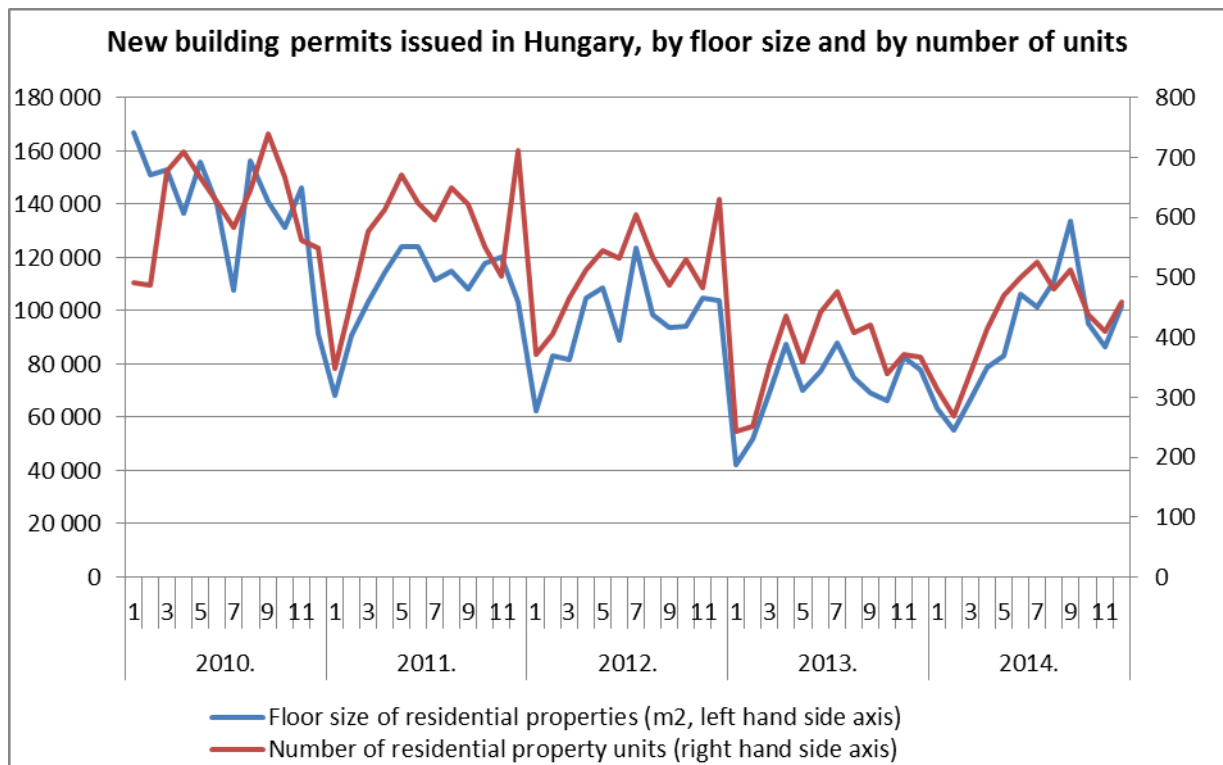




Even more encouraging data signal recovery of Hungarian real estate market

Data published by the Hungarian Central Statistical Office (KSH) on 24 February 2015 indicate that **the number of building permits issued in Hungary has overcome a key level in 2014**. Data from Q2 2014 on the floor area of residential property for which building permits have been issued show that the 2010 level has been reached. The number and floor area of residential property units the building of which was approved had bottomed out in 2013 and a sharp trend reversal was recorded in 2014. **Last year, the number of building permits issued for residential property was 9633, up by 28 percent compared to 2013 statistics.**



Source: Hungarian Central Statistical Office (KSH)

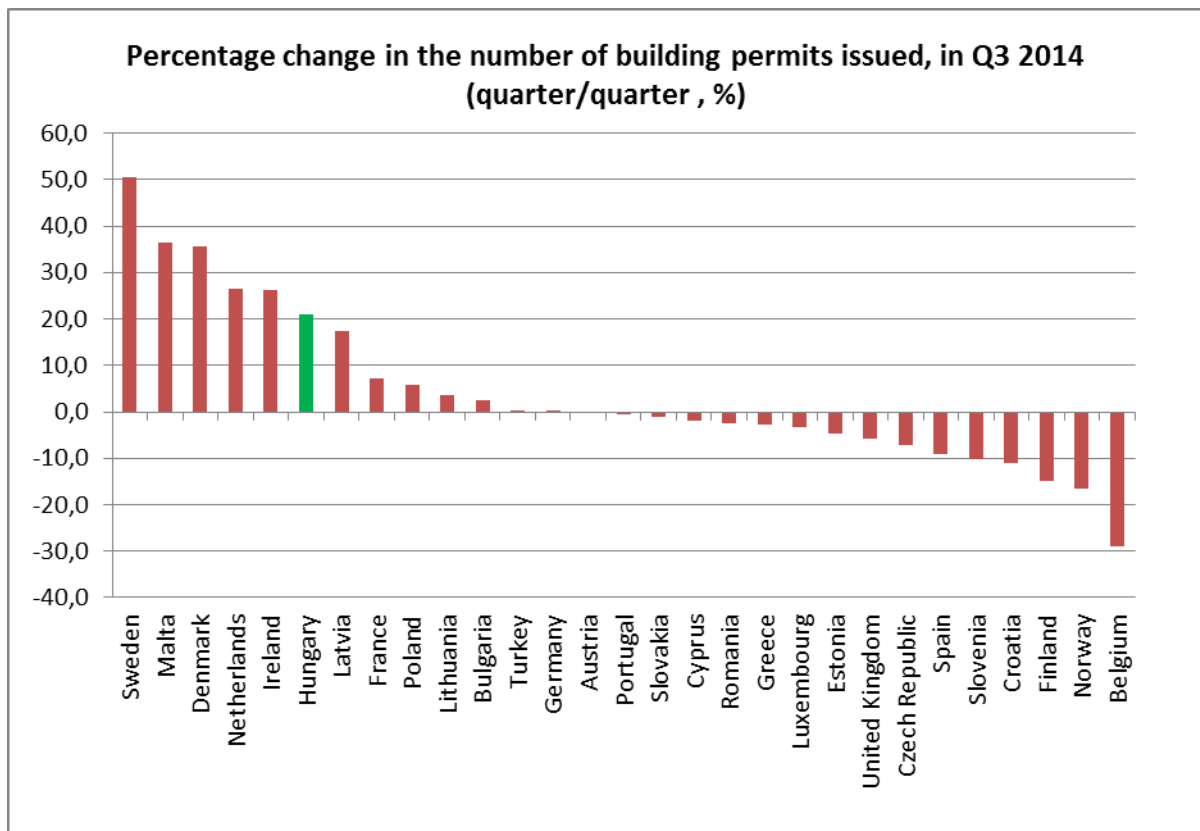
In 2014, the building of more residential property units was being planned in each type of settlement and region in Hungary, compared to 2013. Out of the total number of building permits, 39 percent was issued in Central Hungary and 27 percent in Western Transdanubia. **Thanks to investment projects implemented in the region, in Győr-Moson-Sopron County the construction of 2122 new units was approved, more than in Budapest or Pest**



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County. Along with the Audi investment project, other new projects have been pouring into the region. The latest development project, which is to create 700 new jobs, was brought to Sopronkövesd and implemented by a Swedish car industry enterprise. The 58 percent growth recorded in Győr-Moson-Sopron County, however, was not only generated by the two largest cities, Győr and Sopron, but also by Rajka. Although the size of this city is far smaller, its proximity to Bratislava and Vienna makes it attractive for purchasers of new residential units. The number of building permits issued was 678 in Győr, 373 in Sopron and 371 in Rajka. **The construction of the Bratislava-Rajka motorway, expected to be completed until 2020,** will further increase the lure of the city. The number of building permits approved in Hajdú-Bihar County and Somogy County also soared (by 58 percent and 57 percent, respectively). **In Hajdú-Bihar County, growth was mainly driven by the country's second largest city, Debrecen.** Within Somogy County, the largest growth in the number of building permits for residential property was seen Siófok, on the shore of Lake Balaton, the summer-time “capital city” of Hungary due to the immense number of tourists.

New building permits show that the construction of 5132 residential buildings is under consideration, which signals growth of 15 percent year-on-year. In 2014, 8358 new residential units were built, up by 15 percent compared to 2013. The most dynamic increase in the number of new residential units was seen in Central Hungary and Transdanubia, while there was no sign of recovery in the east of the country.



Source: Eurostat

In Q3 2014, Hungary was among the countries with the highest number of building permits issued. In this regard, the most dynamic growth of more than 50 percent was registered in Sweden, followed by Malta, Denmark, the Netherlands, Ireland and Hungary (with 21.1 percent). Belgium, where the number of permits issued in the third quarter of 2014 was down by some 30 percent, was the tail-ender. As far as the Visegrád Four are concerned, Eurostat data show declining figures in Slovakia and the Czech Republic, and modest increase in Poland.

The number of residential units with an occupancy permit increased by 15 percent in 2014, but this indicator is still well below the pre-crisis level. In comparison with 2013 statistics, the number of residential units in towns and villages increased by 24 percent and 21 percent, respectively. Growth was more muted in Budapest (13 percent). With regard to the types of residential buildings about to be completed, the share of new detached houses and block of flats was slightly down, while that of residential community units increased sharply.



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