

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Robust Logistics Market Amid Economic Fluctuations

Hungary

Q2 2024

Market Outlook

Hungary's GDP remained flat q-o-q and increased by 0.5% y-o-y in Q4, with an annual contraction of 0.7% in 2023. Robust household consumption and strong net exports helped partially offset the impacts of subdued investment and inventory reductions. The inflation rate, which averaged 17.6% in 2023, decreased sharply to 3.7% by February 2024, mainly due to stabilizing food and energy prices. With an unemployment rate of 4.6%, robust wage growth supports optimistic consumer spending outlook. Despite geopolitical tensions and weak external demand, the Hungarian economy is forecast to grow between 2.4% and 3.0% in 2024, with potential acceleration expected in 2025, fueled by EU funding, disinflation, and strong domestic consumption.

The Hungarian logistics market has expanded significantly, with total stock reaching 5.1 million sqm, a 12% increase y-o-y and doubling since the end of 2020. Total take-up in Q4 reached 351,825 sqm, culminating in 860,650 sqm for 2023, which marked a 1.3% y-o-y increase despite overall moderation in the CEE market. Although vacancy rates rose to 7.7% due to new completions, investor interest remained strong, as evidenced by a robust pipeline of 447,600 sqm in Q4. Looking ahead, the logistics sector is poised for continued expansion, supported by strong demand fundamentals and an optimistic economic outlook for 2024...

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