



Hungarian property market to be driven by infrastructure developments, PPP projects

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BUDAPEST. MARCH 18. INTERFAX CENTRAL EUROPE – The development of Hungary's real estate market is expected to be driven by the government's major development projects and cooperation between state authorities and developers, the Hungarian Real Estate Association's (MAISZ) Vice Chairman Peter Gero said at an industry conference on Tuesday held by the Institute for International Research (IIR).

"Main factors helping the development of the Hungarian real estate market are anchor projects, including state-driven infrastructure and transport development, as well as public-private partnerships [PPP] and research and development projects," Gero said.

According to Gero, the Hungarian real estate market is expected to develop despite a still risky environment, while it also has ground to make up in terms of cooperation between authorities and developers.

"The Hungarian real estate market remains risky, due to factors such as the monopoly status of authorities, or difficulties related to issuing building permits," Gero said. "Hungary is lagging behind in terms of cooperation between local governments and developers, this should be improved."

In a breakdown by area, Gero expects property developments to pick up mainly in the eastern part of the country, while significant improvement is also foreseen in downtown Budapest.

"While in the past five-ten years the real estate market saw a very dynamic development in northwest Hungary, the next five-ten years will see the acceleration of developments in the eastern Hungarian region, with towns including Debrecen, Miskolc and Nyiregyhaza," Gero said.

In Budapest, Gero forecast success for large-scale mixed-use projects, which manage to decrease risks by including various types of functions on a large area.

"As developers are under pressure to build cost-efficient projects, they tend to develop projects with multiple functions on increasing total floor space," Gero said.