IN ASSOCIATION WITH

# INDUSTRIAL & LOGISTICS MARKET REPORT

## H2 2024 Budapest

## Foreword

The second half of 2024 proved to be a pivotal period for the Greater Budapest industrial and logistics (I&L) market. After a muted first half – characterised by a single completion and cautious occupier sentiment – market activity picked up markedly in Q3 and culminated in a record-setting Q4.

Completions surged to 185,000 sq m, marking the highest half-year figure seen since H2 2022. This robust pipeline was driven by the delivery of eight speculative buildings across the region. Meanwhile, vacancy peaked at 9.6% in September but contracted to 7.9% by year-end, reflecting the strongest quarterly net absorption since H2 2022.

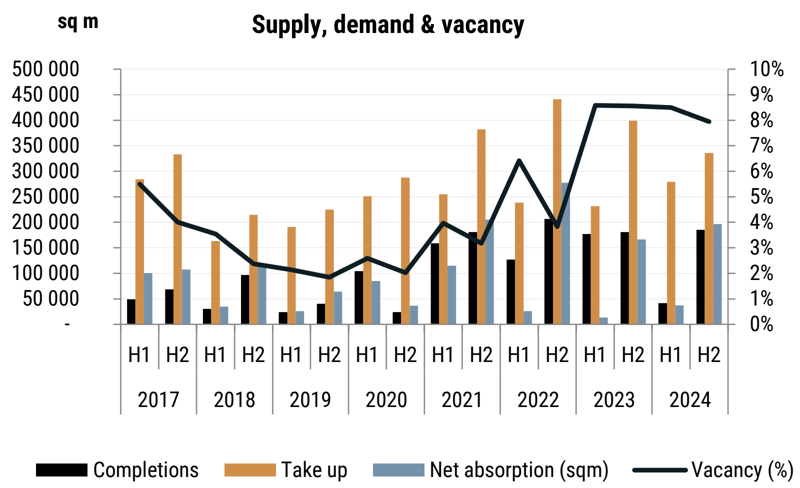
Leasing demand in H2 2024 fell slightly short of previous years' second-half levels. Although gross take-up figures softened in year-on-year terms, net take-up for the full year edged slightly higher, indicating enduring occupier interest. Despite a higher interest rate environment, investor appetite remained firm, with prime yields stabilising at nearly 7.00%.

Looking ahead, the market is expected to transition from a landlord-favoured phase toward a more balanced dynamic as more than 300,000 sq m of new space is scheduled for delivery in 2025. Strategic locations along the M0 and M1 corridors are expected to continue outperforming, supported by near-shoring trends and the ongoing expansion of e-commerce.

**Ernő Kiss**
Associate Director
Head of Industrial

## Main market indicators

| Key figures (2024 H2) | |
|---|---|
| Completion (sq m) | 185,120 |
| Stock (sq m) | 3,755,750 |
| Total leasing activity (sq m) | 335,705 |
| Net absorption (sq m) | 196,610 |
| Vacancy rate | 7.90% |
| Average rent (/sq m/month) City Logistics | EUR 6.0-6.5 |
| Average rent (/sq m/month) Logistics Parks | EUR 5.0-5.5 |
| Prime rent (sq m/month) City Logistics | EUR 7.0-7.25 |
| Prime rent (sq m/month) Logistics Parks | EUR 5.75-5.90 |

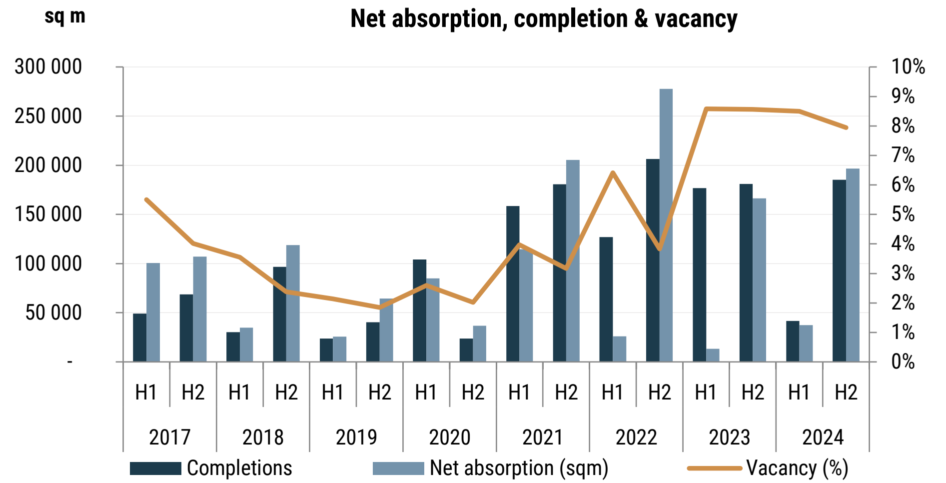


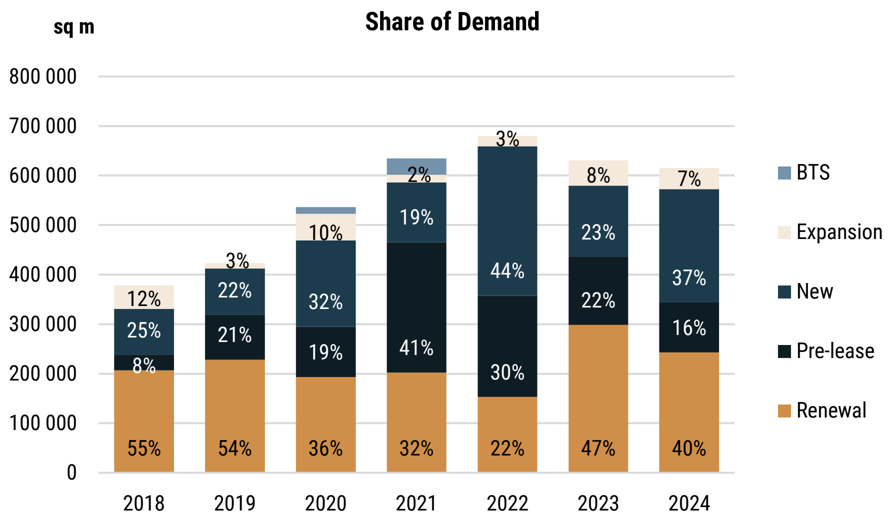

- On the supply side, eight new buildings were delivered in the second half of the year, including the 99,925 sq m CTPark Sziget SZG1 (Szigetszentmiklós) in Q4, which stood out as the largest completion of the period. The development momentum continued strongly into Q4, during which five assets were handed over, after the three completions recorded in Q3.
- As of the end of 2024, approximately 374,000 sq m of space was under construction in Greater Budapest, of which around 37% was secured via pre-leases.
- Development activity focused particularly in Páty, Alsónémedi, Üllő, Maglód and Fót, with most pipeline completions expected by the end of 2025.
- Demand dynamics revealed a mixed yet stabilising picture. Gross take-up reached 225,960 sq m in Q4 alone – more than double the Q3 figure. Of this volume, 64% was attributable to lease renewals, while new leases accounted for 27% and expansions for the remaining 9%.
- Driven by significant leasing growth and strong absorption of newly delivered space in the fourth quarter, the vacancy rate declined noticeably. After peaking at 9.6% in the third quarter, the rate fell by 170 basis points quarter-on-quarter, closing the year at 7.9%, as agreements were signed for nearly 144,000 square meters of space in new leases or expansions during the second half of the year.

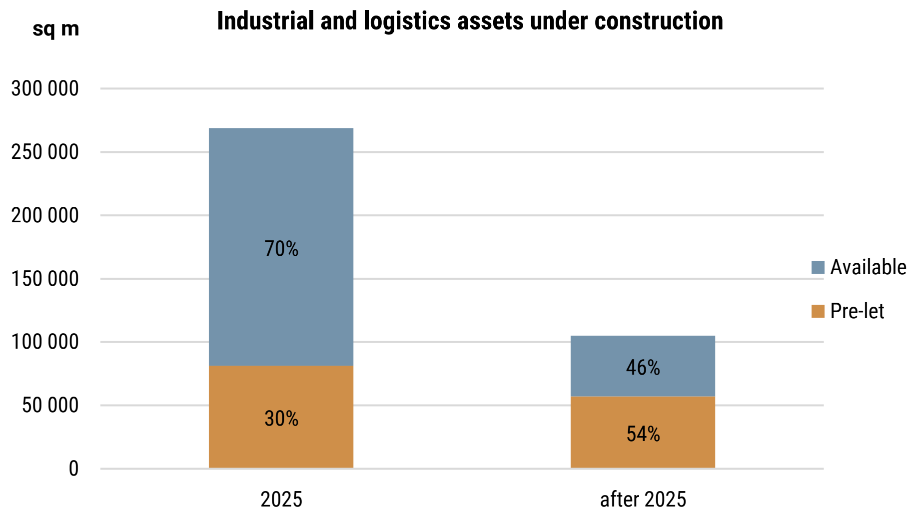
| Completions (2024) | | | |
|---|---|---|---|
| City | Project | Building | Size (sq m) |
| Szigetszent-miklós | CTPark Sziget | SZG1 | 99,925 |
| Vecsés | WLP Ferihegyi Business Park | V4 | 37,572 |
| Páty | HelloParks Páty | PT2 | 41,782 |
| Szigetszent-miklós | CTPark Sziget | SZG2 | 20,955 |
| Biatorbágy | CTPark Budapest West | BIA2c | 10,282 |
| Budapest | Park 22 | Phase 1 | 10,021 |
| Üllő | VGP Park Budapest Aerozone | A/2 | 7,843 |
| Biatorbágy | LogiCube Park | A | 4,290 |
| Fót | Duna Immo Park Logisztikai Központ | | 4,253 |

# Demand vs. supply

- Net take-up for H2 amounted to approximately 144,000 sq m, accounting for roughly 43% of total leasing activity.
- Renewals totalled nearly 200,000 sq m across the half-year, suggesting an increasing preference for retaining existing space. Meanwhile, expansion leases reached 23,000 sq m.
- Overall, net absorption in Greater Budapest reached 177,000 sq m in Q4 alone, indicating the market's capacity to quickly integrate new supply when aligned with location and specification preferences.



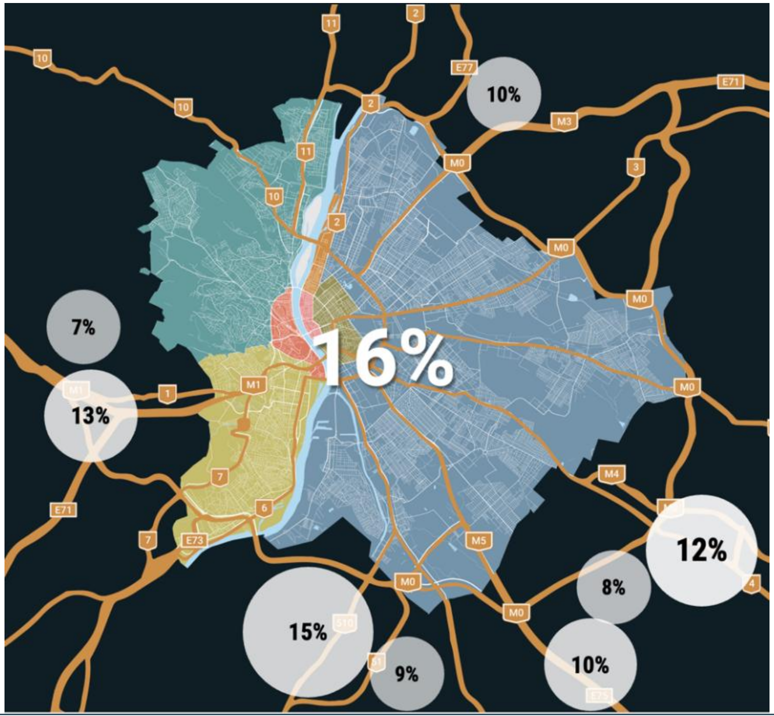



# Current stock distribution & expected pipeline

- At year-end, the M0 south-east arc continued to lead in terms of total modern stock, representing around 29% of the Greater Budapest total. The M1-western corridor followed with approximately 22% of the total stock.
- Development activity focused particularly in Páty, Alsónémedi, Üllő, Maglód and Fót, with a combined 297,800 sq m. In other locations, an additional 76,000 sq m is underway.
- The share of speculative developments increased, with the pre-lease ratio of 37%.

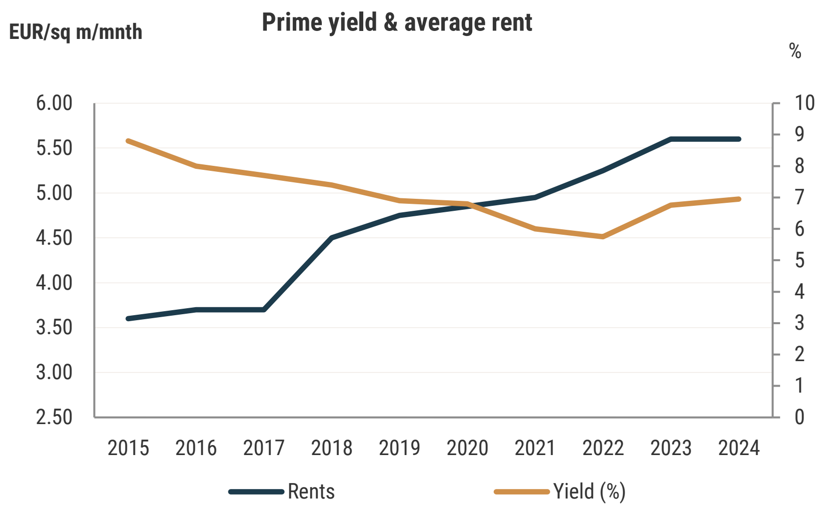
**Share of industrial & logistic stock by location CL and PL**




| Projects under construction (expected handover 2025 and onwards) | | | | |
|---|---|---|---|---|
| **City** | **Project** | **Building** | **Size (sq m)** | **Expected handover** |
| Alsónémedi | HelloParks Alsónémedi | AN1 | 59,697 | 2025 Q1 |
| Fót | HelloParks Fót - Budapest North | FT3 | 45,270 | 2025 Q4 |
| Maglód | HelloParks Maglód - Budapest Airport | MG4 | 45,000 | 2026 Q2 |
| Páty | HelloParks Páty | PT3 | 42,512 | 2025 Q4 |
| Páty | HelloParks Páty | PT5 | 41,818 | 2025 Q3 |
| Üllő | Rossmann HQ | | 32,000 | 2025 Q3 |
| Biatorbágy | CTPark Budapest West | BIA10C | 24,520 | n/a |
| Vecsés | CTPark Vecsés | VCS4 | 23,356 | 2025 Q4 |
| Budapest | Faedra City | | 13,000 | 2025 Q3 |
| Üllő | VGP Park Budapest Aerozone | A/3 | 12,286 | TBD |
| Üllő | Aerozone B/2 | B/2 | 10,000 | 2025 Q4 |
| Budapest | Faedra Business Park | | 9,352 | 2025 Q2 |
| **Summary** | | | **373,844** | |

## Prime yield & rents

- Hungarian industrial real estate yields have been relatively attractive in recent years, reflecting the country's growing appeal as a logistics and manufacturing hub in Central Europe. The returns on premium logistics assets stood at 6.95% in the fourth quarter of 2024. Although interest rates stayed elevated, premium assets with long-term leases and strong covenants continued to attract attention.
- Rents have been largely stagnating, with only minimal increases in the Budapest area. Despite ongoing demand for modern industrial and logistics spaces, rental rates have seen only slight upward movement. However, if a larger entrant were to appear on the market, it could significantly shift




## Forecast

- With everything completed by the currently estimated delivery date, the Budapest Industrial & Logistics stock will expand with nearly 374,000 sq m of new space.
- The vacancy rate is projected to fluctuate between 7% and 9% throughout 2025, depending on the timing of completions and the pace of absorption. Given the relatively tight balance between supply and demand, headline rents are expected to experience a modest nominal uplift of 1–2%, fuelled by cost inflation and continued demand for Grade A space.
- On the capital markets side, significant yield compression is unlikely in the short term. Nonetheless, prime industrial & logistics assets with strong tenant covenants and ESG compliance will likely continue to transact at resilient pricing levels.

## MORE INFORMATION

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