OFFICE MARKET REPORT

H2 2025 Budapest

Foreword

In the second half of 2025, the Budapest office market presented a mixed picture. Speculative gross leasing volume amounted to 239,781 m², representing a 9% decrease compared to the second half of 2024. At the same time, net demand increased to 116,719 m², corresponding to 38% year-on-year growth.

Within leasing activity, renewals continued to play a major role: they accounted for 41% of total demand in the third quarter and 43% in the fourth quarter. This is in line with the pattern observed in the first half of the year and suggests that tenants continued to make decisions cautiously, with cost efficiency remaining a key consideration. The share of new leases reached 24% in the fourth quarter, while expansions played a more limited role. Pre-leases still represented 22% in the third quarter, but their share fell to 3% by the fourth quarter. However, these pre-lease shares were linked to only one transaction in each quarter, and therefore do not indicate a broad-based market shift.

The market continued to be shaped by persistent cost sensitivity and risk mitigation. In many cases, attracting new tenants required targeted incentives from landlords.

At the same time, the vacancy rate entered a downward trend and declined to 12.5% by the end of 2025. Corrected net absorption returned to positive territory in the fourth quarter (+84,012 m²), bringing the total figure for the second half of the year to +53,971 m².

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ESTON International

Main market indicators

Key figures (2025 H2)	
Completion (sqm)	50,377
Stock (sqm)	4,461,678
Speculative	*3,518,819*
Owner Occupied	*942,859*
Total leasing activity (sq m)	292,906
Net absorption (sq m)	+53,971
Vacancy rate	12.5%
Average rent (/sqm/month) *	EUR 15.54
Average rent, AA category (/sqm/month) *	EUR 17.07
Prime rent (sqm/month) *	EUR 30.00

**Based on asking rents for available areas*

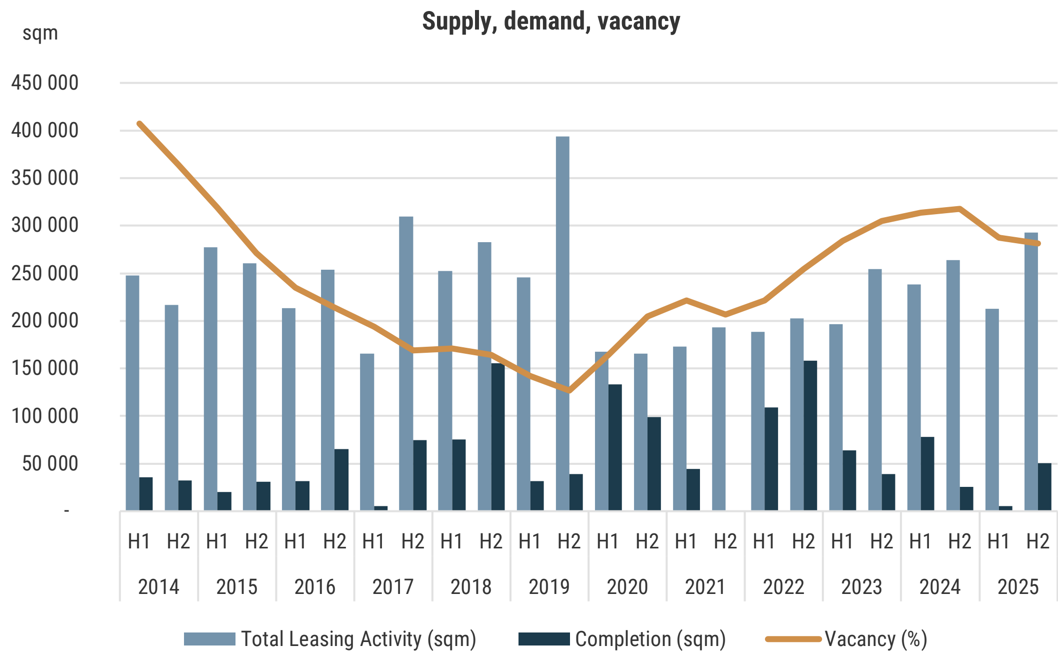
Completions (2025 H2)			
Submarket	**Project**	**Size (sq m)**	**Quarter**
Central Pest	Dürer Park I	34,377	Q4
Central Pest	Dürer Park II	16,000	Q4

In the second half of 2025, 50,377 m² of new office space was delivered. Dürer Park I and Dürer Park II, both located in Central Pest, were handed over in Q4 as part of a larger development.

A total of 14,749 m² was removed from the stock due to change of use.

By the end of 2025, Budapest's modern office stock stood at 4,461,678 m², reflecting a 0.8% increase compared to the end of H1 2025. Speculative offices continued to dominate the total stock (3,518,819 m²), while owner-occupied space accounted for 942,859 m².

The volume of new completions improved compared to the previous half-year period; however, it only strengthened the owner-occupied stock, as no speculative completions were recorded.



Demand vs. supply

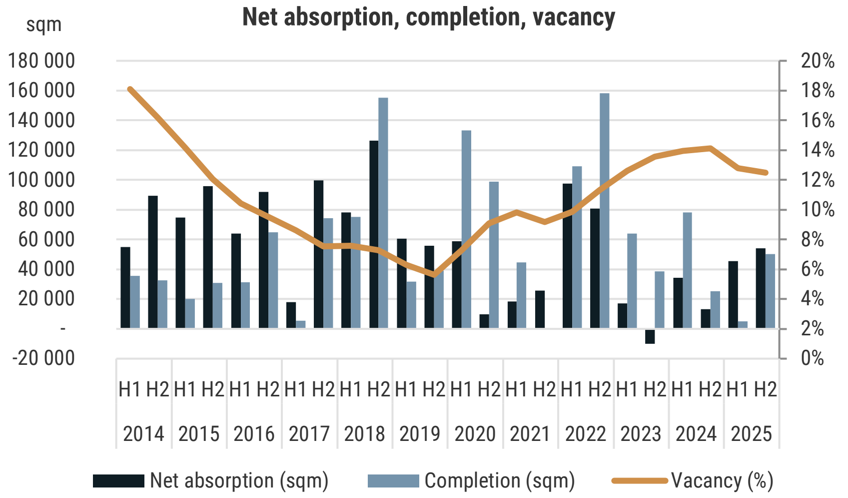
Gross demand in H2 2025 reached 292,906 m², with renewals accounting for 42% of the total. The share of new leases was 26% and expansions 5%, while owner-occupied deals represented 18%. This share is considered high compared to previous years, especially given that it already stood at 11% in the previous half-year period. Looking ahead, we do not expect the proportion of OO deals to decrease over the next 12 months, as several buildings are currently scheduled for delivery.

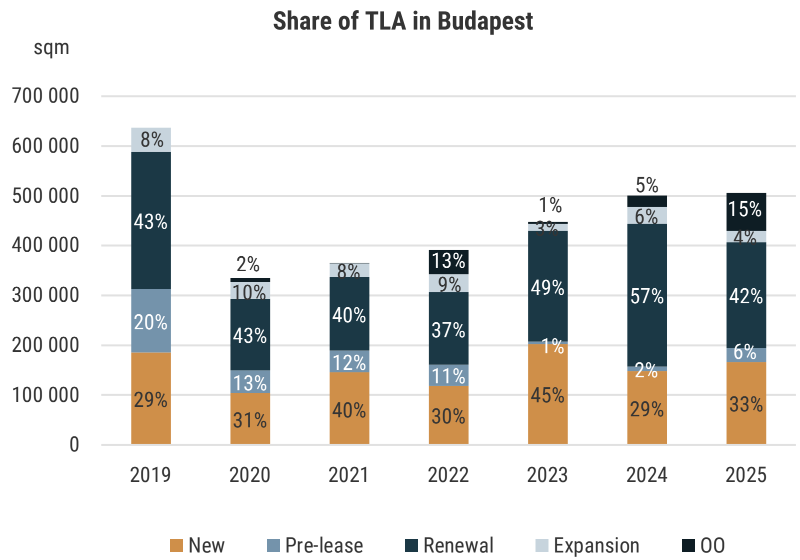
Renewals accounted for 41% in Q3 and 43% in Q4.

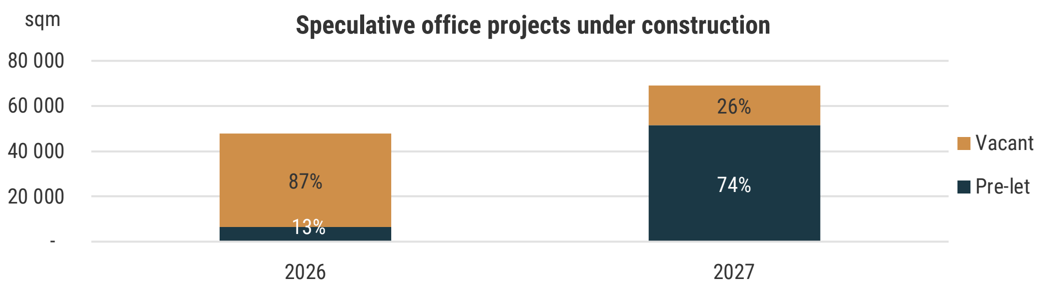
Pre-leasing activity increased to 10%, compared to no pre-lease agreements recorded in the previous half-year period. Although this represents an improvement, the still-elevated vacancy rate and the fact that only two pre-lease agreements were signed – one of which accounted for the vast majority of the volume – continue to indicate a strong tenant bargaining position.

In H2 2025, net absorption amounted to +53,971 m², driven mainly by the positive fourth-quarter result; Q3 recorded a negative figure.

2025 was the first year ever with just 5,060 m² of speculative completions – a situation not seen before, even during the COVID period. The next speculative office completion is expected only in the second half of 2026.







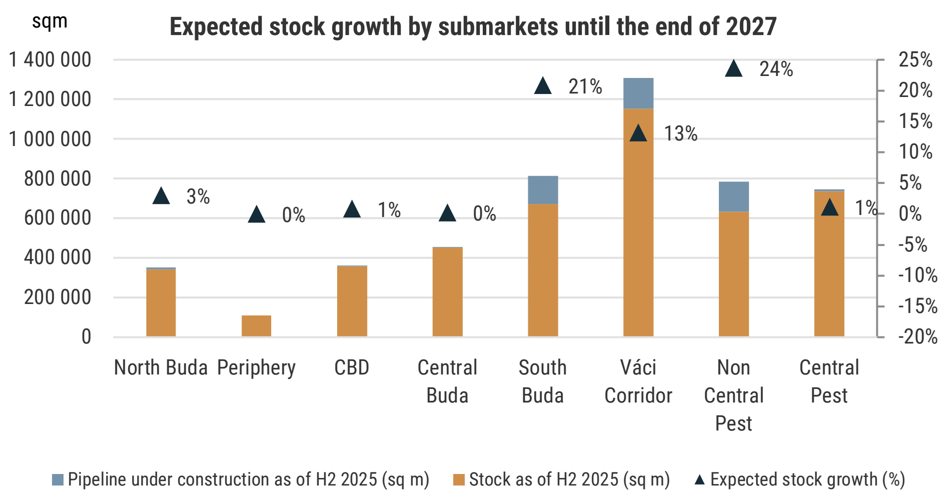
Pipeline

By the end of 2027, close to 467,689 m² of office space is expected to be delivered in Budapest, including around 117,062 m² of speculative projects and approximately 350,000 m² of owner-occupied developments.

In 2026, at least 338,533 m² of office space is expected to be delivered, 86% of which will be owner-occupied. Speculative development completions are expected in the second half of 2026.

The largest project in 2026 will be Zugló Városközpont Offices (150,000 m²) in the Non Central Pest submarket.

The highest volume of new deliveries is expected in the Váci Corridor, where the current stock is projected to expand by 153,191 m² over the next years, accounting for 33% of the pipeline. This expansion will be delivered across five office buildings. Non Central Pest ranks second with a 32% share and one office building under construction, followed by South Buda with a 30% share and six office buildings under

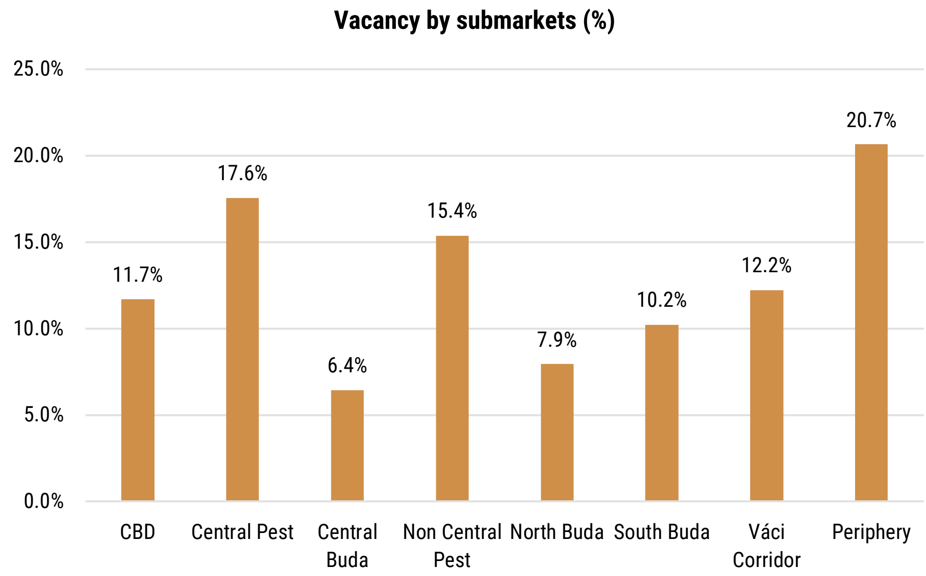


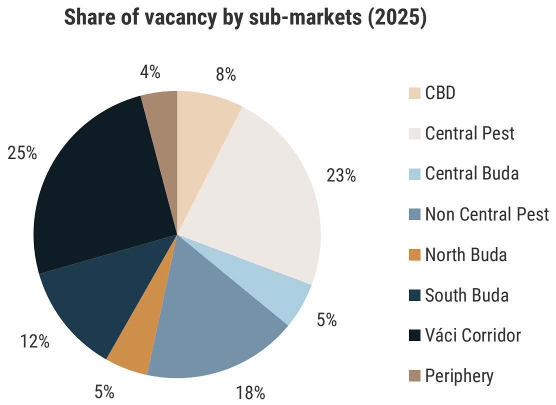
Projects under construction (expected handover 2025-2027)				
Submarket	**Project**	**Project type**	**Size (sqm)**	**Expected handover**
Non Central Pest	Zugló Városközpont Offices (all ph)	Owner Occupied	150,000	2026 Q1
South Buda	BudaPart Central	Owner Occupied	25,100	2026 Q1
South Buda	BudaPart South BOM	Owner Occupied	23,060	2026 Q1
South Buda	BudaPart Harbor	Owner Occupied	22,000	2026 Q1
South Buda	BudaPart Esplanade	Owner Occupied	18,757	2026 Q1
South Buda	BudaPart Corner BOK	Owner Occupied	17,710	2026 Q1
South Buda	BudaPart Corso	Owner Occupied	34,000	2026 Q2
North Buda	Waterfront Offices	Speculative	1,898	2026 Q3
Váci Corridor	Centerpoint III	Speculative	37,208	2026 Q4
Váci Corridor	JP3 Office	Speculative	4,500	2026 Q4
CBD	Dreher Palota	Speculative	3,000	2026 Q4
Central Buda	Pantherum (Enter City Office Park II)	Speculative	1,300	2026 Q4
Váci Corridor	H2O Offices P2	Speculative	22,183	2027 Q1
Central Pest	M76	Speculative	9,073	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
Váci Corridor	Láng negyed - World Aquatics Székház	Speculative	29,300	2027 Q4
Total			**467,689**	

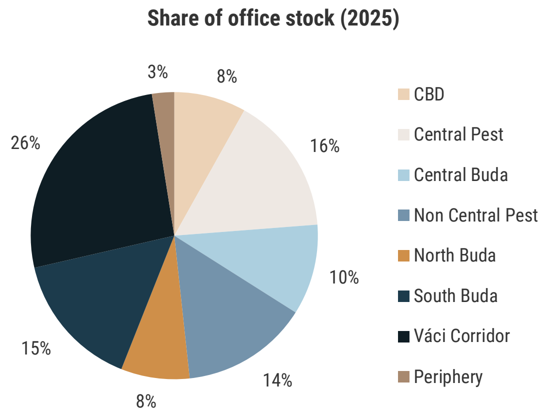
Submarkets' performance

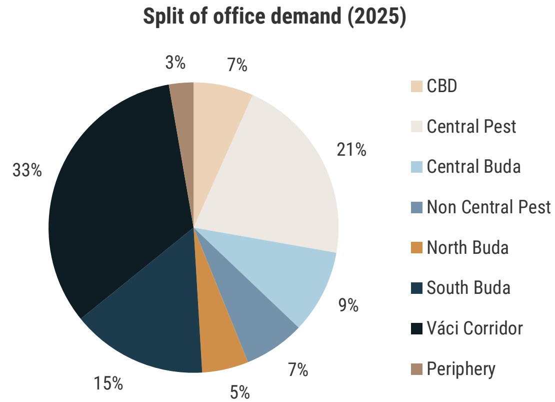
Among the submarkets, the Váci Corridor was the most active in H2 2025, accounting for 35% of total demand, supported by its strong performance in both Q3 and Q4. It was followed by Central Pest (24%) and South Buda (13%). In Q4, Central Pest's share increased to 32%, putting it on par with the Váci Corridor in terms of total demand for the quarter.

The lowest vacancy rate was recorded in Central Buda (6.4%), while the highest was registered in the Periphery (20.7%) by end-December, widening the gap between the lowest and highest vacancy rates compared to the first half of the year.









Prime office yield & rents

Based on the rental data currently available in the BRF database, average rents reached EUR 15.5/m²/month by end-2025, representing a slight decrease. For AA-category buildings, the average rent stood at EUR 17.07/m²/month.

By end-2025, headline prime rent stood at EUR 30.00/m²/month.

Recently, yields for prime office properties have risen rapidly due to high financing costs and market uncertainty. Prime yield currently stands at 6.75%, supported by renewed transaction activity and ongoing deals.

Forecast

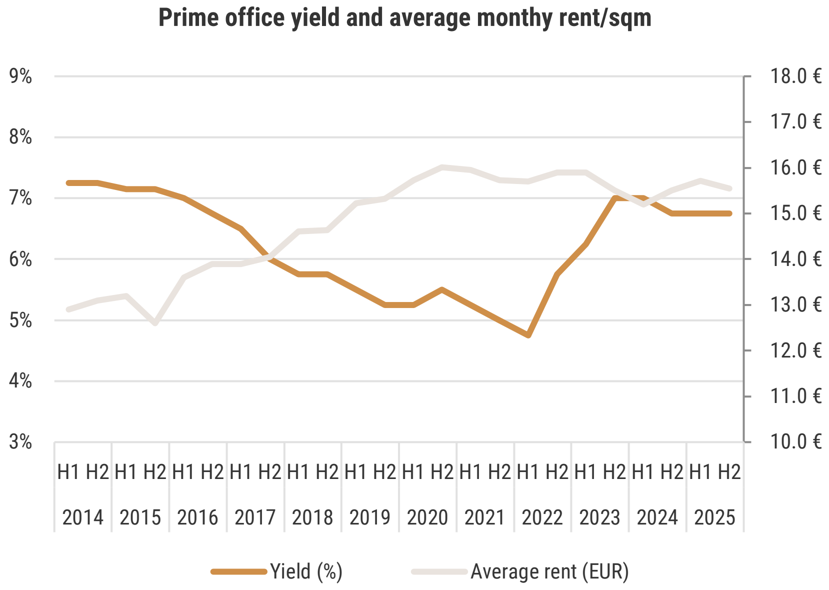
The market outlook for H1 2026 will largely be shaped by restrained development activity and by tenants' decisions on renewals and relocations - including moves by governmental bodies that leave substantial speculative space vacant.

In 2026, at least 338,533 m² of office space is forecast to be delivered, 86% of which will be owner-occupied. During 2025, only just over 5,000 m² of speculative space was delivered.

Restrained development activity would, in itself, support rents; however, due to tenants' cost sensitivity, a slight decrease was observed by end-2025.

Based on positive annual absorption, vacancy is expected to stabilise or edge lower where demand for higher-quality space persists. On the tenant side, cost efficiency will remain a key priority.

Yields for prime office assets are expected to move sideways in the near term, as financing conditions normalise only gradually, while pricing is becoming increasingly dependent on asset-specific factors and the lease profile.



MORE INFORMATION

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