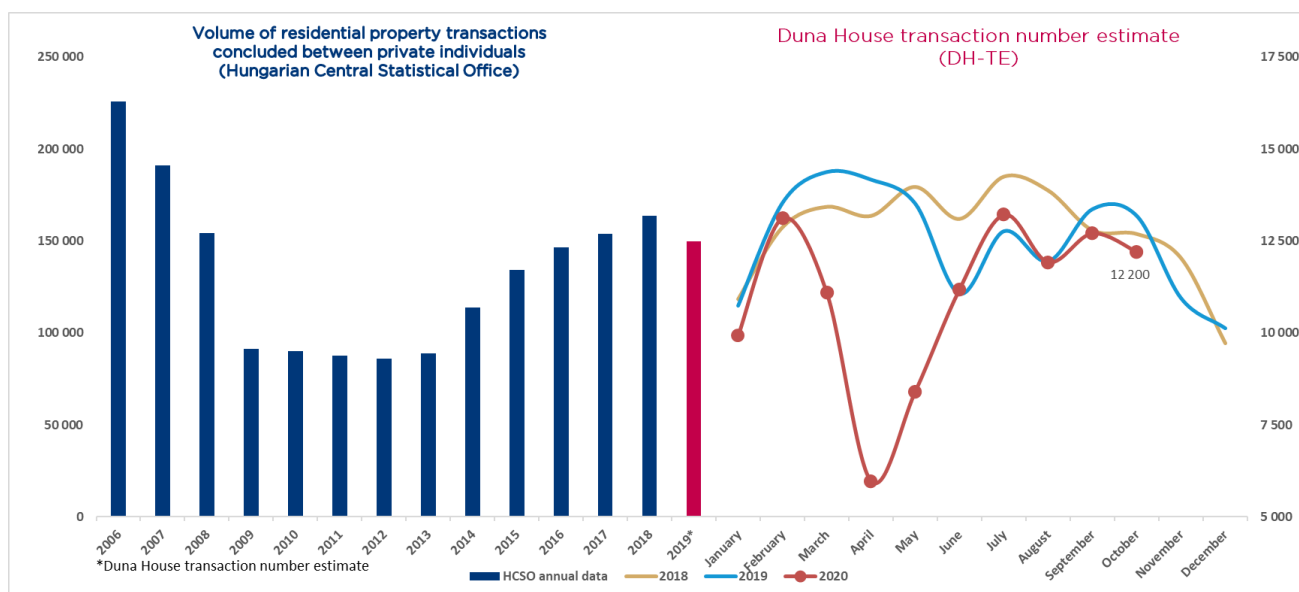**DUNA HOUSE®**

Residential property transaction volume estimate and mortgage forecast for October 2020

Duna House presents its monthly Transaction Number Estimate (DH-TE) and Mortgage Forecast below, showing that in October 2020 12,200 property transactions were concluded and residential mortgage contracts worth HUF 75 billion were signed in the whole of Hungary.

The Hungarian residential property market started the last quarter of 2020 with slightly weaker data than the average. Based on the estimates of Duna House the more than 12,000 sale and purchase transactions recorded for October represent a decrease of 4% and 7% compared to September 2020 and to October 2019, respectively, even though the start of the month was really promising. Experts say the decrease was caused by the uncertainty surrounding the announcement of several government measures that might affect the property market, too. These announcements might have a favourable mid-term effect on both the residential and the loan market, but the expectations surrounding the changes that will take effect next year have slowed down market activity. That said, the majority of buyers will not find themselves in a more favourable position than they are now, so it would make sense for them to complete their planned property purchases this year. On a y/y basis the estimated volume of 110,000 transactions was about 15% less than the volume recorded for the first 10 months of 2019.

The property mortgage market is still balanced after the rebound seen in Q3 2020. Based on the market figures published by Duna House Finances we expect residential mortgage contracts worth 75 billion, the same amount as in September. Compared to last year this reflects the same decrease as the volume of property market transactions.

Budapest, 2 November 2020

Background info

The table below shows monthly transaction volume estimates of Duna House.

	January	February	March	April	May	June	July	August	September	October	November	December
2018	10,918	12,869	13,426	13,180	13,967	13,098	14,246	13,869	12,787	12,689	12,033	9,721
2019	10,741	13,532	14,373	14,166	13,512	11,069	12,764	11,945	13,364	13,182	10,945	10,127
2020	9917	13,117	11,100	5971	8400	11,186	13,125	11,923	12,708	12,200		

Methodology behind DH-TE: Regardless of the time of year, the most important indicator of the real estate market is the annual number of sale transactions. The DH-TE figure is an estimate published by Duna House and it reflects interim approximate data. The estimate is based on the number of monthly property transactions brokered by Duna House and the estimated market share of Duna House. The estimate of the current monthly market share of Duna House is based on the following indicators: 1. Data published by the Hungarian Central Statistical Office on transactions among private individuals. Since the Statistical Office publishes data with several months' delay, market share can be adjusted retroactively which also results in a more accurate estimate as well. Please note: After 2016 and as a consequence of the boom in newly-built apartments, pre-contracted purchase transactions appear in the statistics of the Statistical Office with a delay of several months or even one or two years, after the capital transfer tax has been levied, which results in anomalies in the statistics. 2. The number of Energy Certificates issued; 3. Subjective assessment based on other management information from Duna House Holding.

Please also note that DH-TE data cannot be used for defining the volume of transactions brokered by Duna House, or for estimating the business profit of Duna House Holding or for the drawing of any related conclusions.

Mortgage forecast: Figures published by Duna House Loan Center can primarily be used for quick trend forecasts; the National Bank of Hungary publishes the actual figures for the second last month at the beginning of each month