



CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Steady Progress for Economy and Logistics

Hungary

Q2 2025

Market Outlook

Hungary's GDP grew modestly by 0.6% q-o-q and 0.4% y-o-y in Q4 2024, driven by strong household consumption and positive inventory changes. Consumption rose 3.8% y-o-y, supported by significant wage gains, while inventory accumulation offset the impact of weak investment and softer net exports. The labor market remained resilient, with a 75.1% employment rate and unemployment at 4.4%, well below the EU average. Inflation averaged 3.7% in 2024. Although inflationary pressures returned in early 2025 due to higher food and service costs, government measures, including profit margin caps, are expected to contain inflation throughout 2025. Industrial production stayed subdued, but the services sector continued to expand and is set to support growth. Looking ahead, recovering domestic consumption and supportive government policies are expected to drive GDP growth, projected between 1.9% and 2.6% in 2025.

Hungary's logistics market ended 2024 on a strong footing, with Q4 completions reaching a three-year high of 276,000 sqm, bringing annual new supply to 503,000 sqm and lifting total stock to 5.55 million sqm. Nationwide vacancy fell to 7.6%, driven by Q4 take-up of 349,000 sqm, which doubled the level in the previous quarter. Full-year leasing reached 832,600 sqm, driven primarily by manufacturers and third-party logistics providers. A notable geographic shift saw regional markets match Greater Budapest in new completions for the first time, with regional demand share rising sharply from 12% in 2021 to 26% in 2024. Investment rebounded in Q4, taking the annual total to €317 million. Despite geopolitical uncertainty, Hungary's logistics sector is expected to maintain momentum, supported by a moderating pipeline, recovered occupier demand, and structural tailwinds including e-commerce expansion in EU, reshoring trends, strong FDI, and lower interest cost...

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