



**INGATLANFEJLESZŐI  
KERESZTAL EGYESÜLET**  
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# INVEST IN BUDAPEST



# ATTRACTING AND RETAINING TOP COMPANIES

Budapest has always been a major destination for **foreign investors**. It has been a leading city to receive FDI since 1990. Over 20% of workers are employed by multinationals in Hungary, and students in tertiary education rank multinational jobs as their first choice among career opportunities. Almost all the top world multinationals are present in Budapest, and many of them have chosen Budapest as their global or regional centre, including in high-tech industries.

The **Hungarian headquarters of Nokia, Morgan Stanley, Ericsson, SAP, GE Healthcare and Lighting and MSCI** add significant value to the operation of these global companies, attracting developers and researchers trained in top universities. The service centres of more than thirty companies – among them **IBM, BP and Diageo** – have created 25 thousand jobs and offer additional opportunities to Budapest residents, making use of the young multilingual workforce. **Leading Hungarian companies** such as **OTP** and **MOL** naturally also coordinate their regional activities from Budapest.

Once **local startups**, now global ICT players like **Graphisoft, Prezi, Ustream** and **LogMeIn** attract foreign professionals to the Hungarian capital.



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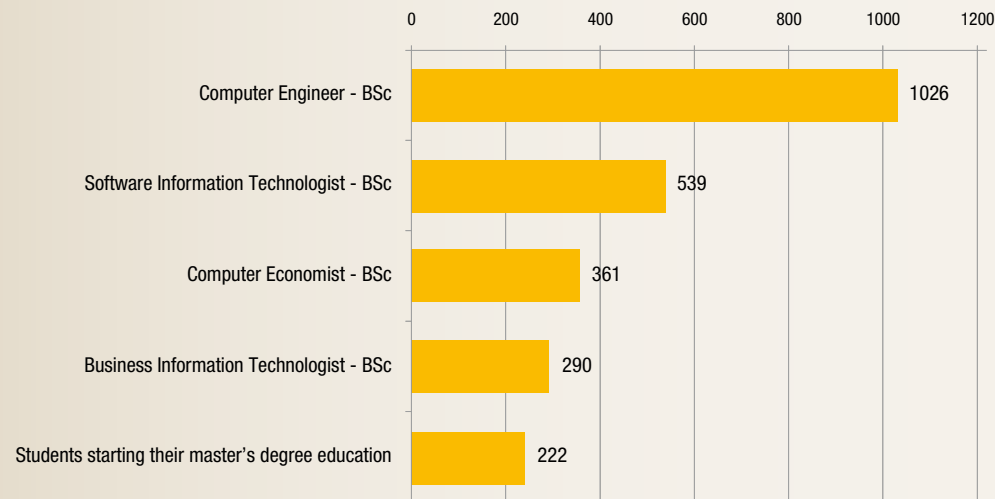
# LONG TRADITIONS OF HIGH-QUALITY SCIENCE EDUCATION

The World Economic Forum ranked Hungary 18th among 131 countries in **quality of research** - higher than its regional competitors (eg. Austria – 23rd, Czech Republic – 26th, Slovakia – 70th or Poland – 55th), and on par with China (19th). Budapest offers a highly skilled, well-educated workforce, with a **traditionally strong educational background in the sciences**. **Governmental scholarships** for university programs are widely available to talented students. Funds have recently been **redirected towards science programs**. Several prominent **pharmaceutical** companies, for instance Egis, Richter, Sanofi and Servier have **lab facilities** in Budapest.

There are more than 35 establishments of higher education in the capital city (compared with 13 in Vienna, or 29 in similarly-sized Bucharest). Around half of all students in **higher education in Hungary study in Budapest**, and many of them stay in the city to work. About **45% of residents between the ages of 25 and 40 have a degree from an institute of higher education**, which is similar to Berlin. Looking at all ages, 34% of Budapest residents have a degree.

Many **talented and internationally experienced graduates** are searching for local career opportunities. It is also quite simple to **arrange for foreign nationals** to work in Budapest, especially from within the European Union.

Number of university students starting ICT studies in 2013



Source: felvi.hu higher education website



# A RICH ASSORTMENT OF OFFICE SPACE

A large amount of affordable office space is available in Budapest.

The **3.1 million sqm office space** is distributed among a wide variety of buildings, at moderate prices of around 12-16 € / month.

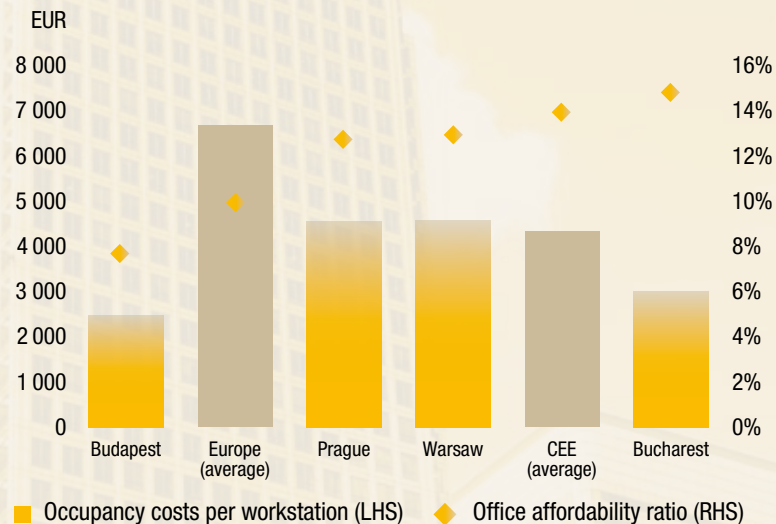
According to DTZ's research, not only is Budapest the European capital with the **lowest nominal accommodation costs per employee**, it is also by far the most **affordable in CEE**.

More than **2 million sqm** of new office space has been completed since 2000, mostly developed by the **members of the Association of Real Estate Developers in Hungary**. Modern constructions with LEED and BREEAM qualifications, landmark **architectural designs**, and **renovated, centrally located buildings** from the past centuries are also present.

A couple of lively office-clusters operate beyond the city centre, too. The row of **financial-consulting** firms located along Váci út is referred to as the **Váci corridor**. **Graphisoft Park** and **Infopark** host the leading multinationals of the **IT sector**. Prestigious Buda-side buildings offer **easy access** for workers arriving from the green belts.

**Generation Y** can be found in **refurbished buildings downtown**, where Ustream, Prezi and LogMeIn are located.

Startups partly supported by the EU-funded Jeremie venture capital program are ubiquitous.



Source: IFK-DTZ report, 2013.

| Office Name              | Assessment Type                   | Rating                  | Office Space (sqm) |
|--------------------------|-----------------------------------|-------------------------|--------------------|
| Akadémia Park - Officium | LEED – Commercial Interiors v2009 | Excellent (78%)         | 12 500             |
| Citibank Arena Corner    | LEED – Core and Shell v2009       | Platinum (81-83 points) | 24 000             |
| Green House              | BREEAM 2008 – Design Stage        | Platinum (93 points)    | 18 000             |
| Váci Corner              | BREEAM 2009 – Design Stage        | Excellent (78%)         | 18 500             |
| Váci Greens A-B-C        | BREEAM 2008 – Design Stage        | Excellent (75-76%)      | 55 500             |

Source: Óbuda-Újlak report, 2013.

# QUICK AND EASY TRANSPORTATION

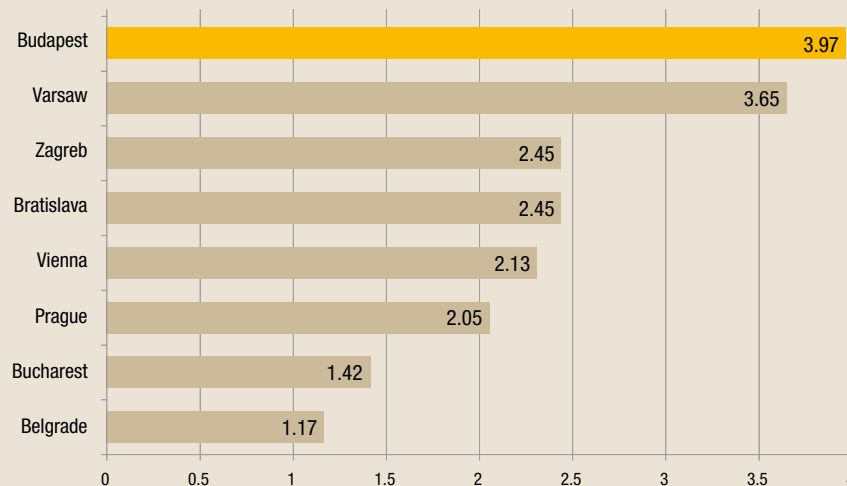
The **public transport network** in an urban area is a determining factor, and Budapest has a very **dense** system, even by European standards, with over 9 stops for each square km of Budapest.

A new **underground** line is about to be opened, at first with 10 new stops in 2014, and later expanding to 16. 31 **tramlines** provide a fast and convenient way to get to the city centre. Commuting from the **green Buda** side to the centre is also quite fast, and usually takes around half an hour, owing to the **dense bus network**. The **public boat transport** system on the Danube is a recent innovation, with boats departing up to every half hour.

The “Heart of Budapest” program involves the revitalization of the city centre. The **renewal of the city centre** is continuous: downtown has become even more **pedestrian-friendly**, and special attention is paid to developing the **network of cycle routes**, for example on the major bridges. There is a year-on-year increase in the number of people commuting daily on bicycles, which increased by over 80 000 in a year, and has reached 15%. A **bike sharing scheme (BuBi)** with 1000 available bicycles will start in 2014.

The **Liszt Ferenc airport** is highly utilized, with almost every European country directly accessible by plane in 2 hours.

Length of public transport network in Central and Eastern European Capitals (km/sqkm)



Most frequent direct flights from Budapest per day



# THE BEST OF THE HUNGARIAN ECONOMY

Budapest is the dominant centre of Hungary. Although its area is only 1 per cent of the country's, its significance is much greater.

According to the 2011 census the total **population** of Budapest is **1.7 million** and has been slowly increasing in the past years. The **metropolitan area** of Budapest is also becoming more significant with its **growing population of 2.5 million**.

**Budapest** plays a major role in the Hungarian economy. It produces **40% of Hungarian GDP**. **Around one tenth of employees in the industrial and construction sectors** work in the capital city. The **main strength of Budapest's economy is the service sector**. **A quarter of those who work in services** do so in Budapest. **Foreign direct investments** are also concentrated in Budapest, at **53%**.

Hungarian **higher education** is also Budapest-centric (**44%**), meaning that the **skilled workforce** of the future is easily available to companies.

Most frequent direct flights from Budapest per day



Budapest is centrally located within Hungary, less than 250 km from Vienna or Bratislava.



Over 17% of Hungary's inhabitants live in Budapest.



Over 53% of foreign direct investment is targeted to Budapest.



Over 24% of service sector employees in Hungary work in Budapest.

# A LIVEABLE CITY FOR EVERYONE

Above all else, Budapest is a **great place to live**, not only for natives but also for foreign visitors and residents. This is reflected in **Budapest's liveability scores**: it came **24th in EIU's Best Cities** report in 2013, and is the **highest ranking city for infrastructure** in the region in **Mercer's 2012 quality of living** survey.

Each year, **tourists** flock to Budapest to experience **the world heritage sights** - starting with the beautiful **Danube panorama**. The number of foreign guests visiting Budapest has even increased by over 20% since the crisis. Budapest's tourist sights are not isolated from the living city, but are intertwined with it: **the city centre is the residential, business and historical centre all in one**.

Budapest is a home **for the whole family**: fourteen **international schools** offer programs in languages as diverse as English, German, Japanese or Slovak, **while English-languages university programs** are also available.

Michelin awarded stars to two restaurants in Budapest. They are not the exceptions, but rather the norm: the **gastronomic revolution** in the past decade has resulted in a wide variety of affordable restaurants for dining out.

The parks on Margaret Island and in the **green belts** of Buda offer excellent recreation time for the whole family.

| Publisher                       | Leader   | Budapest's ranking |
|---------------------------------|----------|--------------------|
| Mercer's Quality of Living 2012 | Vienna   | 74                 |
| EIU Competitiveness 2012        | New York | 55                 |
| Mercer Eco-City                 | Calgary  | 75                 |



Along with new builds, the stylish CBD also features completely renewed office buildings from the 19th and early 20th centuries.

# TEMPTING FINANCIAL OFFERS FOR DIRECT INVESTORS

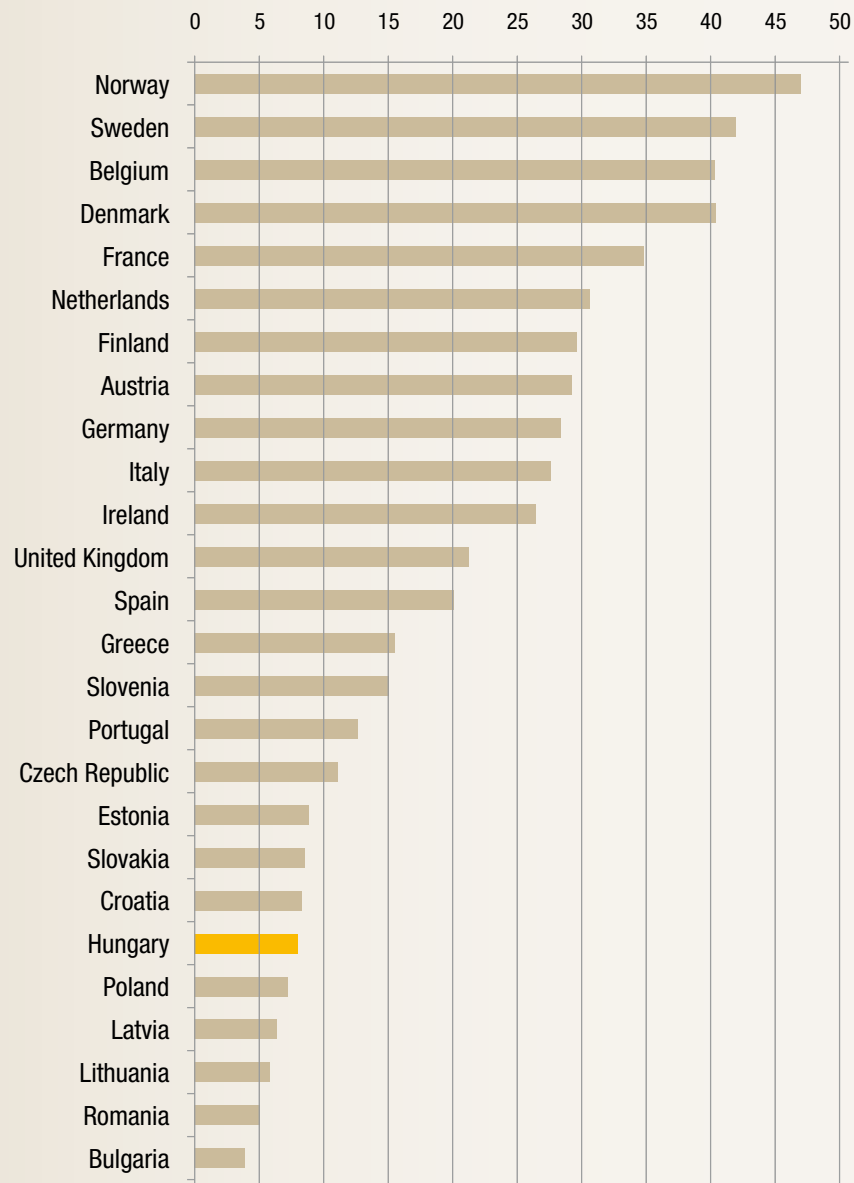
Hungary has a stable macroeconomic environment, and the country's labour market regulations are becoming increasingly flexible.

The **corporate income tax rate** in Hungary is among the most attractive in the European Union. The corporate tax is only 10% up to a tax base of HUF 500 million, and 19% above that threshold. Dividend tax is a mere 16%. Some special taxes have been introduced in certain sectors to reduce government debt in order to counterbalance the **wide range of subsidies offered** by the EU and other sources.

The Hungarian Government targets large investors and small start-up companies differently. For the **large ones** it provides a negotiation-based **"VIP" subsidy** opportunity for **investments greater than EUR 10 million** and a certain number of newly created jobs, depending on the purpose and location of the investment. Furthermore, **R&D and the creative industries** – filmmaking, performing arts – may receive extra allowances. Jobs created by shared service centres may also be eligible for subsidies.

**Smaller enterprises** enjoy the **favourable corporate tax rate of 10%**. The Central Bank's Funding for Growth program opened opportunities for investments financed by low interest rate credits. The government offers several opportunities to ease enterprises' liquidity constraints. Favourable career starter subsidies are also available and mothers' return to the workforce has recently become more flexible.

Total hourly labour cost in the service sector (2012)





# DIRECT CONTACTS AVAILABLE FOR INVESTORS

Hungary has been always proactive in attracting foreign direct investments. Through opening towards Eastern investors, Hungary's goal is to become the **bridge between East and West**, and to be a stepping stone for companies for further expansion. When planning a **green field investment in the capital**, the **direct support** of the Municipality can be counted on.

The **Hungarian Investment and Trade Agency (HITA)** provides information about **investment opportunities in Hungary** in ten languages, and it releases 10-15 publications yearly geared at investors. HITA also publishes an annual **Doing Business and Investment Guide** about Hungary, full of practical and relevant information about the country's investment environment. Further, HITA offers a great variety of sector-specific information about the most promising Hungarian sectors. **ICT, life sciences, engineering and agriculture** have been the main targets of investors in the past twenty years. Sectors offering new opportunities are a further topic discussed in an information package: **SSC, logistics and aeronautics R&D** are highlighted.

Members of the **Association of Real Estate Developers in Hungary** have built the headquarters of most Budapest's recent investors, and we're ready for new challenges. If you have any queries about investment opportunities in **Budapest**, please **contact us directly at [info@ifk-egyesulet.hu](mailto:info@ifk-egyesulet.hu)**.

Recent governmental strategic partnership agreements with large employers in Budapest:

| Company          | Industry                      |
|------------------|-------------------------------|
| Bosch            | manufacturing                 |
| Continental AG   | automotive                    |
| Ericsson         | telecom                       |
| GE               | R&D, manufacturing, finance   |
| IBM              | information technology        |
| Knorr-Bremse     | manufacturing                 |
| Microsoft        | information technology        |
| Nokia            | telecom                       |
| Richter Gedeon   | pharmaceutical                |
| Siemens          | manufacturing                 |
| Stadler Trains   | manufacturing                 |
| TATA Consultancy | banking, information services |
| Waberer          | logistic                      |
| Teva             | pharmaceutical                |



The vast majority of modern office space was built by members of the Association of Real Estate Developers in Hungary.

## WE HOPE TO MEET YOU IN THE NEAR FUTURE.

BOARD OF THE ASSOCIATION OF REAL ESTATE DEVELOPERS IN HUNGARY  
YOUR PARTNER IN DEVELOPMENT  
INGATLANFEJLESZTŐI KERESZTAL EGYESÜLET