



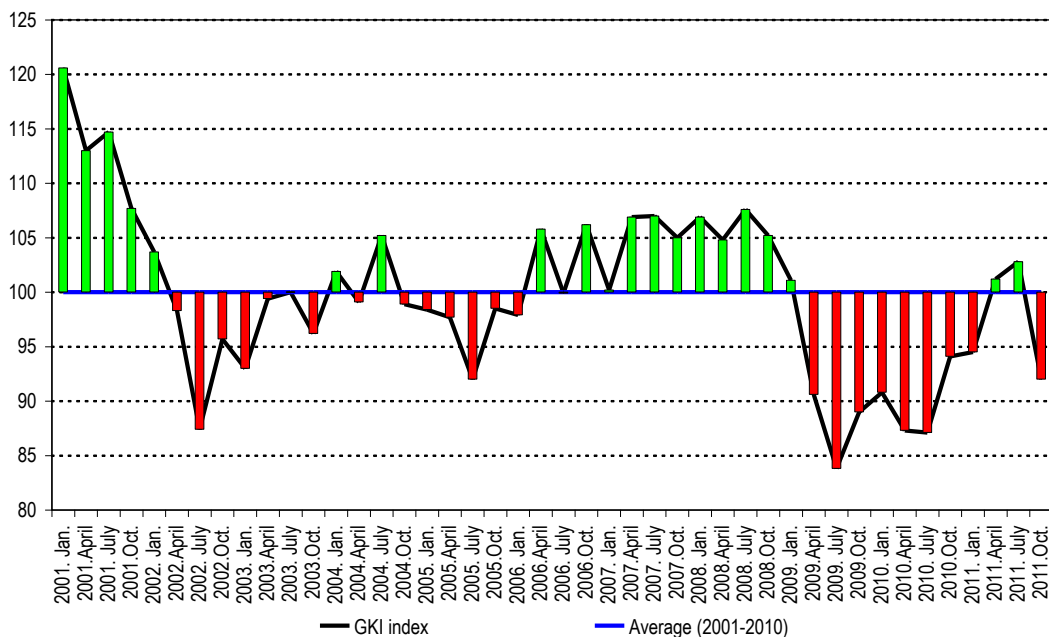
## Deteriorating expectations

(Current situation and outlook of the Hungarian real estate market, October 2011)

**In October 2011 the GKI Budapest Real Estate Market Index shows significant decrease compared to the previous quarter. Expectations on every real estate segments deteriorated.**

GKI Economic Research Co. has been conducting quarterly surveys since spring 2000 to assess the plans, intentions and prospects of businesses, real estate developers, realtors and households in the real estate market. This research project is supported by the trade magazine **Ingatlan és Befektetés** (Real Estate and Investment). The Budapest Real Estate Market Index of GKI synthesizes the expected outlook for the individual market segments (including the residential, office space, retail space and warehouse markets), and provides an overall view of the entire real estate sector. In particular, the index reflects the relationship between supply and demand as well as the future plans and expectations of market actors.

**GKI Budapest Real Estate Market Index, 2001-2011**  
(seasonally adjusted data)



*In January 2011 in order to better understanding the calculation method of GKI Budapest Real Estate Market Index was slightly modified. On the first hand, seasonally adjusted data will be published in the future. On the other hand, we will not compare to an 'ideal' market situation but to the long term average of this index. In the future value 100 will represent this long term average.*

In October of 2011 the GKI Budapest Real Estate Market Index was 92.0, which means significantly deteriorating expectations compared to the previous quarter (-11 points). This data is lower than the average value registered in the 2000's years. But it is higher by 8 points than the bottom after the escalation of financial crisis. Expectations deteriorated for all the real estate market segments compared to the previous quarter.

## Office space market

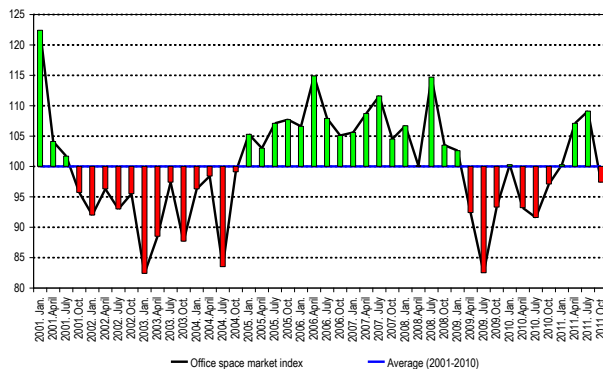
Capacity utilisation in Pest type "A" slightly decreased, but in type "B" increased. On Buda side the occupancy rates grew compared to the previous quarter.

### Occupancy rates on the Budapest office space market

	Type A (%)	Type B (%)
<b>Pest</b>	73.5 (75)	76.5 (75)
<b>Buda</b>	75 (72)	75 (73)

The results of the previous, July 2011 survey are shown in parentheses.

### Budapest office space market index, 2001-2011

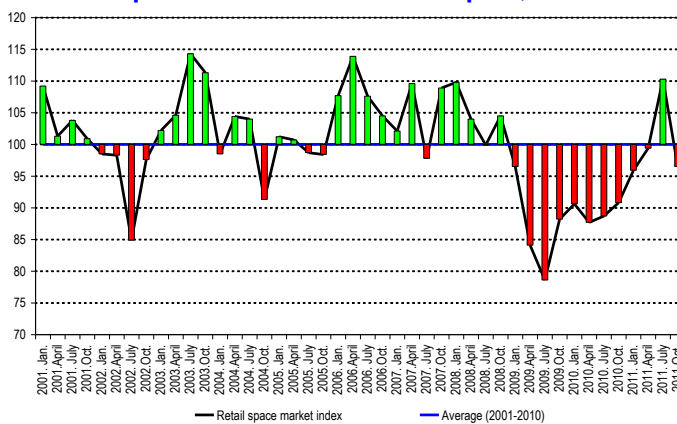


Development process in Budapest has stopped: there were no new entry to the office space market of the Hungarian capital.

In the next 12 months realtors expect some deterioration in Budapest. According to realtors during the next year an unchanged market situation can be expected in Western-Hungary but some improvement can be imagined in Eastern-Hungary.

## Retail space market

### Retail space market index in Budapest, 2001-2011

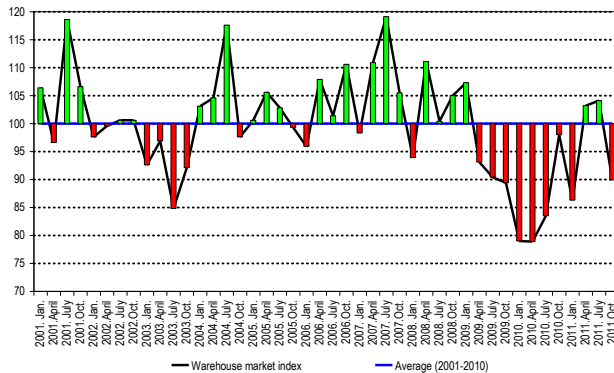


Retail trade sales practically stagnated in the first eight months of 2011. Since consumption of the Hungarian households will probably decrease in 2012, the retail trade sector has to compete for the costumers.

According to realtors during the next year an unchanged market situation can be expected in Eastern-Hungaryall. Expectations on the capital market and in Western-Hungary are worse than they were three months ago.

## Market of warehouses

### Warehouse market index in Budapest, 2001-2011

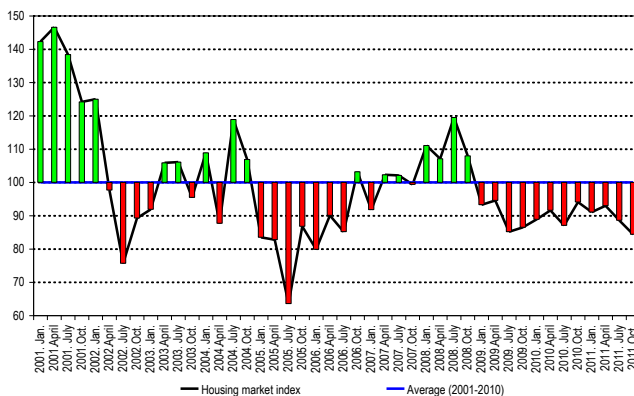


There were no new warehouse entered to the Hungarian market in 2011.

On the basis of the received replies, an unchanged situation can be expected in the next 12 months in Eastern-Hungary. Some improvement can be imaged in the western part of our country. Expectations on the capital market are significantly worse than they were a quarter ago.

## Residential market

### Housing market index in Budapest, 2001-2011



Assessments of residential market were not changed significantly compared to the previous quarter in country total. Situation assessments concerning the housing market slightly deteriorated in Budapest.

For the next 12 months, responding developers and realtors do not expect an improving market in Budapest and in Eastern-Hungary. According to the October 2011 survey data, household expectations for home building and purchase stagnated around the bottom.

## Prices

### Expectations regarding prices of new real estate in the next 12 months

(Percentage changes compared with current prices)

	Budapest	Pest County	Western Hungary	Eastern Hungary	Country average
Residential unit	-1,5 (1)	-2 (0)	0 (0)	-3 (0)	-1,5 (0,3)
Office space	1,5 (0)	0 (0)	0 (0)	0 (0)	0,5 (0)
Retail space	0 (0)	0 (0)	-1 (0)	-2 (0)	-1 (0)
Warehouse	0 (1)	0 (2)	0 (2)	0 (1)	0 (1,3)

The results of the previous, July 2011 survey are shown in parentheses.

### Expectations regarding prices of existing real estate in the next 12 months

(Percentage changes compared with current prices)

	Budapest	Pest County	Western Hungary	Eastern Hungary	Country average
Residential unit	-2,9 (-0,2)	-3 (-1)	-3,7 (-5)	-4,3 (-3)	-3,5 (-3)
Office space	0 (0)	0 (0)	-8 (-3)	-3 (-3)	-4 (-2)
Retail space	0 (0)	-6 (0)	-8 (-3)	-5 (-7)	-5 (-3)
Warehouse	-1 (0)	0 (0)	-8 (-3)	-1 (0)	-3 (-1)
Construction lots	(0)	(-8)	(-2,5)	(-2)	(-2)

The results of the previous, July 2011 survey are shown in parentheses.