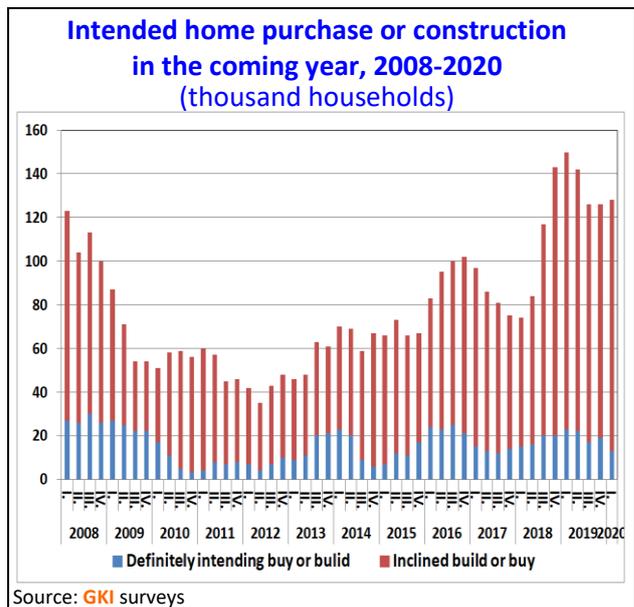
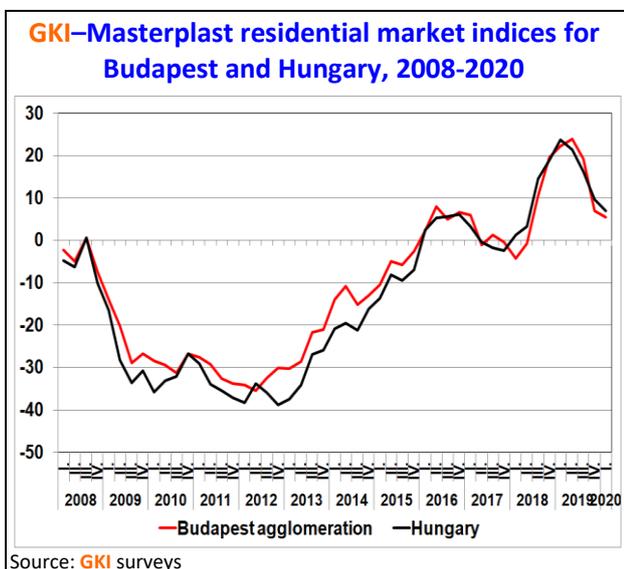


More actors are now expecting a price drop than a rise in residential market

(GKI RESIDENTIAL MARKET SURVEY RESULTS FOR JANUARY 2020)

In January of 2020, the GKI–Masterplast residential market indices for Budapest and Hungary stood at 6 and 7 points respectively. Budapest index decreased by just 1 point (within margin of error), the national index went down by 3 points compared to the previous survey (in October 2019). The capital index went down by 17, the other one decreased by 16 points compared to the survey made one year earlier. Thus, a relatively slight change on a quarterly basis means a significant decline on an annual basis.

worsened. As regards the Buda side, market expectations remained basically unchanged, while on the Pest side there was a clear negative shift. In Western Hungary, with the exception of family houses, the outlooks have somewhat deteriorated in all market segments. In Eastern Hungary the picture is rather mixed, with no clear trend on a quarterly basis.



GKI has been conducting quarterly surveys to assess plans, intentions and prospects of real estate companies (developers, agents, consultants and operators) and households concerning the residential market. This survey is carried out with the support of Masterplast Nyrt. Respondents of this survey included 101 real estate firms. The household sample of 1,000 persons was representative with respect to sex, age, residence and education level. The Budapest and the Hungarian residential market indices synthesize expectations for the coming 12 months thus providing an overall view on the prospects of the entire housing sector.

Respondents' expectations of housing prices have changed only slightly compared to the previous survey. There is still a significant majority of those expecting stable prices nationwide (56%), but the proportion of those who expect price reductions (28%) is now higher than those who expect price increases (18%). According to numerical forecasts, in the next 12 months, the capital average is expected to decline slightly, about 2%. That is, the massive price increase process, which has been going on for many years, is expected to stop, but a substantial reversal of the trend with a serious fall is unlikely this year. Even in the eastern region, those who expect stagnant prices are the majority (57%), with only 7 and 36% expecting price decreases and increases, respectively. The cumulative forecast suggests a price drop of around 3%. In the western part of the country, a third of survey participants expect further rising prices, with only 18% thinking of falling prices. The cumulative forecast indicates a potential price increase below 2%

Expectations for the next 12 months among respondent real estate companies in October 2019 (in the previous survey) regarding the capital agglomeration deteriorated significantly. The outlook for the present study has only slightly