

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Ongoing Economic and Logistics Revival

Hungary

Q4 2024

### Market Outlook

Hungary's economy continues its recovery path, with GDP rising by 1.5% y-o-y in Q2 2024, driven by positive household consumption, a balanced net export, and inventory changes. Robust wage growth has helped restore consumer confidence and accelerate household consumption growth to 4.2% y-o-y in Q2. Inflation has fallen within the National Bank's targets starting in 2024 and reached 4.1% in July. Despite sluggish industrial production amid flat external demand, the service and construction sectors maintain steady progress. The economic outlook remains positive, with consumption and services leading the recovery. Investment is expected to gradually recover, supported by improved financial conditions and a disinflation trend. GDP growth is projected to reach 2.0%-2.5% in 2024 and accelerate to 3.5% in 2025.

The Hungarian logistics market showcased resilience in Q2 2024, marked by a robust recovery in leasing activities, particularly in Greater Budapest where total take-up volume doubled from Q1. The national stock reached 5.14 million sqm, bolstered by new completions of 64,870 sqm. Despite a slight rise in the national vacancy rate to 8.5%, sub-markets like Budapest East saw significant vacancy declines, spurred by vigorous demand. Logistics remains one of key sectors among investors, securing 27% of the total CRE investments in H1 2024. Looking ahead, the market is set for continued growth, driven by improved financial conditions, anticipated economic upticks, and catalysts like near-shoring, e-commerce expansion, and growth in the renewable energy sectors...

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