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OFFICE MARKET REPORT

H1 2025 Budapest

Foreword

In the first half of 2025, the Budapest office market presented a mixed picture. By end-June, total leasing activity reached 212,940 m², representing a 57.6% decrease compared to H2 2024. At the same time, net demand amounted to 100,925 m² in H1, marking a 47.1% decline versus H2 2024.

Within leasing activity, renewals continued to have a major role: they accounted for 45% in Q1 and 39% in Q2, which is much more balanced than in 2024, indicating improved market stability. New leases and expansions took a back seat, while pre-leases remained scarce.

The market was shaped by ongoing cost sensitivity and a persistent flight-to-quality. In many cases, attracting new tenants required targeted incentives from landlords.

The vacancy rate moved lower, reaching 12.8% by end-June. Net absorption turned positive in Q2 with +57,000 m² recorded, bringing the H1 figure to +45,525 m².

Balázs Simonyi
Head of Office Advisory
ESTON International

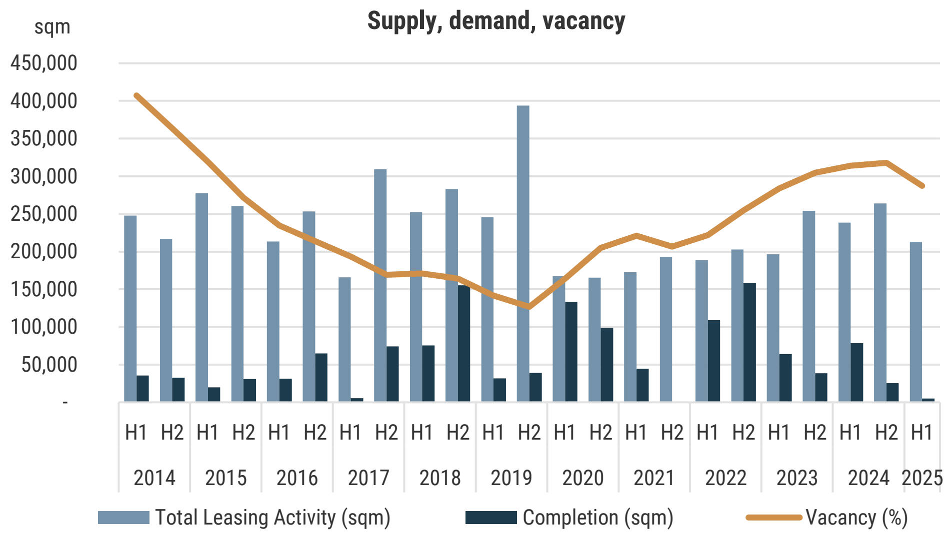
Main market indicators

Key figures (2025 H1)	
Completion (sqm)	5,060
Stock (sqm)	4,426,050
Speculative	*3,548,816*
Owner Occupied	*877,234*
Total leasing activity (sq m)	212,943
Net absorption (sq m)	+34,684
Vacancy rate	12.77%
Average rent (/sqm/month) *	EUR 15.70
Average rent, AA category (/sqm/month) *	EUR 17.10
Prime rent (sqm/month) *	EUR 30.00

**Based on asking rents for available areas*

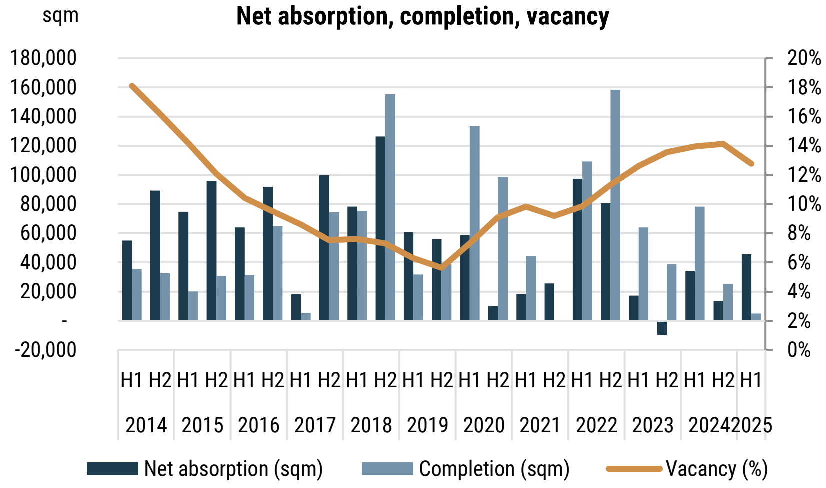
Completions (2025 H1)			
Submarket	**Project**	**Size (sq m)**	**Quarter**
Váci Corridor	Rhodium Office	2,807	Q1
CBD	Wagner Palota	2,253	Q1

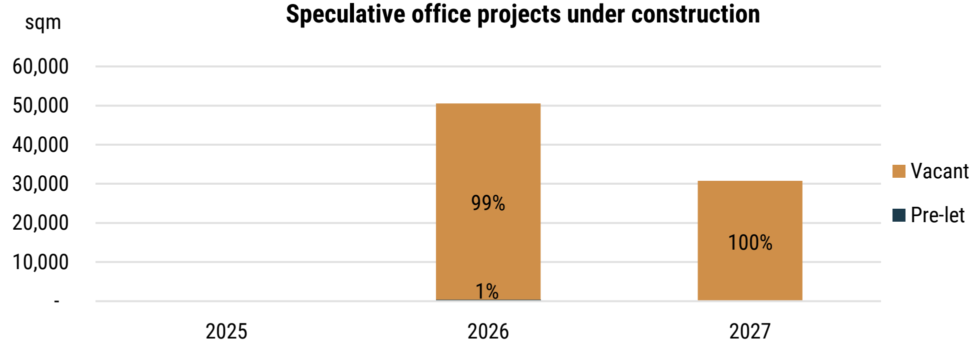
- In the first half of 2025, 5,060 m² of new office space was delivered. Rhodium Office (Váci Corridor) and Wagner Palace (CBD) were handed over in Q1.
- A total of 28,270 m² was removed from the stock due to change of use, while 30,630 m² of speculative space was converted to owner-occupation (7,695 m² in Q1 and 22,935 m² in Q2).
- By the end of June, Budapest's modern office stock stood at 4,426,050 m², reflecting a 0.66% decrease compared to end-2024. Speculative offices continued to dominate the total stock (3,548,815 m²), while owner-occupied space accounted for 877,235 m².
- The volume of new completions lagged the recent-years' average, while overall supply edged down due to removals and conversions.

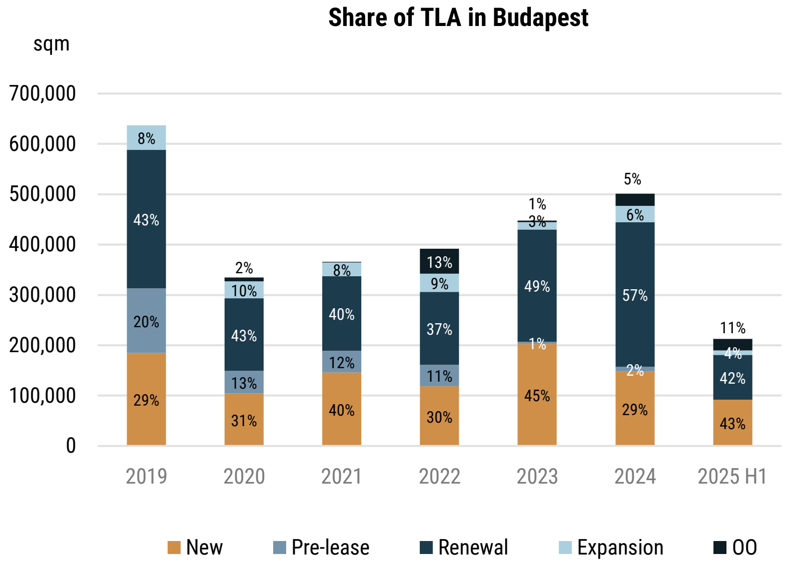


Demand vs. supply

- Gross demand in H1 2025 reached 212,940 m², with renewals accounting for 42% of the total. The share of new leases was 43% and expansions 4%, while owner-occupied deals represented 11%, which is considered high compared to previous years – with the exception of 2022 – especially given that this share refers only to half-year data. Looking ahead, we expect the proportion of OO deals to increase further over the next 12 months, supported by the delivery of currently under-construction owner-occupied buildings.
- Renewals accounted for 45% in Q1 and 39% in Q2, which is much more balanced than in 2024, indicating improved market stability.
- Pre-leasing activity remained negligible. Combined with still-elevated vacancy in several submarkets, this continued to reflect a tenant-driven market.
- For H1 2025, net absorption was +45,525 m², driven by Q2's positive outcome; Q1 recorded a negative figure.
- 2025 is on track to be the first year ever with just 5,060 sqm of speculative completions, following three consecutive quarters without speculative delivery – a situation not seen before, even during the COVID period.

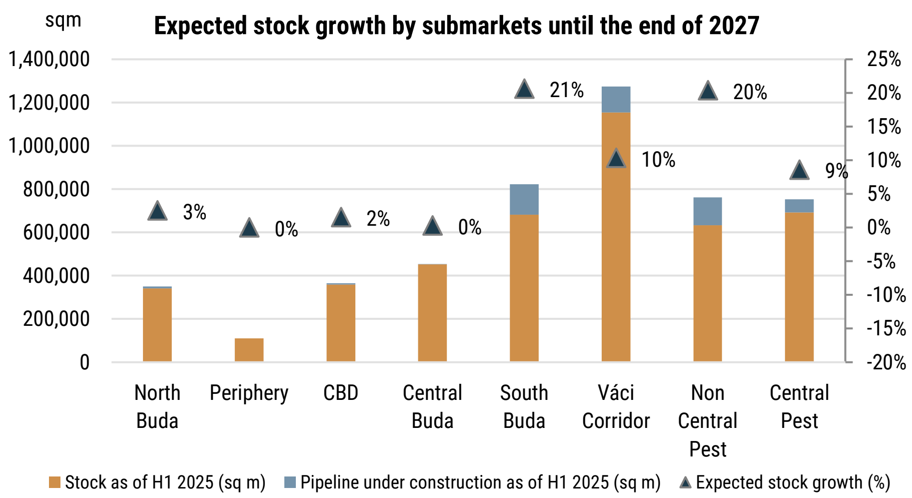






Pipeline

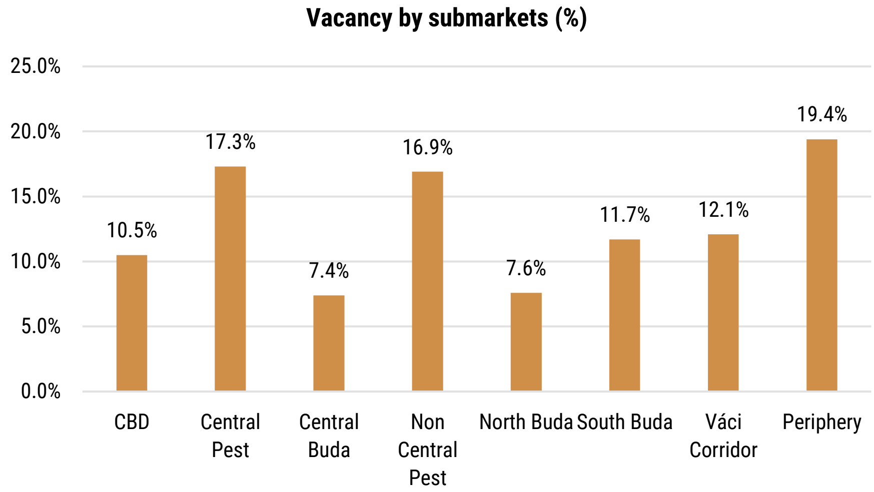
- By the end of 2027, close to 463,900 m² of office space is expected to be delivered in Budapest, including around 84,000 m² of speculative projects and approximately 380,000 m² of owner-occupied developments.
- In 2025, at least 220,000 sqm of office space is expected to be delivered, all of which will be owner-occupied. No speculative developments are scheduled for delivery in the second half of 2025, resulting in three consecutive quarters without speculative completions – a situation unprecedented even during the COVID period.
- The largest project is Zugló Városközpont Offices (129,000 m²) in the Non Central Pest submarket, followed by the buildings of the Dürer Park and BudaPart projects.
- The highest volume of new deliveries is expected in South Buda, where the current stock is projected to expand by nearly 141,000 m² over the next years.

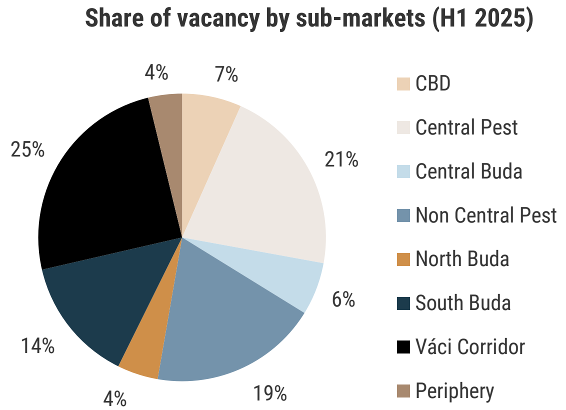


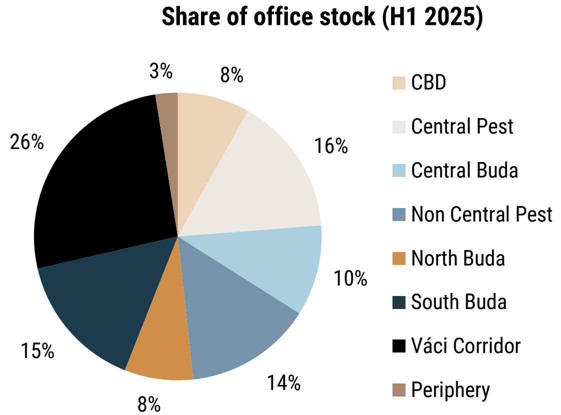
Projects under construction (expected handover 2025-2027)				
Submarket	**Project**	**Project type**	**Size (sqm)**	**Expected handover**
Non Central Pest	Zugló Városközpont Offices	Owner Occupied	129,000	2025 Q3
Central Pest	Dürer Park I	Owner Occupied	34,377	2025 Q4
South Buda	BudaPart Harbor	Owner Occupied	22,000	2025 Q4
South Buda	BudaPart Esplanade	Owner Occupied	18,757	2025 Q4
Central Pest	Dürer Park II	Owner Occupied	16,000	2025 Q4
Váci Corridor	Centerpoint III	Speculative	37,208	2026 Q1
South Buda	BudaPart South BOM	Owner Occupied	23,060	2026 Q1
South Buda	BudaPart Corner BOK	Owner Occupied	17,710	2026 Q1
CBD	Dreher Palota	Speculative	3,000	2026 Q2
Central Buda	Enter City Office Park II	Speculative	1,300	2026 Q2
CBD	Révay 10	Speculative	2,500	2026 Q3
South Buda	Budapart Corso	Owner Occupied	34,000	2026 Q4
South Buda	BudaPart Central	Owner Occupied	25,100	2026 Q4
Central Pest	M76	Speculative	9,073	2026 Q4
Váci Corridor	H2O Offices P2	Speculative	22,177	2027 Q1
North Buda	P59 - Building 3	Speculative	2,200	2027 Q1
North Buda	P59 - Building 4	Speculative	5,200	2027 Q2
North Buda	P59 - Building 5	Speculative	1,200	2027 Q2
Váci Corridor	MBH Bank HQ I-II	Owner Occupied	60,000	2027 Q4
		Total	**463,862**	

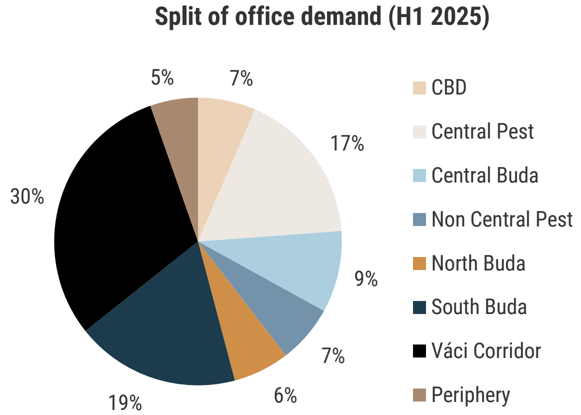
Submarkets' performance

- Among the submarkets, the Váci Corridor was the most active in H1 2025, boosted by Q2 when it accounted for 37% of total demand. It was followed by South Buda (22%) in Q2, while Central Pest led in Q1 with 27%.
- The lowest vacancy rate was recorded in Central Buda (7.4%), while the highest remained in the Periphery (19.4%) by end-June.





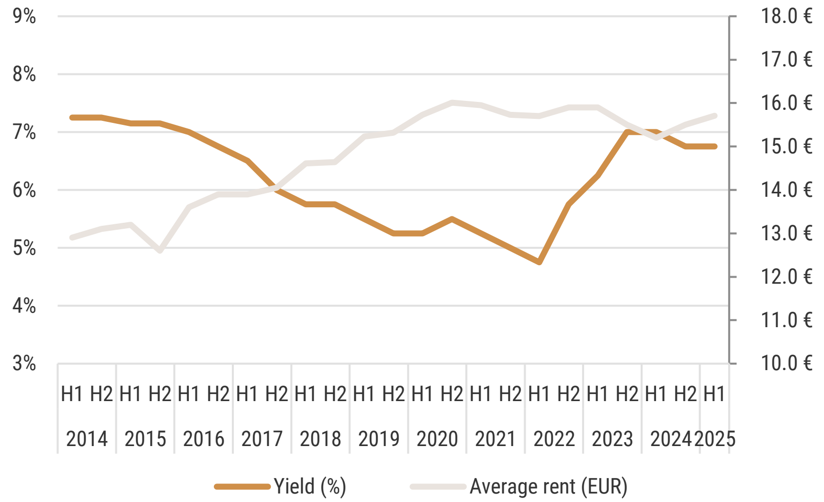




Prime office yield & rents

- Based on the rental data currently available in the BRF database, average rents reached EUR 15.70/m²/month by mid-2025 (EUR 17.10/m²/month for AA-category buildings).
- By mid-2025, headline prime rent reached EUR 30.00/m²/month.
- Recently, yields for prime office properties have risen rapidly due to high financing costs and market uncertainty. Prime yield stands at 6.75%, supported by renewed transaction activity and active processes.

Prime office yield and average monthy rent/sqm



Forecast

- The market outlook for H2 2025 will largely be shaped by the modest pipeline and by tenants' decisions on renewals and relocations – including moves by governmental bodies that leave substantial speculative stock vacant.
- For the remainder of 2025, at least 220,000 sqm of office space is forecast to be delivered, entirely consisting of owner-occupied schemes. With only just over 5,000 sqm of speculative completions recorded earlier this year, no further speculative deliveries are anticipated, implying three consecutive quarters without such activity – an unprecedented scenario even compared to the COVID period.
- As a result of restrained development activity, no new buildings are entering the market to justify rental growth, while the considerable volume of new space scheduled for delivery is expected to exert additional pressure on the market.
- Given recent improvements in absorption, vacancy is expected to stabilise or edge lower where demand for higher-quality space persists. On the tenant side, price sensitivity and cost efficiency will remain key priorities.
- Yields for prime office assets are expected to move sideways in the near term, with financing costs normalising only gradually and transaction evidence still scarce.

MORE INFORMATION

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