present and, at this low level, it is more and more independent from changes in the economic and financing environment.

11. Chart - Number of sales and purchases recorded in the first three quarters of the year 2011-fact, 2012-estimate



Source: HCSO, Otthon Centrum  
\*Otthon Centrum estimate

## EVOLUTION OF PRICES

In the third quarter of 2012, the prices of brick-built homes already shows a minimal increase of 1-2 percent in the countryside (both in the eastern and the western halves), in a comparison to the second quarter of the year. As opposed to that, the average price of brick-built homes in the capital city decreased, even though to a minimal extent, too. In the case of the blockhouse homes, as we could already experience that in the change from the first to the second quarter, prices stagnated between the second and the third quarter of the year. In the case of brick-built homes for resale, one can observe

stagnation or a minimal increase again in certain areas of the country, between the two quarters of the year.

**3. Table - Average selling prices per square meter, by types of property and areas, in the third quarter of 2012 (HUF thousands)**

3Q2012 (HUF '000)	brick home for resale	block home for resale	brick house for resale
Budapest	264	174	251
East	183	126	128
West	181	130	128
Pest County	201	149	171

Source: Otthon Centrum

This year, the decline in prices might already stop completely. The price level may bottom out this year, unless the market becomes exposed to some external influence, comparable to the one-off repayment option. Still, after a stagnation, an immediate price increase cannot be expected; in the absence of a well-founded expansion in demand and especially, in the absence of more favourable financing terms and stronger demand, no major price increase shall be anticipated on the market.

## PRICE BARGAIN

For calculating the price bargain, we investigate the total price-cutting granted in the selling process. In the case of total price-cutting, we compare the price indicated by the seller when the order was given, to the selling price. The difference between the two prices comes from the price bargain in selling, on the one hand, achievable by the buyer in the process of concluding the contract. On the other hand, it also comes from price reductions granted by the seller in the process of selling.

It can be seen clearly that somewhat less than half of the total price-cutting comes from reducing the offer price prior to the emergence of a serious buyer. A larger portion of the total price-cutting is frayed out by buyers, in the framework of negotiations about the contract.

**4. Table - Size of the total price-cutting, by types of properties, 3Q2012**

type of the property	total price- cutting	thereof: when contract is concluded
brick home for resale	12,50%	7,94%
brick house for resale	17,99%	11,24%
block home for resale	8,71%	5,87%

Source: Otthon Centrum

The increase in the price bargain is permanent, in spite of the fact that since 2009, there was no major change in the number of sales, that is, the number of buyers. When we consider, in a quarterly breakdown, the extents of the bargain measured this year, it is evident that the higher levels of the bargain experienced in the first quarter, coming also from the one-off repayment, became moderated in the second quarter, while in the third quarter of the year, their increase started again.

It is important to know that the above extents of bargain always show the average size of price-cutting; reductions smaller or larger than that also occur. The extent of the allowance to be made by the sellers from the initial price is largely dependent on how sanguine their hopes were when they started and how far they can accept the market price levels.

## SELLING TIME

No significant change was observed in the amount of time required for selling in this past period. Due to the crisis, the period required for the sale of properties increased significantly, but no major changes can be observed for any of the property types from the first three quarters of 2011 to the same period of 2012.

A shorter selling time for blockhouse homes, in a comparison with the other types of property, could be observed already before the crisis. In the background, the reason might be that as opposed to brick-built homes and houses, blockhouse flats mean a more homogeneous conglomerate, the parameters of differences among them are less in number, and this shortens the time required for making comparisons and the decision about the purchase. In the case of blockhouse flats, already some positive shift can be also seen in selling times, in a comparison to previous years; on the basis of sales registered in the first three quarters of 2012, the average selling time of blockhouse homes decreased.

**5. Table - Average selling times in days, by types of properties**

type of the property	1_3Q2009	1_3Q2010	1_3Q2011	1_3Q2012
Brick home for resale	83	110	115	116
Block home for resale	83	87	82	75
Brick house for resale	141	173	194	198

*Source: Otthon Centrum*

When assessing data, it should be taken into consideration that the time needed for the sale of properties shows a huge standard deviation; we can come across flats sold within a matter of weeks, and it is not a rarity either than the property spends even a full year on the market. We shall evaluate average selling times in knowledge of that.



# MARKET OF RENTED HOMES

## KEY FINDINGS

### Stagnating rentals:

in the first nine months of 2012, there was a minimal increase in the rentals of blockhouse homes, as compared to the same period of the preceding year. At the same time, the rentals of brick-built homes increased over the same period, but even so, this is the level of 2010.

### Yields:

at present, in the case of properties purchased for the purpose of letting, yields of 8 to 10 percent can be achieved over an investment period of 10 years.

*Notes to the methodology: on the market of rented homes, we only have limited information available. Due to the high ownership ratio, the relatively narrow market of rented property generates few renting contracts in itself, in addition, many contracts belong to the gray or black zones of the economy, therefore, information hidden there cannot be accessed. In accordance with that, no central register exists for lease contracts (similar to the one used for sale and purchase information, from the database of NAV or HCSO), that is, statistics we became used to in the case of sale and purchase, covering the whole of the market, are not available here. Therefore, in the analysis we could use only data on the transactions administered through the Otthon Centrum network.*

In this chapter, we present the developments in rentals and the yields achievable through letting. Further information on the rental market is available in our Residential Market Adviser.

## EVOLUTION OF RENTALS

6. Table - Average monthly rentals per square meter, by types of properties

type of the property	1_3Q2009	1_3Q2010	1_3Q2011	1_3Q2012
Brick home for resale	HUF 1,390	HUF 1,420	HUF 1,300	HUF 1,370
Block home for resale	HUF 1,030	HUF 920	HUF 950	HUF 980
Brick house for resale	HUF 1,010	HUF 990	HUF 960	HUF 960

Source: Otthon Centrum

In the first three quarters of this year, monthly rentals of brick-built homes and blockhouse homes are also higher than the average rentals recorded in the same period of the previous year. In the case of blockhouse homes, the increase is only minimal, in the case of brick-built homes, rentals increased substantially, but even so, it does not

reach the level measured in 2010, for the same period, with an average of above HUF 1,400 per square meter.

## YIELDS

One of the most frequently used investment strategies is the purchase of properties for the purpose of expenditure. With the decrease in property prices, rental fees also declined, but in frequented areas, such as in the proximity of universities and colleges, in cities with important demand for manpower, the lease of a property provides a secure revenue. In this chapter, we demonstrate the profit that can be realised from lease with a calculation of theoretical yield.

In the model, we calculated with an investment period of 10 years, which means that in the first year, the flat acquired in January 2012 is leased by its new owner for ten years and, at the end of the tenth year, it is sold. In the model, we have been using the following assumptions:

- *A property's nominal value follows inflation, that is, it maintains its real value, but its owner cannot calculate with an increase in the real value. This assumption is supported by the fact that in the case of properties purchased for the purpose of a lease, the main criteria are good location and easy occupancy, and in the case of properties fulfilling these criteria, the investor shall not necessarily expect a significant increase in the price as well.*
- *When the property is acquired, we calculated with the fees in effect and an attorney fee of 1 percent. The purchase of the property is realised fully from own funds.*
- *For the 10 years, we set an average inflation of 4.22 percent.*
- *From the second year, the owner spends HUF 100,000 in real terms on maintenance, and in the fifth year, a fivefold of that amount, for refurbishment. The costs of renovation in the individual years were indexed with inflation.*
- *The amount of the tax payable on the revenues from the annual rental fee was calculated with the PIT level of the current 16 percent. For simplicity, we calculated with the same tax rate for each year.*
- *The annual rental fee increases each year at a rate identical with inflation, but we did not calculate in the model with an increase in rental fees in real terms.*
- *The property is assumed to be leased all throughout those 10 years.*

In the model, we calculated yields based on data of some types of rents, highly searched for. We present these rent types, highest in demand, in the following chapter, in detail. Taking for a basis the ground areas of properties attracting the most interest, we calculated the purchase price and the annual rental fee revenues based on the average purchase price per square meter in effect in the third quarter of 2012 and the average rental fees per square meter in this same period. Yields for the different properties are in the neighbourhood of 9 percent.

7. Table - Yields obtainable through leases, for some types of rents that are highly in demand, 3Q2012

Town or village	Type of the property	ground area	yield
Budapest	block home for resale	50 sqm	9,71%
Budapest	brick home for resale	40 sqm	8,86%
Budapest	brick home for resale	60 sqm	9,28%
Western part of the country	brick home for resale	60 sqm	8,62%
Eastern part of the country	block home for resale	50 sqm	9,54%
Pest County	brick house for resale	100 sqm	9,44%

Source: Ottthon Centrum



# HOUSING LAND MARKET

## KEY FINDINGS

**Plot prices:** in the first nine months of 2012, there was a minimal increase in the rentals of blockhouse homes, as compared to the same period of the preceding year. At the same time, the rentals of brick-built homes increased over the same period, but even so, this is the level of 2010.

**Plots looked for:** in Budapest, demand is most important for plots with a value between 13 and 22 million forints, with sizes of 700-800 square meters; in Pest county, for plots of 10-15 million forints, sizes of 700-800 square meters. In both the eastern and western parts of the country, demand is concentrated on plots between 2 and 10 million forints. In the western part of the country, one-fifth of the searchers had an interest in plots with values above that level.

*Notes to the methodology: We investigate buyers' preferences, that is, what buyers are looking for, using a new method, not applied on the market until now. Whether we have to do with Internet-based property search portals or an assignment to a property intermediary, buyers provide from-to limits when describing their needs, both in terms of prices and of ground area. On this basis, due to the ranges, it is difficult to analyse what would be the price and size of the plots that stakeholders are really looking for. Demand, of course, can be grasped also by examining on the basis of these criteria the properties sold, given that this is the point where demand finally meets supply, but it is difficult to collect information on the search criteria preceding those deals. It is easier to analyse, when we start from the data of the properties that are highly in demand. However, plots that can be viewed on the Internet are not suitable for that purpose, given that the viewing of an advertisement does not always mean an intention to buy, it is rather often only a reflection of dreams, or it is about looking around without a purpose.*

*We eliminate these inaccuracies by tracking in our system almost all queries, by telephone or email, about the specific advertisements of properties included in the assignment stock of Otthon Centrum, displayed on any of the advertisement interfaces. Doing so, we ensure that we will not analyse search domains, and also, an interest demonstrated by a call or in email already shows a more serious intention.*

*We investigate buyers' preferences on the basis of queries referring to specific properties included in the advertisements. The study covers two criteria in the case of plots: the price and size of the plots. We classify properties into groups, based on their prices, by a scale of one million forints, based on the area, by one hundred square meters. We establish for the different groups how many queries were received for plots belonging to the given group. The values indicated for the individual groups always show the middle of a group, that is, for plots of 10 million, for instance, properties*

ranging from 9.5 million to 10.5 million will be considered. This also means that plots of 400 square meters, plots with 350–450 square meters will be involved. Given that developer activity significantly dropped in respect of residential property, the market of plots suitable for large-scale residential properties is also stagnating. Therefore, the analysis in this chapter studies predominantly plots suitable for construction projects, having attracted interest via the Otthon Centrum advertisements in the second quarter of 2012.

A general trend on the market of plots is that due to the decrease in prices of family houses, buyers who earlier thought only in terms of buying construction plots and build there for their own use, increasingly frequently are looking for family houses, parallel to the plots.

## PLOT PRICES

In the table below, we show data of sale and purchase transactions, administered through Otthon Centrum, in some districts of Budapest, as well as towns and villages in the countryside.

**8. Table – Prices of plots in urban areas in the case of some transactions administered in the 3rd quarter of 2012**

Plot size (sqm)	Price	Town or village
1728	HUF 21,000,000	Balatonfüred
1951	HUF 29,500,000	Budapest III.
648	HUF 9,500,000	Budapest XVII. - Rákoskert
611	HUF 12,200,000	Budapest XVIII. - Erdőskert
1024	HUF 25,000,000	Budapest XXII. - Budatétény
893	HUF 11,500,000	Dunaharaszti
720	HUF 5,900,000	Gyömrő
1033	HUF 8,000,000	Győr - Ménfőcsanak
740	HUF 11,000,000	Nagykovácsi
1064	HUF 1,800,000	Pusztaszemes
698	HUF 8,900,000	Szeged - Újszeged
1291	HUF 9,500,000	Székesfehérvár - Öreghegy
873	HUF 10,850,000	Szentendre - Pismány
879	HUF 3,200,000	Tinnye
750	HUF 6,500,000	Vonyarcvashegy

Source: Otthon Centrum

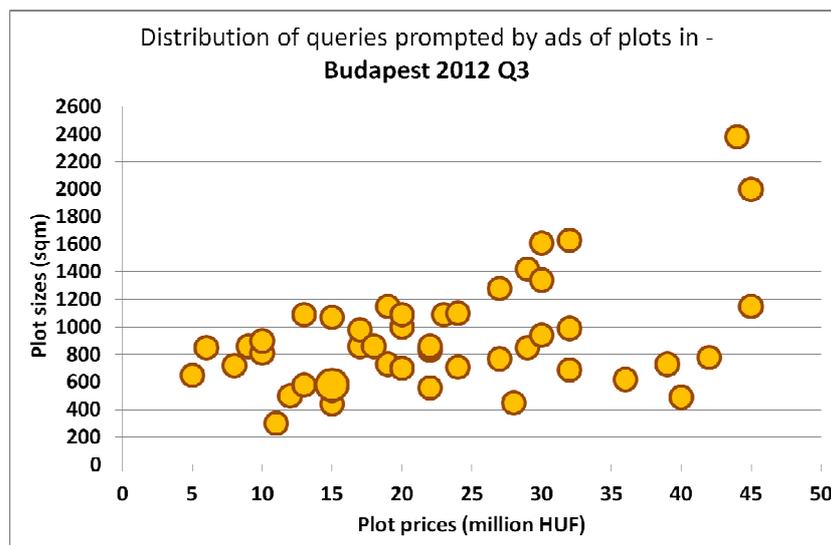
## CONSTRUCTION PLOTS LOOKED FOR

In this chapter we investigate the enquiries prompted by plot ads in the third quarter of 2012, on the basis of price and ground area. In this survey, only construction plots of urban areas are included.

### Budapest

In the capital city, on the market of construction plots in urban areas, the largest number of enquiries was generated by offers between 13 and 22 million forints. For such an amount, plots between 500 and 1100 square meters are offered, but the largest number of enquiries was generated by the smaller plots of about 600-700 square meters, and the price range most searched for was the 15 million one. Similarly to the experiences in the second quarter of the year, the upper segment is between 25 and 30 million, typically associated with areas of 800 or 1000 square meters. Above the range of 30 million, there is still substantial demand for plots, but with the increase in prices, the number of enquirers keeps declining; in the third quarter of the year, there was manifested interest towards plots that are above the level of 100 million, but this represented barely 10 percent of the enquirers.

12. Chart - Construction plots in urban areas, highly in demand – Budapest, 3Q2012



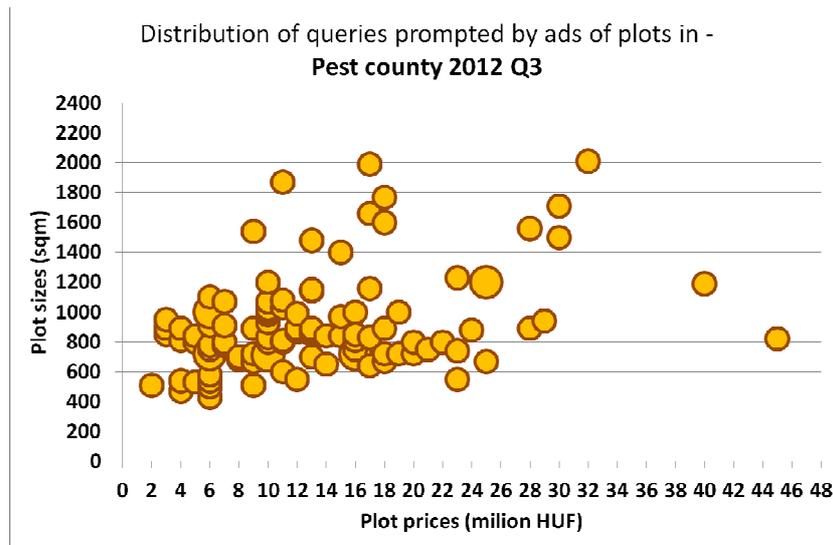
Source: Otthon Centrum

### Pest County

In the agglomeration of the capital city, even though interest is manifested towards plots between 2 and 5 million forints as well, demand is mainly concentrated for the range between 10 and 15 million.

In this value range, plots between 600 and 1200 square meters are offered, with most of the enquirers looking for plots of 700-800 square meters. By the way, even independently from the price of the plot, this is the size range that is most looked for. In this size category, a very high number of queries were registered, at purchase prices from about 6 million up to 25 million.

13. Chart - Construction plots in urban areas, highly in demand – Pest county, 3Q2012

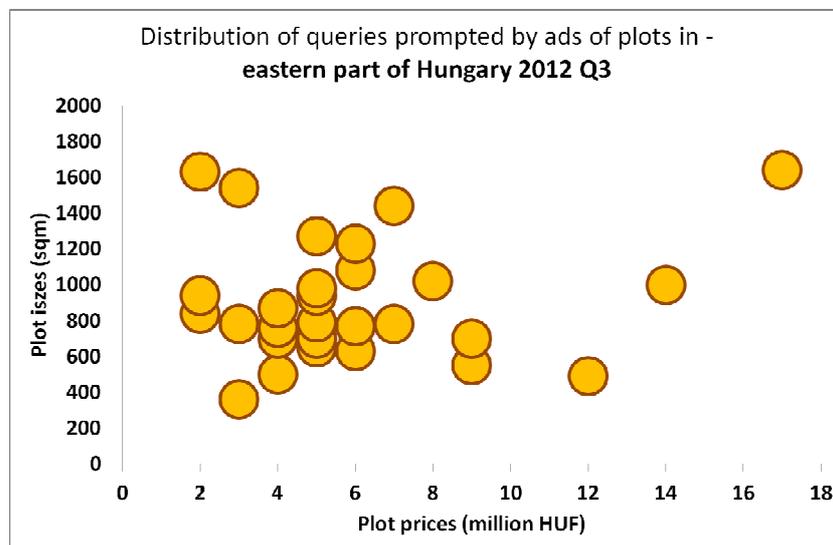


Source: Otthon Centrum

Eastern Hungary

In the eastern half of the country, demand for construction plots concentrates on properties with purchase prices of 2-9 million forints. The largest number of enquiries was generated by plots of 7 million forints. At these value levels, interest was manifested towards offer in the range from 600 to 1000 square meters, but plots of 700 square meters attracted most of the enquiries.

14. Chart - Construction plots in urban areas, highly in demand – Eastern Hungary, 3Q2012

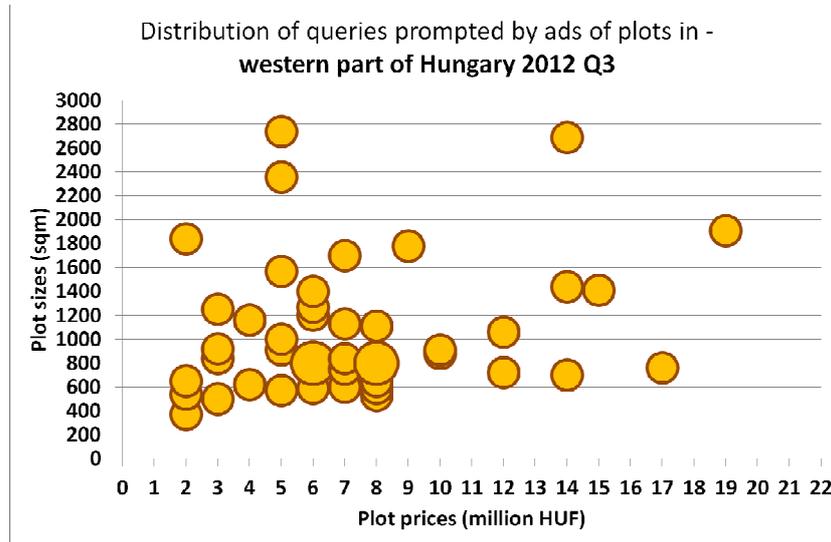


Source: Otthon Centrum

## Western Hungary

In the western half of the country, the picture is very similar to the one observed in the eastern part of the country, with most of the enquiries looking for plots between 2 and 8 million forints. As opposed to counties in the eastern half, in the western part of the country, significant demand exists for plots above 10 million, that is, 14-15 million or even 20 million.

15. Chart - Construction plots in urban areas, highly in demand – Western Hungary, 3Q2012



Source: Otthon Centrum

Upon request, we also prepare structured reports on the property market; please contact us at:

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