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77th Euroconstruct Country Report

EUROCONSTRUCT

European Construction: Market Trends until 2016

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European Construction: Market Trends until 2016

This Country Report has been written and prepared by the EUROCONSTRUCT network from the country reports of the 19 EUROCONSTRUCT member institutes.

Design by FARM Studio (farm.co.hu)

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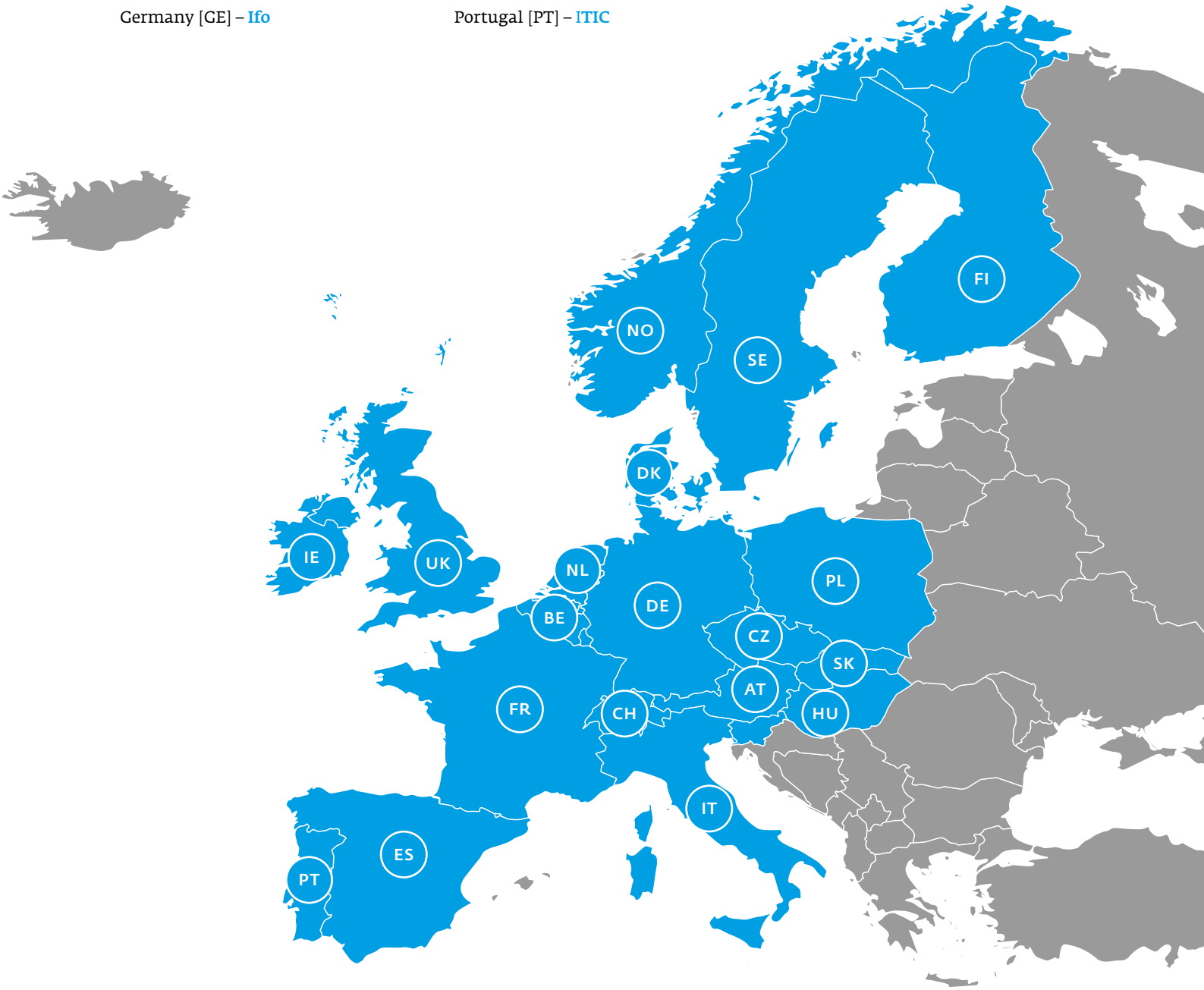

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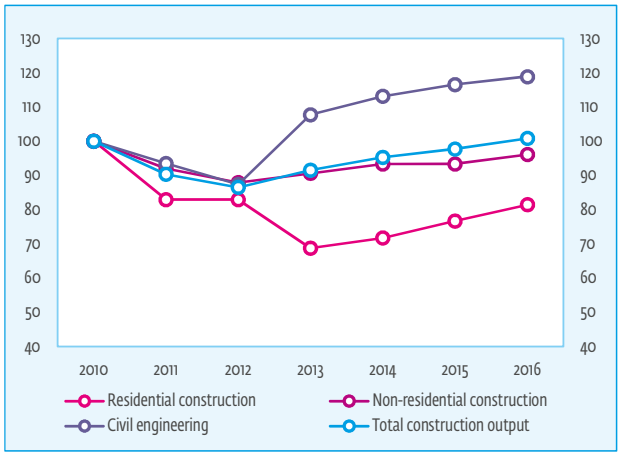
1. Summary and Conclusions

2013 had been the first year in Hungary since the 2008 financial crunch when the many-year shrinking tendency of the economy reversed, and the Hungarian economy, even if modestly, but started to grow. The construction market slope took longer; it began back in 2006, and hopefully ended in 2013. This trend change, however, except for a few outstanding results, does not carry so much dynamics that we could forecast further acceleration in the upcoming years. Both investment capacity and domestic purchasing power are weak, which does not suggest more than a 2%-3% yearly growth.

Total Construction Output by Sector from 2010 to 2016

Index 2010=100



Source: EUROCONSTRUCT (77th Conference)

During these 6-8 years of the downturn the annual rate of new home construction in Hungary dropped from 40 thousand per year down to 10 thousand built units a year. Due to the positive change, 2014 is forecasted to see an increase of around 10%, but this will not translate into a significant number of new housing units. Since 2008-2009 the quality of the existing housing stock has been improving, for many years in about 85-95 thousand homes have been seeing renovation works where energy efficient modernization is needed. However, because in the past 2 to 3 years central or local government grants are almost absent for this purpose, the improvement of the housing stock may decelerate and the funds of households may become exhausted.

In recent months positive real estate expectations are experienced, driven not only by the positive trend change in the economy. The government is expected to allocate additional funds to energy efficient renovation works in the new 2014-2020 EU budgetary period, which would be beneficial both for the construction industry and for individuals.

In the non-residential real estate market too, primarily the positive outlook is causing optimism due to the better performance of the Hungarian economy. Occupancy in the office market has somewhat worsened, but the number of starting projects might increase over the previous year. Retail trade shows a modest growth and the warehouse market is stagnating. Public EU-funded large-scale projects are to be the driving force of non-residential building construction in 2014, but in the longer run, outstanding growth is rather predicted in the economic sector (SMEs, industry). For this, the Hungarian government has been securing favourable lending opportunities since 2013.

Civil engineering performs well in each field due to the completion of the accumulated quantity of projects and because of the start of the new ones. Projects related to water resources, environment protection and transport infrastructure, realized through EU funds, are improving the condition, the accessibility and the security of Hungary. On the other hand, there are many question marks in the field of energy.

2. Macro-economic Outlook

Hungary became a member to the European Union in 2014, ten years ago. After the EU accession the free flow of services, trade and labour realized and the EU financial transfers got started. Hungary, along with the rest of the new EU member countries, was given the opportunity to enforce and integrate its strategic interests into EU policies. A promising economic growth began after the adhesion, bilateral trade expanded, and Hungary came to significant EU funds.

Although EU accession helped the growth of the economy, the competitiveness of production did not increase. The global financial turmoil starting in 2008 hit the Hungarian economy hard. Social expenditures of the country slumped by 10% between 2007 and 2013, growth decelerated and foreign direct investments declined. Despite the EU cohesion funds regional disparities did not reduce. After ten years of European membership, Hungary is lagging behind the new EU members and lost its leading position in Europe that it gained in 1989 after the regime change. The development level of Hungary is only 65% of the EU member countries' average.

The recovery from the crisis has been long. Hungary's external debt only stabilized after 2010. In spring 2013 the country managed to exit the excessive deficit procedure. It was also in

2013 when unemployment rate decreased mainly due to the increasing number of individuals working abroad (about 500 thousand people, 5% of the population) and the public work scheme (250 thousand people, 2.5% of the population). At the same time, the number of employees did not grow in competitive sectors, resulting from regional inequalities and the decrease of skilled labour.

In 2013 EU funds helped the Hungarian economy recover from the recession that lingered up to 2012. The economy started to grow already in 2013, though at the beginning of 2014 economic output is still 4%-5% below the pre-crisis level. The 20% expansion of the agriculture and the completed public investments (financed in 97% by EU funds) contributed to the 1.1% increase of GDP. Industrial production rose by 1.4% in 2013, but this had no effect on GDP growth.

However, it should be noted that the investment appetite of the business sector is weak, so the conditions of an accelerating growth have been missing for years. Due to the high extra taxes (heavy financial burdens on the banking sector and public utility works) multinational companies realized several projects in the neighbouring countries. Real household incomes rose by 2.5% in 2013, the retail sector, however, only saw a 0.9% expansion after a six-year downhill.

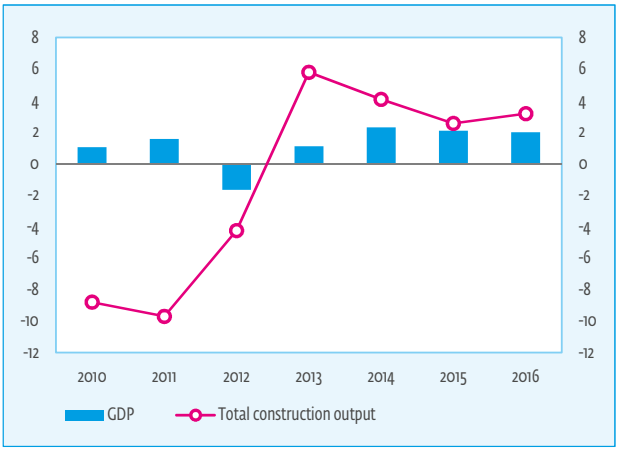
In 2013 inflation was 1.7%, unemployment rate was annually 10.25%, while the euro/forint midrate was HUF 296.96.

2014 is an election year in Hungary; parliamentary elections were held in spring, while local elections will be held in autumn. The outcome of the spring elections suggests the continuation of the changes that started in 2010, both in politics and in the economy. An important question is whether the old-new government will take steps in order to increase the competitiveness of the economy and to boost Hungary's ability to attract capital; otherwise the foundations of a sustained growth will not be created. A prerequisite for a sustainable growth is to stimulate investment in the private sector.

Due to the relatively favourable development in Europe and the boost in domestic demand, the around 2% GDP growth registered in H2 2013 may continue in H1 2014. After Q1 2014 the expectations of the players of the economy and the general public are better than the average of many years. As per the survey conducted by GKI Economic Research in April 2014, the real estate market saw a positive turnaround. In 2014 annual GDP growth is expected to be 2.0-2,5%.

GDP and Total Construction Output from 2010 to 2016

year to year change in %



Source: EUROCONSTRUCT (77th Conference)

As to the prospects of growth rates in 2015-2016, a steady but small 2,0-2,5% increase could take place at best, but in a worse external environment, uncertainty and vulnerability can occur. There are both external and internal risks affecting the forecast. The tightening in global monetary conditions may contribute to the further weakening of the exchange rate and higher yields, which could depress the balance sheets of households and companies, thus suggesting a lower domestic demand, while strengthening net exports. Hungary may be exposed to a potential deepening of the Ukrainian crisis, through real economy and financial channels too. The major domestic risk is connected to the probable adoption of a new scheme to help households with foreign currency mortgage loans, which may have a negative impact on the banking sector and investor sentiment too.

Based on the results of the recent years, the Hungarian government does not expect dramatic changes in its convergence program until 2017 (prepared in May 2014 for the EU).

Convergence Program, May 2014

percentage

	2013	2014	2015	2016	2017
GDP growth	1,1	2,3	2,5	2,1	3,1
Inflation	1,7	0,8	2,9	3,0	3,0
Structural deficit of GDP	2,2	2,9	2,8	2,5	1,9
Debt-to-GDP ratio	79,2	79,1	78,9	77,7	75,2
Unemployment	10,2	9,1	8,8	8,5	8,2

Finally, a few words about the development and outlook of the construction activity.

In construction output, after seven years of downturn, 2013 saw a trend change thanks to the utilization of EU funds. However, it had to climb back up from a very low base point. The value of construction investments before the crisis accounted for 10%-12% of the GDP, while in 2013 it slumped back to 8.2% of the GDP (EUR 7.84bln). In 2013 around HUF 1600bln EU funds were locally co-financed with HUF 258bln (in 2014 expectedly HUF 1735bln EU funds will be co-financed with HUF 438bln from the budget).

Both construction industry and building material industry have largely suffered from the recession lingering since 2006. It resulted in company closures, redundancies and migration of individuals to work abroad. Few Hungarian construction companies could work as contractors abroad, export activity is rather characteristic to manufacturers. Architectural activity consequently has reduced, the skilled labour force works in other professions or abroad.

The 9.6% construction output growth in 2013 has not caused capacity problems in businesses. The markets of material and product manufacturers are changing however; traditional building construction today demands cutting-edge materials, which are available at a wide range.

The total construction market – valued as part of the total investment into economy – grew by 5.8% in 2013, considerably higher than our earlier estimation for 2013 (a growth of 1.3%). This increase is the result of the completion of infrastructure projects (in considerable amount and value); the several representative projects that the government scheduled timely to finish by the election; and the opening of Metro Line 4 in Budapest. At the same time, investments into new housing constructions decreased by 35%. No progress was made regarding the reduction of energy consumption.

The 2014-2015 macroeconomic growth is predicted to be modest. Apart from EU funds, the loan program of the Hungarian National Bank and the development funds of Eximbank, there is no money in sight. This is why after the around 4% growth in 2014 (the large-scale projects of 2013 are phased out) a lower, 2%-3% growth seems to be realistic in the construction market.

First, the realistic task would be the upgrading and the modern use of the huge existing stock and the built environment, taking into account our commitment regarding the EU 20/20/20 climate and energy policy.

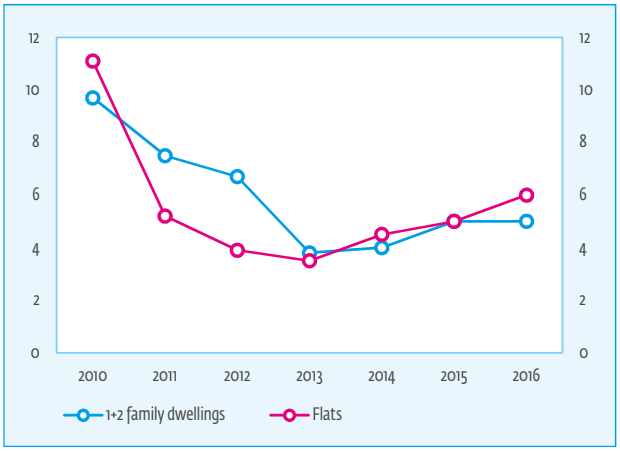
3. Housing Market

1. New housing construction in Hungary: historical bottom in 2013

Housing statistics have existed in Hungary since the 1920's. The 7293 new homes completed and occupied in 2013 marked the bottom of these nearly 100 years. Not even the crisis of 1929-33 or the periods during WW2 and after 1989 saw such a massive drop in new housing construction as the year of 2013 did. And the decline has been characteristic to all regions.

Housing Completions from 2010 to 2016

in thousands



Source: EUROCONSTRUCT (77th Conference)

Fewer and fewer homes have been built year by year since the turning point that took place in housing construction in 2008. In 2013 the number of newly built homes was only the one-fifth of those built in 2008, and the decline was 30.9% compared to 2012. Built for sale home construction fell back considerably already in 2011, whereas home building by natural persons decreased at a more moderate pace up to 2013. In 2013 the drop in companies' housing investments decelerated, at the same time, there was a huge slump in private builders' activity. Thus, the further falloff of home construction in 2013 was mainly caused by the cut-back of home construction activity by individuals.

The number of issued building permits accounted for 7536 in 2013, which is a 29% drop over the 2012 data. Permit number in 2013 does not even reach the one-fifth of the volume registered in 2008 (17.2%), and compared to the one in 2012, it was 28.9% lower in 2013.

In 2013 the average floor space of occupied new homes amounted to 101sqm.

Housing construction 1975-2013
thousand

Years	Completed units	Issued building licences	Average sqm/unit
1975	100	95	62
1988	50	58	85
2000	22	45	98
2005	44	52	87
2008	36	44	90
2010	21	17	92
2011	13	12	103
2012	11	11	107
2013	7	8	101

Source: Central Statistical Office

2. Housing market overview

2.1. Factors influencing new housing construction

(1) Although the Hungarian economy got out of recession in 2013, a sustained growth is not yet expected. Despite the positive signs, such as the slightly improving GDP in 2013 (+1.1%) or the below 10% unemployment rate, the economy in Hungary is on the level of the one prior to the 2008 crisis. A stronger growth is inhibited by the high level of VAT. Weakened SMEs and micro-enterprises are struggling to survive and are unable to ensure the security and a major expansion of the labour market. Therefore, households lack trust and have poor or careful future prospects. This also results in the sluggish increase in housing loans despite favourable interest rates.

(2) Demographic changes – slightly rising birth rates and declining death rates – are not yet a motivating factor for housing construction.

(3) Demand for new dwellings fell against 2008, from 9% to 3% (2008-2013), thus property developers are minimizing the risk of building new homes.

(4) 2013 witnessed a further decrease in the prices of secondary homes. Home purchases were mainly for used homes and this market is also driven by the changes occurring in life situations (e.g. marriage, divorce, change of domicile for educational and employment reasons or family expansion).

2.2. Factors influencing the market and condition of used homes

A subtle analysis of the market of used homes is required not only because new home construction has been reduced to a minimum, but because of the ownership, the composition and condition of the housing stock, and the predominance of supply on the market of used homes.

Since the economic downturn 90 thousand homes have changed hands annually, out of which the number of new homes has massively decreased in a few years.

Number of dwelling transactions
units

Year	Sold dwellings, total	Of which		New dwellings built for sale
		used dwellings	new dwellings	
2008	154 100	140 000	14 100	17 400
2009	91 100	82 900	8 300	16 900
2010	89 400	85 500	4 800	10 700
2011	87 700	83 900	3 900	4 812
2012	94 000	91 300	2 600	3 491
2013	83 600			2 924
2014 Q1	20 908			

Source: National Statistical Office, OC (Home Centre)

Data on housing stock provided in our previous report (EUROCONSTRUCT, Prague 2013) – whose source is the 2011 Census – are considered to be important to be repeated here, as per which 96% of Hungarian homes are privately owned and the average floor space of dwellings is 78sqm (3sqm rise against the previous census). 61.4% of dwellings in Hungary are equipped with all modern conveniences, while the comfort level of 38.6% required improvements, and almost 3mln homes are brick-built. 12% of the total number of homes (4mln 375 thousand) is not inhabited. The number of households accounts for 4.1mln.

In terms of building types, 2.7mln dwellings of the whole housing stock are single family homes. In brick-built condominiums (86 thousand buildings) there are 972 thousand apartments, whilst 702 thousand apartments can be found in the nearly 33 thousand pre-fabricated multi-unit buildings.

Due to the current demographic movements which are slightly moving in a positive direction, and the changes arising from life situations, buyers are drawn towards the market of existing homes that have a large supply and therefore, low prices.

One of the most important entrepreneurial opportunities for construction market players – notably small enterprises involved in home renovation works – is the renewal and modernization of homes changing hands on the secondary market. Beyond this, we expect additional renovation and modernization works for further 80-100 thousand homes yearly on households' own initiative. The third segment of the renovation and modernisation market is home modernization for energy saving purposes.

In all three segments renovation works are realized by own financing, though it is still modest in comparison with the housing stock. Two circumstances have to be mentioned here:

(1) In Hungarian households expenditures on housing maintenance and energy account for about 26% in per capita consumption. In 2013 total per capita consumption was EUR 67 thousand (EUR 223). The government regulated service providers to reduce utility costs and introduced the scheme in several steps over 2013. The program is intended to continue in 2014.

(2) Although the penetration of home savings funds can be considered low in Hungary (only 10% of households), this scheme seems to be stable (due to its state subsidy) and successful. The funds can be used for the construction, the purchase and renovation of homes.

2.3. Energy modernization of buildings: question marks in 2014

Preparations are underway for the fulfilment of the goals of EU 20/20/20 (the EU 2020 climate and energy package) and a National Building Energy Strategy (NBES) until 2030 is being prepared. The strategy will determine which part of the domestic stock should be renovated and in what way in order for Hungary to cost-effectively reach the planned energy savings in line with EU standards and the increase in the share of renewables. The NBES will also include the establishment of incentives, policies, measures and the support of individuals and so forth.

During the preparations, both residential and non-residential municipal or state-owned public buildings (education, culture, office, health, commercial) have been assessed in terms of quantity and physical condition. In the total number of buildings, 60%-65% of primary energy is used by residential buildings; the remaining share is used by public buildings.

15 types of residential buildings and 21 types of non-residential buildings have been examined according to the type and age of buildings. Expenses and costs as per the requirements of the years 2012, 2015 and 2020 were modelled. In accordance with the current requirements, the already carried out energy saving modernizations may result in an almost 40% savings in primary energy. As to the 2015 requirements, they may cause a 55%-57%, while the 2020 ones can realize a nearly 60% primary energy saving.

Currently the focus is on the update of regulators, the training of professionals and the quality control of energy certificates.

Over the past few years the central budget contributed to the energy efficient modernization of 220 thousand flats, with HUF 230 thousand (EUR 757) per home on average. The next plan, the so-called Panel Program III, would spend ten times this amount, some HUF 500bln (EUR 1612mln) on the renewal of 380 thousand flats in prefabricated concrete structure buildings in the form of a 33% grant. Panel III, which had earlier been scheduled to start at the beginning of February 2014, was postponed, and the calls for tenders for the EU 2014-2020 funds are to be launched in the second half of 2014. When implemented, the program would provide job opportunities to middle-sized construction companies. The grants will be available for the replacement of exterior doors and windows, for the summer heat protection of buildings, for the insulation of facades and roofs, for HVAC refurbishments and for increasing the use of renewable energies.

2.4. Housing policy: preferences at the onset of 2014

Both professionals and individuals hope housing policy in 2014 to target the modernization and economical maintenance of the existing housing stock. The greatest expectations are for the state and municipal grants relating to energy saving, which are predicted to realize by EU funds in the form of tenders over the second half of the year. It should be noted, however, that a major share of the low-income population (nearly one-third) is not motivated enough to implement their energy saving goals due to the fact that the government started to decrease the utility costs of households in 2013 and intends to continue to do so in 2014 as well.

The so-called 'szocpol' (social policy support, housing subsidy on social grounds) can be used for the construction or purchase of new dwellings and ranges from HUF 800 thousand to HUF 2.5mln (EUR 2.67-EUR 8.4 thousand), depending on the number of children in the household. For young married couples under 35 building a new home, the amount of the subsidy depends on the energy rating of the dwelling; a higher amount goes to dwellings with the highest energy ratings of A and A+.

The repayment of foreign currency based loans taken up in previous years for building a home or purchasing a home caused a considerable difficulty to several hundreds of thousand households. Since 2010 a series of governmental measures have been taken so as to ease the financial situation of the nearly half a million families. At the beginning of April 2014 a new regulation came into effect for easing the burdens of currency loan debtor families. This allows employers every five years to support their employees' housing loan repayments or home purchases with HUF 5mln (EUR 16.6 thousand). In

this case the employer may support its employee without having to pay taxes and contributions. The amount is significant because the debt of Hungarian families amounts to HUF 7mln (EUR 23.3 thousand) on average. The effects of this measure on the housing market cannot be visible earlier than the second half of the year.

At end 2013 the government announced that they were considering the possibility of a housing loan with zero interest available for civil servants.

There are ongoing heated debates over the building of social rented homes, the housing problems of the homeless, the handling of unoccupied, vacated homes, and the condition, expansion and support of nursing homes and temporary child-care homes.

3. New home construction and renovation up to 2016

In May 2014 two pieces of new information may bring change in the housing market. On the one hand, statistical data in Q1 2014 have improved in terms of the number of issued building permits for new homes (+20%) and the number of occupied homes (+50%). Although the percentages are said to be high, the 2013 data are so low that any shift is considered significant. On the other hand, residential real estate market seems to have overcome its rock bottom too, prices have slightly moved up (1%-2%), and expectations have turned into positive as well.

Despite the positive signs, with cautious optimism, a 10%-12% increase is predicted in new housing construction in 2015-2016, which, considering the 2013 factual figures, translates to a very modest level of actual increase in unit number. For the time being, a slow growth is expected in the home renovation market too, because the government's climate protection and energy saving concept due to the 20/20/20 EU obligations is unclear.

4. Non-residential Market

1. 2013 statistics, the beginning of 2014

According to the Central Statistical Office, economic investments rose by 7.2% against the previous year in 2013 – after several years of falloff. Investments into machinery and equipment increased by 8.5%, while investments into construction surged by 5.9%. 13 out of the 19 economic sectors saw an expansion. On an annual basis, the biggest growth was registered in water supply, sewage and waste management (60.8%), and in public administration (38.0%). The large growth in the output value of investments is also thanks to the 15.6% increase of the transport and storage sector representing a significant share by including railway construction. Investments hiked by 4.9% in manufacturing industry, which is the sector representing the biggest share. The growth is mainly due to the increased investments in automotive industry and related supplier sectors. Among the sectors having a smaller share, a major growth was recorded in investments into professional, scientific and technical activities (29.6%), and administrative and support service activities (28.0%).

Overall non-residential construction expanded in 2013. Especially civil engineering saw a surge, but the whole year was characterized by a decrease in real estate transactions (11.4%) with a severe decline in new housing construction.

Statistical data on issued building permits in 2013 were by and large similar to those in 2012. Agricultural projects show a slight improvement; however, commercial projects registered a considerable decline in floor area.

Non-residential building permits 2007-2013

	2007	2008	2009	2010	2011	2012	2013
Number of buildings	8 711	8 089	5 214	5 101	5 237	6 142	5 330
Floor area ('ooom2)	3 220	4 546	3 365	3 016	2 294	2 708	2 685
Industrial	1 245	1613	988	984	927	1170	1 108
Agricult.	562	1071	625	812	580	730	887
Comm.	567	700	660	358	164	186	48

Source: Central Statistical Office February 2014

From a statistical point of view, year by year we consider the development of the database of construction projects (with specific locations) as a control of our analysis. The number of projects registered in 2013 only slightly rose against the previous year (in total 4300, mainly non-residential units and civil engineering projects). The number of non-residential projects – which make up 50% of the total stock – was similar. As to internal distribution, the number of public projects financed through EU funds hiked. Another important change is that the number of projects above EUR 16.6mln doubled in comparison with the previous year, but this refers mainly to civil engineering projects. With regard to the construction stage of non-residential projects, in 2013 the number of projects before and under construction was significantly higher. As well as this, the number of projects before and under planning stages increased. 2013 witnessed the amplifying use of EU funds and the implementation of public projects; public objects accelerated for the general elections in 2014.

2. Funds, financing

The funding of non-residential projects – in order of usage in Hungary – is as follows: (1) EU funds, central and local budgetary funds, (2) own resources of private investors and loans (3) foreign capital.

Since the financial crisis EU funds have been the biggest sources of building construction projects. Therefore, in non-residential building construction the value of public projects grew in 2013, from the former 25-30% to above 40% of the value of all projects. This growth, however, was not smooth because following the change of government in 2010 the former tendering system was halted. After two years of slowdown it was in 2013 when EU projects practically got a green light again. Owing to the preparation for the election year of 2014, in 2013 the construction of many large-scale, high-value formerly halted public projects started, mostly in the capital city, but also in several larger provincial cities.

Public procurements 2012, 2013 I.-VIII. month

	Value (bln, HUF)*	Number
2012.I-VIII. month	873,7	5 431
2013.I-VIII. month	1 275,6	7 519

Source: Világgazdaság, April 2014
*1 EUR = HUF 300

Out of the HUF 8200 bln (EUR 27.330mln) EU funds available in the National Development Plan II (2007-2013) 67% has been paid (EUR 18.220mln) until April 2014. The restructured ministries responsible for tendering will ensure the absorption of the remaining one third (EUR 9.110mln) until the end of 2015.

2014 saw the launch of the new National Development Plan (2014-2020). The calls for tenders will begin in the second half of 2014. 40% of the EU funds are currently planned to be allocated to economic development, innovation targets and regional development. 15%-15% of the funds is to go to the development of environment and energy efficiency, and to integrated transport development. The remaining 15% should go to the operative programs of human resources and the development of competitiveness. The approval process by Brussels is starting as of now.

Investment activity in the private sector is very low. At present the business sector does not seem to be having new high-volume projects. Foreign capital does not find Hungary attractive; investments are done by producers already present in the country, mainly in manufacturing industry.

The source for private investments of small and medium enterprises (SMEs) is lowest as a consequence of the long-running economic crisis, the constraints to survive and shallow domestic demand. In order to bridge this, the National Bank of Hungary (MNB) started a Growth Loan Program (with a favourable interest rate of max.2.5%) in 2013. In the first phase of the program SMEs used this advantageous loan to refinance existing loans that they had taken up earlier with higher interest rates. Although the program proved to have started successfully, after about half a year it became clear that it did not result in investments. Thus, loan refinancing was limited to only 10% of the available EUR 6.7bln bank credit fund. Then borrowing decelerated despite the fact that the scope of borrowers was extended to micro enterprises, moreover, for land purchasing as well. It is expected that MNB will promote the wider use of this loan with additional discounts.

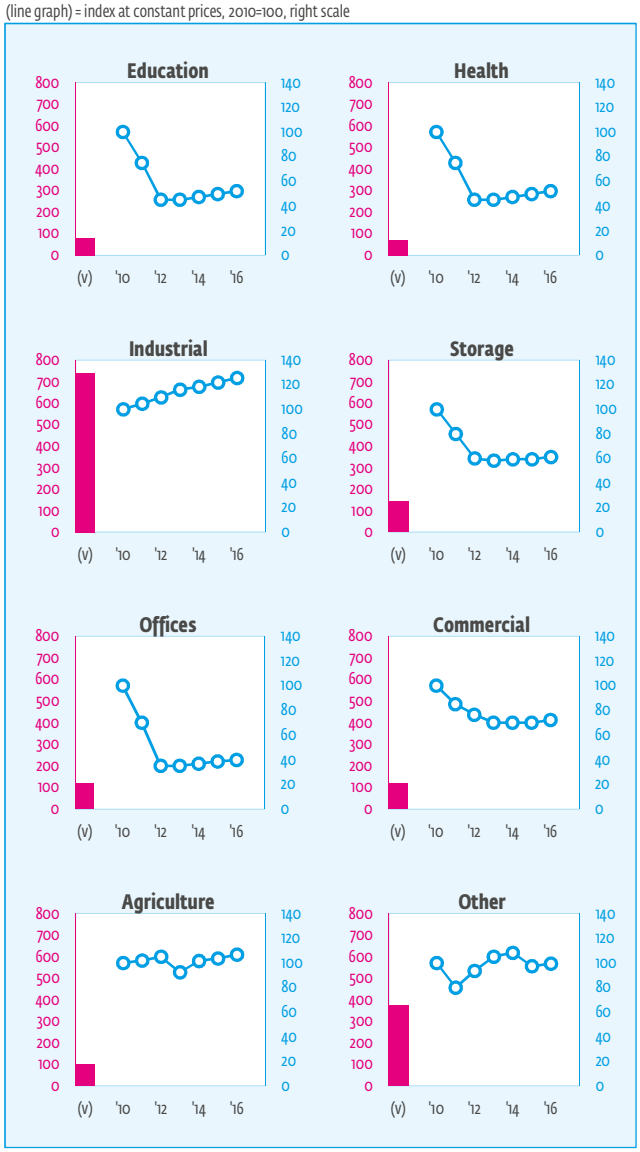
3. Public non-residential projects in 2013

Public building constructions in 2013 are significant both in terms of costs and their national importance. Many large-scale projects have been completed by the election year of 2014 or should reach completion during 2014, such as the Buda Castle Garden Bazaar (Várbazár) which is a World Heritage Site lying on the bank of the River Danube, or the square in front of the Parliament, the Liszt Ferenc Music Academy, the National Public Service University (Ludovika), Vigadó Concert and Exhibition Hall, the second opera house of the capital city, the Erkel Theatre and the public space linked to the Elisabeth Bridge in Budapest. It should be noted that the biggest-value project, the commissioning of Metro Line 4 in April 2014 (see Civil engineering Chapter), also meant the complete renewal of the surface (public area) of the ten stations, which will have a property and environment appreciation effect that cannot be expressed in value.

Similarly large-scale works, primarily the refurbishments of culturally significant facilities and public spaces, have taken place or are underway outside Budapest, like the Fertőd Castle complex (Haydn-Esterházy Centre), the Grassalkovich Castle in the town of Hatvan (operating as a hunting museum), the reconstruction of Wenckheim Castle in the town of Gyula and the L'Huillier-Coburg Castle in the town of Edelény in the north of Hungary (currently still without a new function). Also, the Fortress of the town of Eger is being renewed, which is one of most frequented tourist destinations of Hungary.

Thanks to the Second National Development Plan between 2007 and 2013, the health sector is seeing a development in the value of HUF 300bln (EUR 1bln) of EU funds on 400 locations. Owing to the halts in 2011 and 2012 the program is expected to be completed only by the end of the year 2015. Current refurbishment and extension works of hospitals and health facilities are ongoing in the towns of

Non-residential: breakdown by subsectors
(v) = volume 2013, million €, left scale;
(line graph) = index at constant prices, 2010=100, right scale



Source: EUROCONSTRUCT (77th Conference)

Körmend, Szolnok and Baja, and in several spots of Budapest. However, hospital projects are delayed in the towns of Veszprém, Gyöngyös, Zalaegerszeg, Nyíregyháza and Eger.

The government and the Central Budget are trying to regain our traditional sports achievements with the ambitious investments in sports facilities; 6 new stadiums, a national arena, the swimming complex for the 2021 Swimming World Championship, training pools, gyms and sport centres.

All public non-residential projects – both those in the capital city and those in the countryside – have been completed through significant EU funding. The majority of them have undergone or undergoing technical refurbishments requiring high-level expertise in order to serve inhabitants in the next 50 to 100 years by retaining their authentic appearance, but by being renewed and upgraded with modern conveniences.

Several cultural projects are waiting to be implemented such as the new Museum District in the City Park (Városliget), the expansion of the Budapest Zoo with the Funfair, the Centre for the memory of the victims of the Holocaust (Sorsok Háza). Further, an old gas factory will be utilized (Graphisoft Park is extended with university and museum functions) and a new conference centre is being planned in the south Pest bank of the Danube in Budapest. Together with other objects, these new facilities are disputed these days and their implementation will expectedly be postponed. These controversial projects also include the construction of some objects that would stretch on a protected nature reserve.

4. Real estate market overview

In recent years real estate developers have held back their earlier prepared projects and have only started new projects in case of a significant proportion of pre-sales. The launch of new projects is restricted by several factors; poor demand, tight lending and wary investors. Vacancy rates are high, so developers are focusing on finishing and selling ongoing projects and the preparation of new ones.

In 2013 among real estate projects the office market showed most positive changes with falling vacancy rates and a somewhat recovering demand. New office stock in the capital city of Budapest is expected to increase by 70000sqm in 2014. Besides, several office projects have building permits, but few developers are known to be planning speculative new office constructions, such as BUD Office Center (3300sqm), Váci Greens Building A(15500sqm), Ilka Center (2700sqm), Eiffel Palace (14000sqm), Corvin Corner (6200sqm), Vision Tower (17500 sqm) or Váci Corner Offices (18500sqm).

Out of the total office stock of Budapest (nearly four-fifth, 3.185.000sqm, of the total office stock of Hungary), only 20% operates as own property. It is essential that the trend reversed on the demand side: the proportion of new tenants fattened (45%), followed by contract extensions (35%) and expansions of rented space (20%). Office refurbishments play a key role in creating exigent and suitable workplaces for SSC companies and successful start-ups. In case of the latter, developers need to pay attention to create a working environment that inspires the creativity of employees.

Budapest, as one of Europe's most popular tourist destinations, is making its privately owned rental stock more and more available for the more money-sensitive, younger tourists having a lower budget. This mainly requires investments into

modernization; while hotel constructions and renovations are pushed into the background.

With regard to commercial real estate developments, 2013 saw very few new commercial constructions. Its roots are the following: (1) the share of online buyers is increasing (in Hungary in 2012 already 35% of shoppers), (2) the ban of building shopping malls took into effect (new commercial real estate may be built up to 3000sqm), thus purchases rose for shops with smaller floor space in the inner city. In connection with this, there are currently disagreements with the EU, (3) demand slightly grows and a few projects are underway (in 2013 Árkád 2 on 20000sqm, in 2014 small-scale retrofitting works in the inner city of Budapest).

Industrial, logistic and warehouse projects are initiated by real estate investors on the one hand, and by players of the manufacturing sector (factories, plants, industrial parks), on the other.

2013 was an unfavourable year for industrial facilities implemented with speculative purposes, mainly for the warehouse market (a stock of 1.848000sqm). Vacancy rate reached 23%-25% and there was little new demand on the market. Rental contracts are now concluded for relatively short terms, which suggests the vulnerability of the economy as well.

Manufacturing investments are Hungary's biggest job creators, thus their projects involve not only export expansion but the creation of jobs too, and they play a key role in the economy's ability to produce GDP. Foreign-owned industrial companies established in Hungary are continuously expanding and developing (Audi, Siemens, Bosch, General-Electric, Lego, Grundfoss, Knorr-Bremse, Vodafone, Huawei, Hankook, EPCOS, Takata, Hauni, Denso, etc.). The development and investment opportunities of suppliers are much more dependent on the current slow economic development. It is expected that the Growth Loan Program and the EU subsidies to support economic development will play a more and more important role in the catch-up of Hungarian suppliers.

Non-residential sector until 2016

In case of the construction of diverse non-residential buildings and in terms of demand, we cannot disregard the fact that major changes have begun and are accelerating globally. It is not only the lack of money to blame for the barely growing construction activity. It is equally important that the use of buildings has changed, habits and users themselves are changing too, and newer and newer generations reveal their other types of needs. The now changing fundraising (e.g. crowdfunding) and outsourced, fragmented workflows (e.g. crowdsourcing) require other types of working environment and communication.

IT and communication platforms are transforming commerce and workplaces, they eliminate unreasonably expensive products and instead of many products, they develop and launch new services. Therefore, the future might move towards flexible, convertible spaces. In addition, 3D printing and energy rationalization will also have a say in construction.

These are already present in the Hungarian construction market sporadically, therefore, in the upcoming years real estate developments of the non-residential subsector will primarily be characterized by caution, prioritized refurbishments (vs. new construction) and the reduction of energy use. As to public projects, they are to be realized through EU funds. The definitely positive annual change in the sector is estimated to be around 3%.

5. Civil Engineering Market

1. Performance of the sector in 2013 and at the onset of 2014

As indicated in the previous chapter, 2013 witnessed the largest increase in water supply, sewage and waste management (60.8%) among all economic sectors. The massive expansion in the output value of investments is also attributable to the 15.6% rise in the transport and storage sector which represents a major share and comprises railway construction.

In terms of construction projects, in 2013 the number of biggest value civil engineering projects doubled and this process continued in Q1 2014 as well. These ongoing and completed projects have also been mainly for the construction of transport, water supply, sewage and waste management objects, although the big-value projects for public spaces have been significant too in Budapest and in several bigger cities.

2. Transport infrastructure: situation and prospects

118 km of new motorways reached completion between 2010 and 2013. The HUF 450bln (EUR 1.5bln) worth road development program announced in Spring 2013 has proved to be the biggest funds annually secured for road construction.There is hardly any region in the country which has not seen or is not seeing any larger-scale completed, ongoing or starting road development. The projects are set to be completed in 2014 or in 2015. The works are centrally managed by the National Infrastructure Development Closely Held Corporation (NIF), while Colas and Strabag are the biggest contractors. Further, major works are done by KÖZGÉP, Swietelsky and Wiebe as well. Beyond new constructions, considerable road reconstructions are

underway. Also, the preparation works are ongoing for the north stretch of motorway Mo. The current road construction works are worth HUF 450bln (EUR 1.5bln).

The transit of goods is of high importance in road traffic. Europe`s biggest transit of goods is done between Germany, Russia and Turkey, for which the M1-Mo-M5-43 route (part of the 4th Corridor (Helsinki Corridor) – has been developed in Hungary. The M7-Mo-M3 route serves the transit of goods between Italy and the Ukraine. In 2014 all these motorways reach our borders. The construction of several north-south axis motorways is ongoing. On the one hand, in parallel with the Austrian border, on the other hand, in East Hungary, for the transit of the goods arriving from Poland and Slovakia to Romania.

The European Union has aimed to solve road quality problems in Hungary by examining the accident risk of existing roads. The examination has recently been carried out on a nearly 3000 km of public roads and motorways (10% of Hungary`s 31 thousand long network). The new task is to reconstruct the so called `black spots` with the aim of no fatalities on roads caused by poor road conditions by 2050. The improvement of construction cost per kilometer of motorways has come to the forefront.

Railway traffic in Hungary, similarly to road traffic, needs to be developed to meet the increasing domestic and transit demands of both passenger and goods traffic. Beside the currently ongoing railroad reconstructions (Budapest-Esztergom, Budapest-Tárnok, Szajol-Püspökladány and so on) further modernization works will be required in order that trains could have a higher speed. As to the agglomeration of Budapest, passenger transport has been improved by modern vehicles.

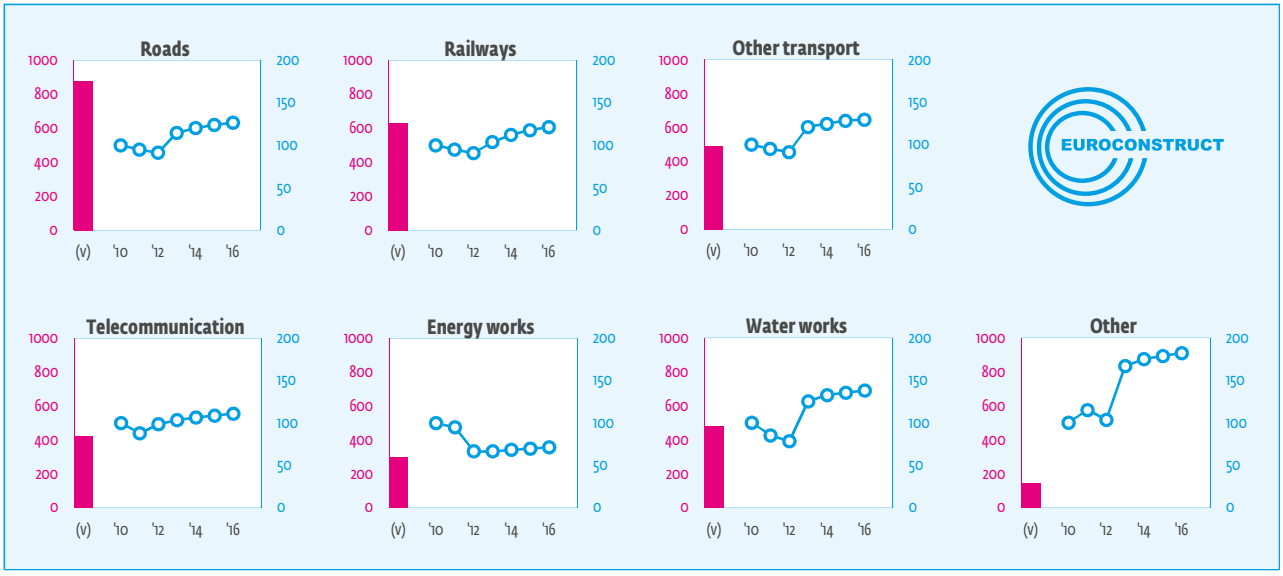
Between 2010-2014, HUF 162bln (EUR 540mln) were spent on 11 large-scale railway projects including the refurbishments of 260 km of rail tracks. As of now, an additional 200 km of rail tracks are being modernized and 390 km of railway lines are getting new equipment for the security system in the value of HUF 400bln (EUR 1.34bln). Railway transport is expected to see further progress in the 2014-2020 new EU National Development Cycle.

In Spring 2014 the construction of Metro Line 4, the most significant project of the public transportation network of the capital city, reached completion. The project, whose budget was originally planned to amount to HUF 130bln (ECU 541 million, 1998 price) in 1998, was finally completed between 2004 and 2014 in the midst of ongoing debates and halts. The overall budget crept to HUF 452bln (EUR 1.5bln, 2014 price), out of which 40% was financed through EU funds and 60% by the Hungarian State and the Municipality of Budapest. Metro Line 4 connects two busy railway stations, and the surface (street level) of its ten stations has been renewed, though its effect on improving the environment cannot yet be estimated. The property appreciation effect on the neighbourhood of both the railway stations and the metro stations will show advantages in the long run. Metro Line 4 can be extended by transport on the surface at both of its termini (long-term plan).

Out of the several major strategic projects in Budapest some should be highlighted as they involve construction works. These are under or

Civil engineering: breakdown by subsectors

(v) = volume 2013, million €, left scale; (line graph) = index at constant prices, 2010=100, right scale



Source: EUROCONSTRUCT (77th Conference)

before construction: (1) the construction of an interconnected tram network in Buda and the refurbishment of certain big intersections (e.g. Széll Kálmán square, Buda), (2) the restructuring of BUBI bicycle traffic, (3) organizing the traffic in the suburban ring road around Budapest, (4) the maintenance works of the 4000 km of Budapest public transport road network (in charge of Budapest municipality), (5) building P+R parking places and (6) flood protection works along both banks of the River Danube.

In the period of 2014-2020, 15% of all available EU funds are expected to be spent on transport development projects. The development of the Trans-European Transport Networks – TEN-T – (road, railroad and water accessibility), development of transport safety, urban transport and energy efficiency will enjoy priority among which projects based on multi-country cooperation along the borders will be preferred.

3. Water management, environment protection

The National Water Strategy implemented in 2013 is aiming at sustainable water management. Its key tasks are keeping the water in the Carpathian Basin, protection against floods and inland water (water that cannot be absorbed by the soil in case of rain, snow melt flood infiltration, or increased ground water level), natural water storage and improvement of water quality.

Owing to Hungary`s geographical location and climatic conditions– alternating water abundance and drought – its water management is primarily limited by its financial possibilities. This is the reason why only a third of Hungary`s irrigable agricultural lands is irrigated and little part of the surface waters entering at its borders can be kept within the territory of Hungary. The country`s water storage capacities should and could be developed by the fourfold of the current one.

The program for improving water quality launched before Hungary`s EU accession was rather slow-moving, in 2013 on 365 settlements the water of about one million inhabitants was not suitable for drinking. Beside the ongoing researches (e.g. „Kútfő" Project at the University of Miskolc), a water quality improvement project has been launched in 2014 in the value of HUF 75bln affecting mainly East Hungary.

In Hungary the floods require the construction and operation of 4200 km of level 1 flood protection line, mainly along the River Danube and the River Tisza. At the latest flood in June 2013 the Danube passed its peak in Budapest with a record height (the highest after1838). The 12 most flood-endangered locations became visible: the Margaret Island (Margit-sziget), the embankments on both banks of the Danube, the bank of several streams and residential areas on river banks.

Naturally the flood protection works of the whole Danube region has to be harmonized. In the next EU budgetary period around HUF 300bln (EUR 1bln) can be allocated for the realization. The EU Strategy for the Danube Region (EUSDR), apart from the flood protection of the River Danube, includes the flood protection of Hungary` second biggest river, The River Tisza, that of the Upper and Lower Tisza Regions, and last but not least, the flood protection of the Ukraine and Serbia as well.

Within the Hungarian National Environmental Remediation Programme the soil and ground water of most ex-Soviet army sites and the sites of the Hungarian Railways (MÁV) have been treated. As for communal waste management, the recycling program (selective communal bins) has been launched.

Due to the acceleration of the absorption of EU funds, the investment into projects of water supply, sewerage and waste management increased by 60% in 2013 against 2012. Among the biggest waste water investments the integrated sewerage project of Budapest is prominent, which is realized by the municipalities of Budapest and Budaörs on HUF 19.2bln (EUR 64mln). Beyond other sewage and waste projects in and outside the capital city, the construction of the waste water treatment infrastructure of small and middle-size settlements (between 1000 and 10000 inhabitants) has started. In smaller settlements utilization is seasonally different, therefore, the flexible operation of equipment is a basic need.

4. Energy sector

The investments of the domestic energy sector have massively decreased since 2011. The reasons have been the extra taxes on the one hand, and the more rational energy consumption due to the crisis, on the other.

3.1%-5.5% of Hungarian investments are energy-related. In 2013 the drop was 8.5% against the previous year.

Projects of power generation, gas and district heating sectors in Hungary, 2008-2013

	2008	2009	2010	2011	2012	2013
Value of energy projects, bln HUF	188	205	247	235	148	136
Energy projects in total investments,%	3,8	4,4	5,5	5,5	3,5	3,1

Source: KPMG, KSH

Despite last year`s falloff, projects of strategic importance have not decelerated, Hungary`s integration into the regional and European energy supply networks has strengthened. Gas is purchased

through several pipelines and the competition over the construction and the transit transport is ongoing among different directions and countries (South Stream on EUR 600mln – launched; AGRI – under preparation; North-South Corridor, Slovakian-Hungarian stretch – under construction; Nabucco Gas Pipe – uncertain). Over the recent years considerable refurbishments have been implemented on the territory of gas reservoirs.

In terms of power generation, substantially smaller-scale projects reached completion as here, for economic reasons; investment thirst is lower because the infrastructure has already been built. However, until 2030 eight domestic power plants will become outdated and for this reason, the development of the Paks Nuclear Power Plant has become a priority. On the one hand, by the end of 2012 the radioactive waste reservoir had been built, which secures the operation of the existing power plant for a further 20 years. On the other hand, in February 2014 the Hungarian government concluded an agreement with its Russian counterpart for the expansion of the Paks Nuclear Power Plant and for the replacement of the out-of-use capacities. As of now, the development is in the midst of heated political and professional debates, taking into consideration the possibilities and costs of replacement with renewable energy sources.

As to energy use, no significant progress is experienced currently regarding energy saving and the reduction of the heat loss of buildings. Further, the approval of the National Energy Strategy is delayed, although the technical and institutional preparations are underway and are considered to be proper.

5. Civil engineering outlook until 2016

Due to the concurrence of several factors, in 2013 civil engineering expanded by a significant 23.4%; an unprecedented growth backed first by the accelerated absorption of EU funds since H2 2013. Second, flood-related investments and the big projects of Budapest Metro Line 4 highly increased the 2013 output. We do not forecast this hike to repeat itself in the upcoming years, though. In an ideal case, with a slight 3%-5% growth we can maintain the current value which is an exceptionally high proportion (42.7%) of the total construction market value.

Naturally, in some areas, mainly in the field of energy, the necessary projects must be replaced; however, currently the development of energy market is rather uncertain throughout Europe.

APPENDIX – DEFINITIONS

Table 1
- Population, Households: number of people at the beginning of the year
- Unemployed and unemployment rate: Hungarian Statistical Office, at the end of year

Table 2
- Construction output includes performance of construction industry, non-construction organisations, DIY activity. The total volume of the construction output is equal to the construction part of the yearly investments in the national economy without VAT, Hungarian Statistical Office data.

Table 3
- Definition 1+2 family dwellings (typically one-family houses in Hungary) vs flats (3 or more residential units(flats) in one building
- Housing stock: at the beginning of year
- Second homes – no data available
- Vacancies – estimations
- Home ownership rate:% of residential units owned by individuals

Table 4a
- Education buildings: kinder gardens, schools, hostels, high schools, universities
- Health: hospitals, clinics, local health centres, social buildings for disabled, elderly homes
- Industrial: workshops, R&D centres, production halls
- Storage: storage buildings, logistical buildings
- Offices: public and private administrative buildings
- Commercial: supermarkets, shopping malls, hypermarkets, DIY centres
- Agricultural: buildings for agricultural use, animals and store
- Miscellaneous: culture, sports, church

Table 4b
- Other transport includes bridges, airports, harbours

Table 5
- Volume Private consumption, public consumption, at market prices, VAT excluded

Extra
- VAT excluded and at 27% rate

Sources:
KSH (Central Statistical Office of Hungary), MNB (Hungarian National Bank), KPMG, GKI Economic Research Co., E-Build, Buildecon own researches, ECFIN, May 2014

Country/Pays/Land: Hungary — Table 1

MAIN DEMOGRAPHIC AND ECONOMIC INDICATORS
PRINCIPAUX INDICATEURS DÉMOGRAPHIQUES ET ÉCONOMIQUES
WICHTIGE DEMOGRAPHISCHE UND ÖKONOMISCHE INDIKATOREN

					Forecast		Outlook
	2010	2011	2012	2013	2014	2015	2016
Population ('ooos) **Population** **Bevölkerung**	10 014	9 986	9 932	9 906	9 879	9 870	9 860
Households ('ooos) **Ménages** **Haushalte**	4 054	4 071	4 078	4 083	4 085	4 083	4 081
Unemployed ('ooos) **Chômeurs** **Arbeitslose**	475	468	476	448	390	385	370
Unemployment rate (%) **Taux de chômage** **Arbeitslosenquote**	11.2	11.0	10.9	10.2	9.0	8.9	8.6
Change of GDP **Variation du PIB** **Veränderung des BIP** **(% change in real terms)**	1.1	1.6	-1.7	1.1	2.3	2.1	2.0
Consumer prices (% change) **Prix à la consommation** **Verbraucherpreise**	4.9	3.9	5.7	1.7	1.0	2.8	3.0
Construction prices (% change) [1] **Prix de la construction** **Baupreise**	1.8	2.4	1.9	2.5	1.0	2.8	3.0
Short term interest rate [2] **Taux d' intérêt à court terme** **Kurzfristiger Zinssatz**	5.4	6.1	6.7	4.0	2.8	3.5	4.0
Long term interest rate [3] **Taux d' intérêt à long terme** **Langfristiger Zinssatz**	7.4	7.7	7.7	6.0	5.8	5.5	5.5

1) Refers to new construction only.
2) 3-month interbank rate (or equivalent).
3) 10-year government bonds (or equivalent).

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Country/Pays/Land: Hungary — Table 2

CONSTRUCTION BY TYPE
PAR TYPE D'OUVRAGE
BAUPRODUKTION NACH BAUARTEN

		Volume mill. euro[1]	% change in real terms (volume)						
							Forecast		Outlook
		2013	2010	2011	2012	2013	2014	2015	2016
Residential construction **Logement** **Wohnungsbau**	New	510	-27.7	-22.9	-11.0	-35.0	12.0	10.0	5.0
	Renovation	920	-10.0	-10.0	11.5	-2.1	0.0	5.0	7.0
	Total	**1 430**	**-20.7**	**-17.1**	**-0.0**	**-17.1**	**4.3**	**6.9**	**6.2**
Non-residential construction **Bâtiments non résidentiels** **übriger Hochbau**	New	1 750	0.0	-13.7	-10.5	3.0	3.0	0.0	3.0
	Renovation	1 310	-2.4	2.5	5.2	3.1	3.0	0.0	3.0
	Total	**3 060**	**-0.9**	**-8.0**	**-4.4**	**3.0**	**3.0**	**0.0**	**3.0**
Building **Bâtiment** **Hochbau**	New	2 260	-11.6	-16.8	-10.7	-9.0	5.0	2.4	3.5
	Renovation	2 230	-5.9	-3.0	7.8	0.9	1.8	2.0	4.7
	Total	**4 490**	**-9.5**	**-11.5**	**-2.8**	**-4.3**	**3.4**	**2.2**	**4.1**
Civil engineering **Génie civil** **Tiefbau**	New	1 750	-8.7	-4.0	-18.0	24.1	5.0	3.0	2.0
	Renovation	1 595	-6.0	-10.0	10.0	22.6	5.0	3.0	2.0
	Total	**3 345**	**-7.6**	**-6.5**	**-6.6**	**23.4**	**5.0**	**3.0**	**2.0**
TOTAL CONSTRUCTION OUTPUT		**7 835**	**-8.8**	**-9.7**	**-4.2**	**5.8**	**4.1**	**2.6**	**3.2**

	2013					Forecasts		Outlook
	Volume mill. tons	2010	2011	2012	2013	2014	2015	2016
Domestic cement consumption **Consommation intérieure de ciment** **Inländischer Zementverbrauch**	2.50	15.0	10.0	-15.0	5.0	5.0	3.0	3.0

Renovation covers repair and maintenance, refurbishment and reconstruction.
1) At 2013 prices, excluding taxes. 1 euro = 296.92 HUF

Country/Pays/Land: Hungary — Table 3

RESIDENTIAL CONSTRUCTION
CONSTRUCTION DE LOGEMENTS
WOHNUNGSBAU

		Thousands dwellings						
						Forecast		Outlook
		2010	2011	2012	2013	2014	2015	2016
Building permits **Logements autorisés** **Baugenehmigungen**	1+2 family dwellings Individuels 1+2-Familienhäuser	7.8	5.8	5.0	4.2	4.0	4.5	5.0
	Flats Collectifs Mehrfamilienhäuser	9.6	6.7	5.6	3.3	4.5	5.5	5.5
	Total	**17.4**	**12.5**	**10.6**	**7.5**	**8.5**	**10.0**	**10.5**
Housing starts **Logements commencés** **Baubeginne**	1+2 family dwellings Individuels 1+2-Familienhäuser							
	Flats Collectifs Mehrfamilienhäuser							
	Total	**18.0**	**7.5**	**8.0**	**7.5**	**8.0**	**8.5**	**9.0**
Housing completions **Logements terminés** **Baufertigstellungen**	1+2 family dwellings Individuels 1+2-Familienhäuser	9.7	7.5	6.7	3.8	4.0	5.0	5.0
	Flats Collectifs Mehrfamilienhäuser	11.1	5.2	3.9	3.5	4.5	5.0	6.0
	Total	**20.8**	**12.7**	**10.6**	**7.3**	**8.5**	**10.0**	**11.0**
Housing stock **Logements existants** **Wohnungsbestand**	**Total**	**4 370**	**4 390**	**4 394**	**4 402**	**4 408**	**4 415**	**4 420**
	thereof second homes dont résid. secondaires davon Zweitwohnungen							
	thereof vacancies dont inoccupés davon leerstehend							
	share of family dwellings (%) part des maisons individuelles Anteil 1+2-Familienhäuser	59.0	59.0	60.0	60.0	60.0	60.0	60.0
Home ownership rate [1] **Taux de propriétaires occupants** **Wohneigentumsquote**		92.0	92.0	92.0	92.0	92.0	92.0	92.0

1) Cf. Appendix to the individual country report.

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Country/Pays/Land: Hungary — Table 4a

NEW NON-RESIDENTIAL CONSTRUCTION (PUBLIC AND PRIVATE)
CONSTRUCTION NEUVE NON RÉSIDENTIELLE (PUBLIQUE ET PRIVÉE)
NEUER NICHTWOHNHOCHBAU (ÖFFENTLICH UND PRIVAT)

	Volume mill. euro[1)]	m2 x 1000	% change in real terms (volume)						
							Forecast		Outlook
	2013	2013	2010	2011	2012	2013	2014	2015	2016
Buildings for education **Bâtiments de l'éducation et de la recherche** **Gebäude des Bildungswesens**	80		10.0	-25.0	-40.0	0.0	5.0	5.0	5.0
Buildings for health **Bâtiments de santé** **Gebäude des Gesundheitswesens**	70		10.0	-25.0	-40.0	0.0	5.0	5.0	5.0
Industrial buildings **Bâtiments industriels** **Industriegebäude**	740		15.0	4.5	5.0	5.7	2.0	3.0	3.0
Storage buildings **Bâtiments de stockage** **Lagergebäude**	145		-25.0	-20.0	-25.0	-3.0	2.0	0.0	3.0
Office buildings **Bureaux** **Bürogebäude**	120		-15.0	-30.0	-50.0	0.0	5.0	5.0	3.0
Commercial buildings **Commerces** **Geschäftsgebäude**	120		-15.0	-15.0	-10.0	-8.5	0.0	0.0	3.0
Agricultural buildings **Bâtiments agricoles** **Landwirtschaftsgebäude**	100		-3.0	2.0	3.0	-12.0	10.0	2.0	3.0
Miscellaneous **Autres** **Sonstiges**	375		22.0	-20.0	17.0	12.3	3.0	-10.0	2.0
TOTAL	**1 750**		**0.0**	**-13.7**	**-10.5**	**3.0**	**3.0**	**0.0**	**3.0**

1) At 2013 prices, excluding taxes. 1 euro = 296.92 HUF

Country/Pays/Land: Hungary — Table 4b

TOTAL CIVIL ENGINEERING
ENSEMBLE DU GÉNIE CIVIL
TIEFBAU INSGESAMT

		Volume mill. euro[1]	% change in real terms (volume)						
							Forecast		Outlook
		2013	2010	2011	2012	2013	2014	2015	2016
Transport infrastructure **Infrastructures de transport** **Verkehrsinfrastruktur**	Roads Réseau routier Straßen	880	-10.0	-5.0	-4.0	25.7	5.0	3.0	2.0
	Railways Voies ferrées Bahnanlagen	630	-8.0	-5.0	-4.5	14.5	8.0	5.0	3.0
	Other transport Autres réseaux Übrige Verkehrsinfrastruktur	490	-20.0	-5.0	-4.0	32.4	3.0	3.0	1.0
	Total	**2 000**	**-11.9**	**-5.0**	**-4.2**	**23.4**	**5.5**	**3.6**	**2.1**
Telecommunications **Télécommunications** **Telekommunikation**		420	-15.0	-12.0	12.0	5.0	3.0	2.0	2.0
Energy works **Réseaux d'énergie** **Energieversorgung**		300	5.0	-5.0	-30.0	0.0	3.0	2.0	2.0
Water works **Réseaux d'eau** **Wasserversorgung**		480	10.0	-15.0	-8.0	60.0	6.0	2.0	2.0
Other **Autres** **Sonstiges**		145	0.0	15.0	-10.0	61.1	5.0	2.0	2.0
TOTAL		**3 345**	**-7.6**	**-6.5**	**-6.6**	**23.4**	**5.0**	**3.0**	**2.0**

1) At 2013 prices, excluding taxes. 1 euro = 296.92 HUF

HU

Country/Pays/Land: Hungary — Table 5

GROSS DOMESTIC PRODUCT
PRODUIT INTÉRIEUR BRUT
BRUTTOINLANDSPRODUKT

	Volume bill. euro[1]	% change in real terms (volume)						
						Forecast		Outlook
	2013	2010	2011	2012	2013	2014	2015	2016
Private consumption[2] **Consommation privée** **Privater Verbrauch**	52.8	-3.0	0.4	-1.6	0.2	1.4	1.6	1.5
Public consumption **Consommation publique** **Staatsverbrauch**	20.1	-1.2	-0.0	-1.2	1.3	1.1	2.0	2.0
Gross fixed capital formation **Formation brute de capital fixe** **Bruttoanlageinvestitionen**								
Total	17.8	-8.5	-5.9	-3.7	5.9	7.0	4.3	4.5
of which construction	7.8	-9.4	-9.7	-4.3	1.3	7.4	6.4	6.3
Stocks (contribution as % of GDP)[3] **Variations de stocks** **Vorratsveränderungen**	- 0.5							
Exports **Exportations** **Exporte**	92.6	11.3	8.4	1.7	5.3	5.7	6.1	4.5
Imports **Importations** **Importe**	85.0	10.9	6.4	-0.1	5.3	6.2	6.5	5.0
GDP **PIB** **BIP**	**98.1**	**1.1**	**1.6**	**-1.7**	**1.1**	**2.3**	**2.1**	**2.0**

Standard National Accounts, gross figures.
1) At 2013 prices. 1 euro = 296.92 HUF
2) Including final consumption expenditure of NPISH's, ISBLM inclus, einschließlich POoE.
3) Including net aquisitions of valuables, net aquisitions d'objets de valeur inclus, inkl. Nettozugang an Wertsachen.

Notes