

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Economy and Logistics Poised for Growth

Hungary

Q1 2025

Market Outlook

Hungary's GDP contracted by 0.8% y-o-y in Q3 2024, dragged down by weak investment and net exports. However, household consumption remained the main engine of growth, rising 4.5% y-o-y on the back of strong real wage gains. The labor market remained resilient, with unemployment steady at 4.5%, while inflation eased further to 3.2% in October, providing additional support for consumer spending. Despite subdued industrial production due to soft external demand, the services sector continued to expand. Looking ahead, investment is expected to recover gradually, driven by EU funding, supportive government policies, and declining interest rates. GDP growth is forecast to reach 0.5%-0.7% in 2024, with momentum building to 2.5%-3.6% in 2025.

The Hungary logistics market is on a gradual path to recovery, with leasing activity reaching 156K sqm in Q3, bringing total take-up to 483K sqm year-to-date. Demand in Greater Budapest is gaining momentum, rising by 29% y-o-y in Q3, underscoring strong regional growth. National stock has expanded to 5.29 million sqm, with 156K sqm of new supply added to the market in Q3. The logistics sector remains one of the most sought-after asset classes, accounting for 25% of total CRE investments in Q1-Q3 2024. Looking ahead, demand and investment are expected to accelerate in 2025, fueled by favorable government policies, lower interest rates, and strong momentum in manufacturing sectors, especially the automotive and battery industries. These factors, along with broader economic recovery, are expected to bolster Hungary's logistics market...

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