

# BUSINESS SERVICES HUNGARY

2021

REPORT  
ON THE HUNGARIAN  
BUSINESS SERVICES  
INDUSTRY

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# BUSINESS SERVICES HUNGARY 2021



Mature Market, New Perspectives,  
Resilient Operation, Digital  
Transformation, Automation,  
**Hungary**, Value-added Functions,  
Cultural Diversity, Excellence,  
**Educational Cooperation**,  
Employer Branding, Employee  
Experience, **Talent Focus**, Business  
Continuity, Remote Working,  
Retention, Training and  
Development, **HIPA**, Educational  
Cooperation, COVID-19, Flexibility,  
**New Normal**, Innovation, Stability,  
Value Creation, Data Science,  
**Research and Development**,  
Analytics, Artificial Intelligence,  
Career Management, Process  
Customer Focus, **Efficiency**

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# Foreword

## Continuous growth, resilience and efficiency.

These are the main characteristics of the business services sector in Hungary. In the last 20 years there have been significant developments in the field of Business Service Centers (BSCs) and Hungary has become one of the leading international hubs for the sector in Central and Eastern Europe. The importance of the industry is stated by the fact that currently 156 BSCs are employing 70,446 employees in Hungary. Based on the latest developments, the business services sector is one of the few segments that has shown steady growth in crisis and difficult times. The sector has shown a high level of maturity with resilient and flexible operation in a truly global service landscape, while maintaining the ability to engage and retain talent and to continuously attract new investments even during the COVID-19 pandemic.

In order to examine and outline the current trends and tendencies of the business services sector, the Hungarian Investment Promotion Agency (HIPA) has conducted the Business Services Hungary 2021 survey. Based on the results of the survey we are pleased to present the latest results, challenges and opportunities of the sector in Hungary. The report captures key features of a mature market that continuously innovates and incorporates increasingly complex, high value-added services, while being able to expand its potential for growth. The aim of HIPA is to help and support all the stakeholders, projects and new initiatives of the BSCs in Hungary. HIPA is providing professional management consultancy services, tailor-made incentive offers, information on location possibilities as well as the labour pool in order to encourage investment decisions regardless of the location of the activity within the country.

The Business Services Hungary 2021 report is the result of a careful multi-stakeholder analysis, carried out in cooperation with the American Chamber of Commerce in Hungary, based on industry representatives' inputs and incorporating expert views of CBRE Hungary and Hays Hungary.

Despite the unforeseen challenges during the past two years, we strongly believe that the Hungarian Business Services Sector remains an attractive and dynamically developing segment and a key driver for elevating the competitiveness of the Hungarian economy.

We would like to thank all the participating companies of this survey who provided invaluable input that enabled us to present this up-to-date and comprehensive overview of the industry, the findings of which we trust will be useful and appreciated by every reader.

We are pleased to present our Business Services Hungary 2021 report, and we wish all readers a healthy and safe year ahead.

**Róbert Ésik**  
CEO  
HIPA



**Tünde Kis**  
Deputy CEO  
Investment Promotion  
HIPA



**Dávid Lente**  
Senior Consultant  
HIPA



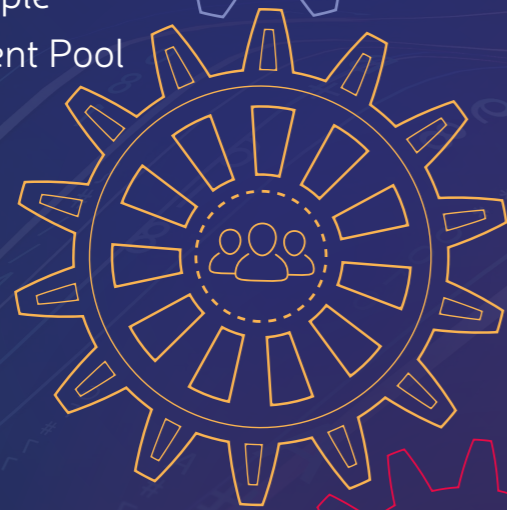
# Executive Summary

 Business Overview

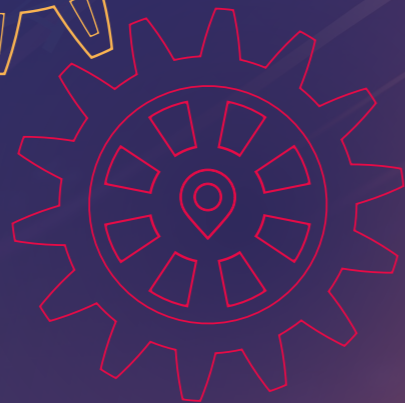


 Competitiveness

 People Talent Pool



 Business Services Locations



During the COVID-19 pandemic, the Hungarian business services sector has achieved an outstanding result and it has remained one of the leading industries of the Hungarian economy. The attractiveness of the sector is reflected in the continuous growth of the number of BSCs, the increasing headcounts, and the continuously broadening scope of high-value added activities.

The COVID-19 pandemic brought a paradigm shift regarding the operation of BSCs in Hungary and in other locations around the world. The disruptions forced BSCs to modify their operational model, and to leverage new digital solutions and to shift toward remote/hybrid work. Despite the challenges, the sector stabilized quickly and adapted to a significantly different way of operation. Living in a mainly digital world and creating value virtually became the “new normal” for the companies and the employees of the business services sector. The results achieved by the Hungarian centres are a clear confirmation of the maturity of the sector.

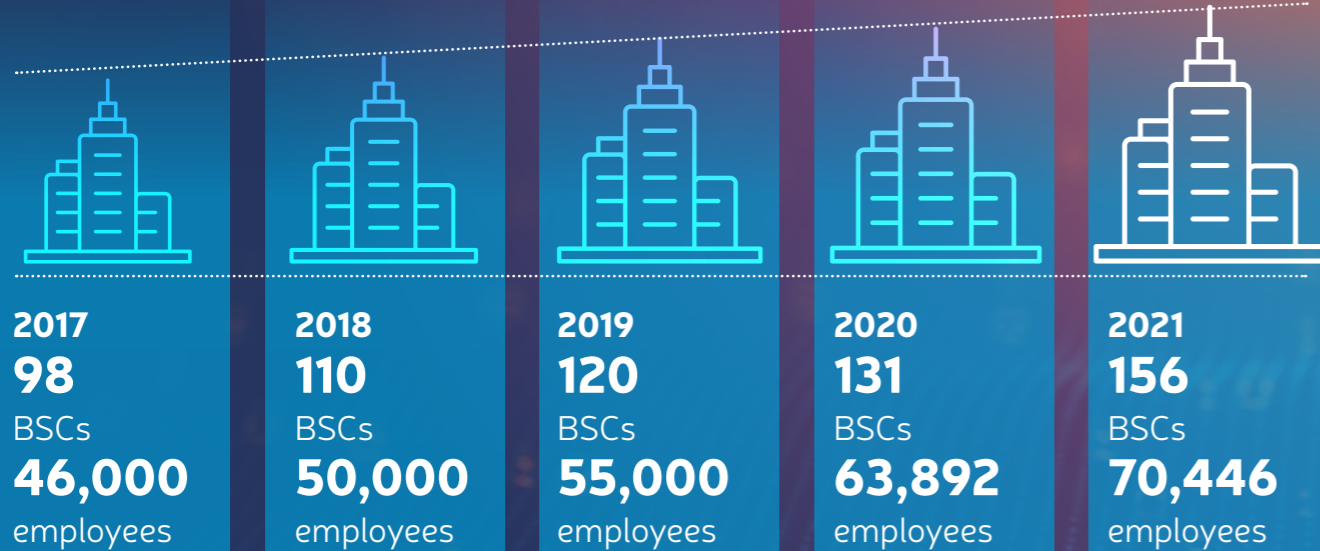
Our survey underlined that digital transformation is essential in the journey of next generation BSCs as digital technologies are transforming all business functions from finance to HR, customer service, and more. Telecommunication networks and connectivity are key elements of a country’s ICT infrastructure to support online business activities. The importance of ensured business continuity increased, and in many cases, cost became a less important factor in business decisions. BSCs are already building digital capabilities across automation, advanced analytics and artificial intelligence, and this process has accelerated as a result of the COVID-19 pandemic. In order to remain competitive, BSCs need to further improve their skill base, particularly in digital technologies. Since 63% of responding BSCs plan to expand their service portfolio in 2022, investment in new skills and competences is on the top agenda of the BSCs in Hungary. Training and development of the employees will be the most important success factor of the Hungarian centres. Up-to-date knowledge, adaptability and flexibility of the employees will be crucial in order to be able to perform to the best of their ability. There is a greater focus on coaching and training, career development, support of better work-life balance and providing flexibility in terms of workspace and working hours. Finding and retaining the right talents is critical for the long-term success. Companies have also emphasized the importance of sector branding and employer value proposition in order to remain competitive on the labour market.

Office culture is changing fast with the introduction of the hybrid operational model which combines the physical space and home office – something we all knew already before the pandemic, however, the aftermath of the lockdowns accelerated the acceptance of this model and made it mainstream. The office owners are well prepared to meet space requirements of all kind, and offer office premises of high variety in size, category, design and final finishing. Occupiers, however, must have a clear vision about the space that best suits their long-term business strategy and have to embrace these changes. The positive experience with working from home shapes the expectations of employees regarding the physical office space when they return to their desks, which will impact and define how our offices look in the future.

# Evolution

## of the Hungarian BSC market

### Overall



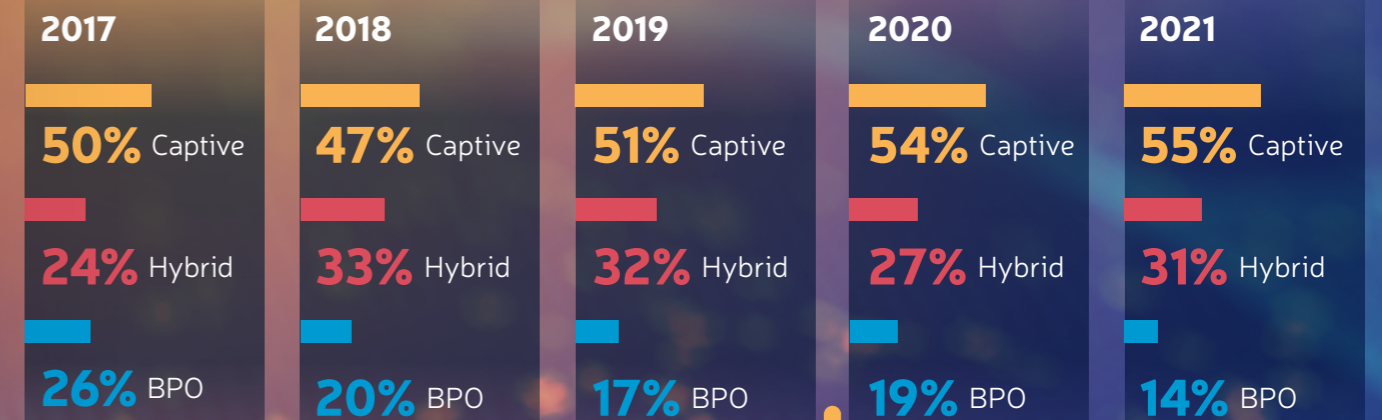
### Newly established BSC centres in Hungary



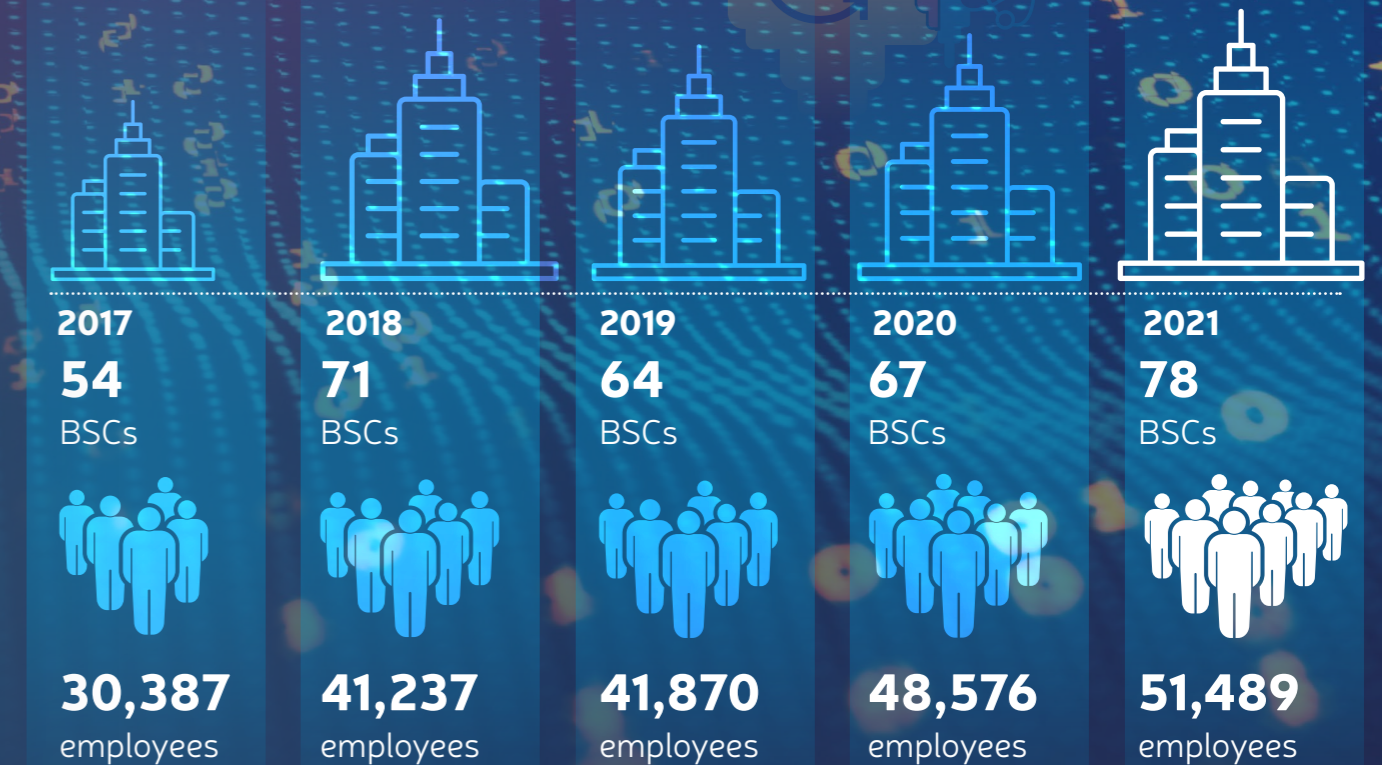
### Major investors in the BSC market



# Operational model



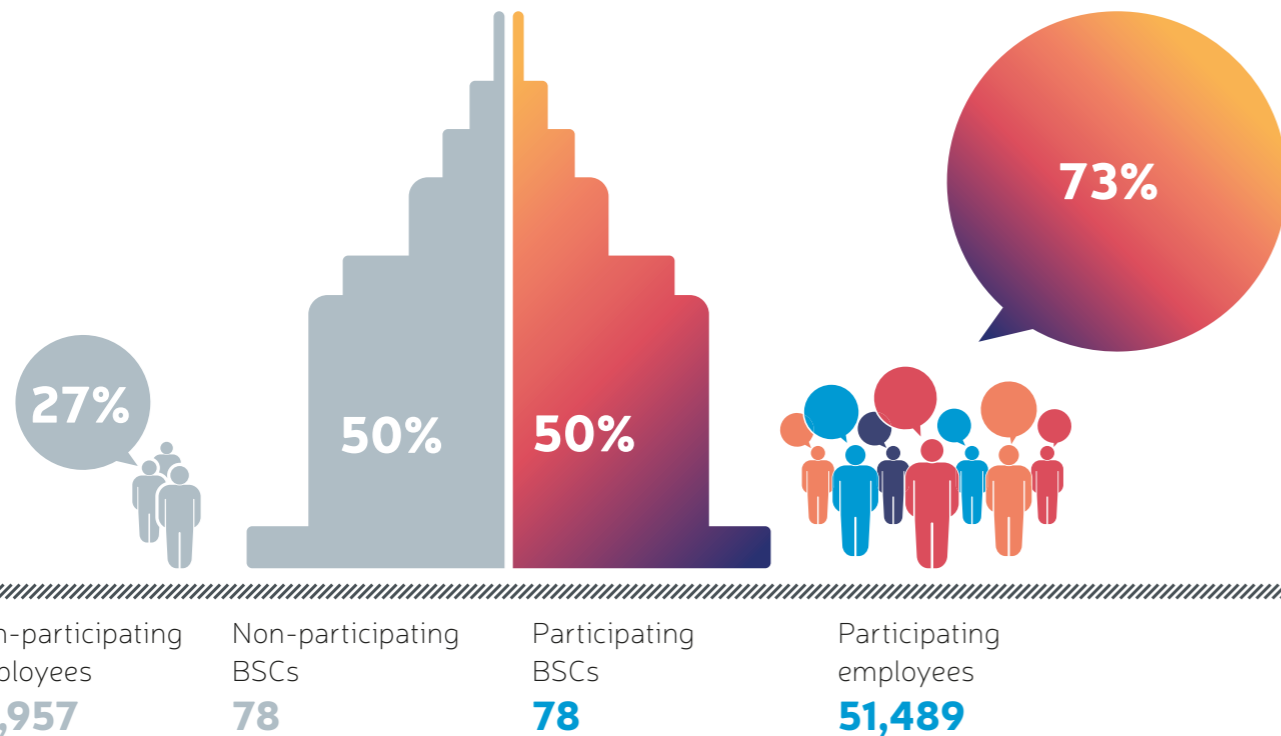
### Number of BSCs and employees represented in the survey



# General Information about the Survey

## Industry & Employee Coverage

The Business Services Hungary survey was conducted in September 2021. A total number of 156 companies were surveyed and 78 companies from various industry backgrounds participated. These companies employ 51,489 employees (73 % of the total labour force) working in the Hungarian Business Services sector. The participants form a solid basis to evaluate the current performance and future trends and tendencies of the sector in Hungary.



Non-participating employees: 18,957  
 Non-participating BSCs: 78  
 Participating BSCs: 78  
 Participating employees: 51,489

## Size of responding BSCs

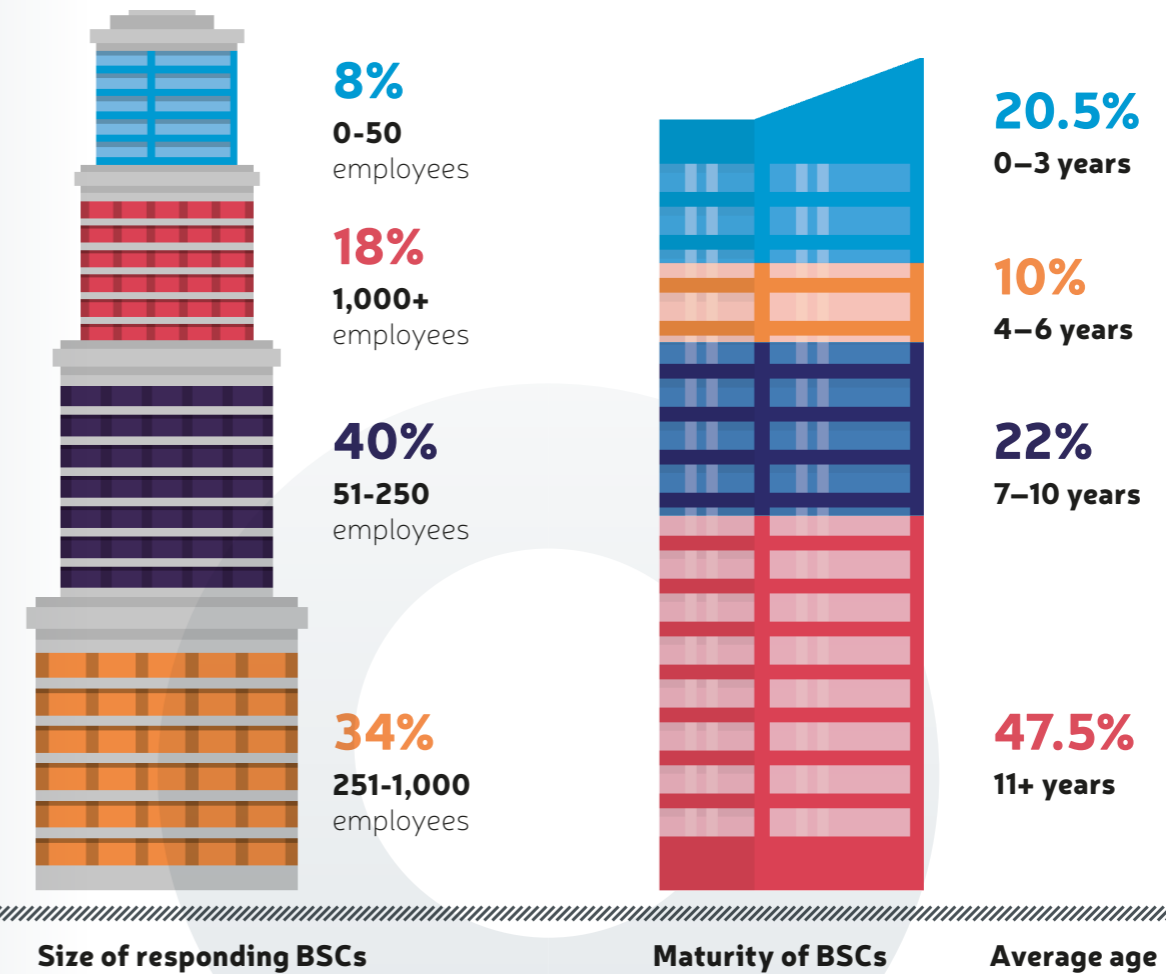
Majority of the respondents of the survey have a well-established service operation in Hungary. 52% of the respondents employ more than 250 people, and almost all major BSCs participated in the survey. 47% of the centres were established

before 2010, which indicates the maturity level of the sector in Hungary. Due to the attractiveness of Hungary the number of BSCs has steadily grown since then.

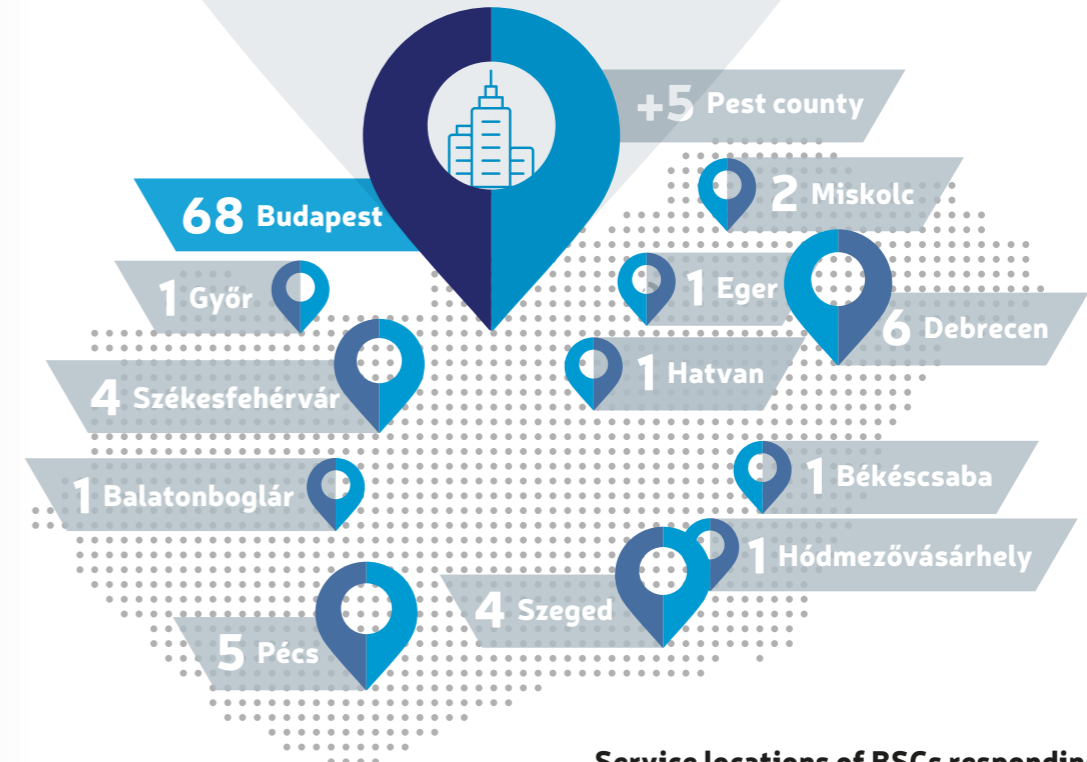
## Service locations of BSCs responding

Based on the responses 17 % of the BSCs plan to open a new service unit in Hungary in the next 1-3 years, and 9 % of the total respondents plan to do it in the countryside, compared to 21% and 12% respectively in 2020. Locations outside of the capital would be ideal when it comes to the opening of a second site. This justifies the strategic

plans and actions of several cities to attract new centres. These efforts include the creation of new infrastructure and the support of educational institutions in developing curricula. In this way, international students can also be invited and are attracted to stay in Hungary and work at BSCs offering international career opportunities.



Size of responding BSCs      Maturity of BSCs      Average age



**Service locations of BSCs responding**  
 Note: Several BSCs have offices in multiple locations within Hungary.

# Business Overview



Average headcount

**450**  
(industry level)

**660**  
(respondent companies)



Office presence in Budapest

**87%**



**156**  
BSCs in Hungary



Captive centres

**55%**



Major BSC locations in Hungary

**8 cities**

Budapest, Debrecen, Miskolc, Szeged, Pécs, Székesfehérvár, Kecskemét, Győr



Languages used by the centres

**English, German, Hungarian, French, Spanish, Italian**



**47%**  
Established 11+ years ago



Global focus of activity

**40%**

*Note: dashboard data is based on the responses of survey respondents.*



## Industry of Parent Company / respondents



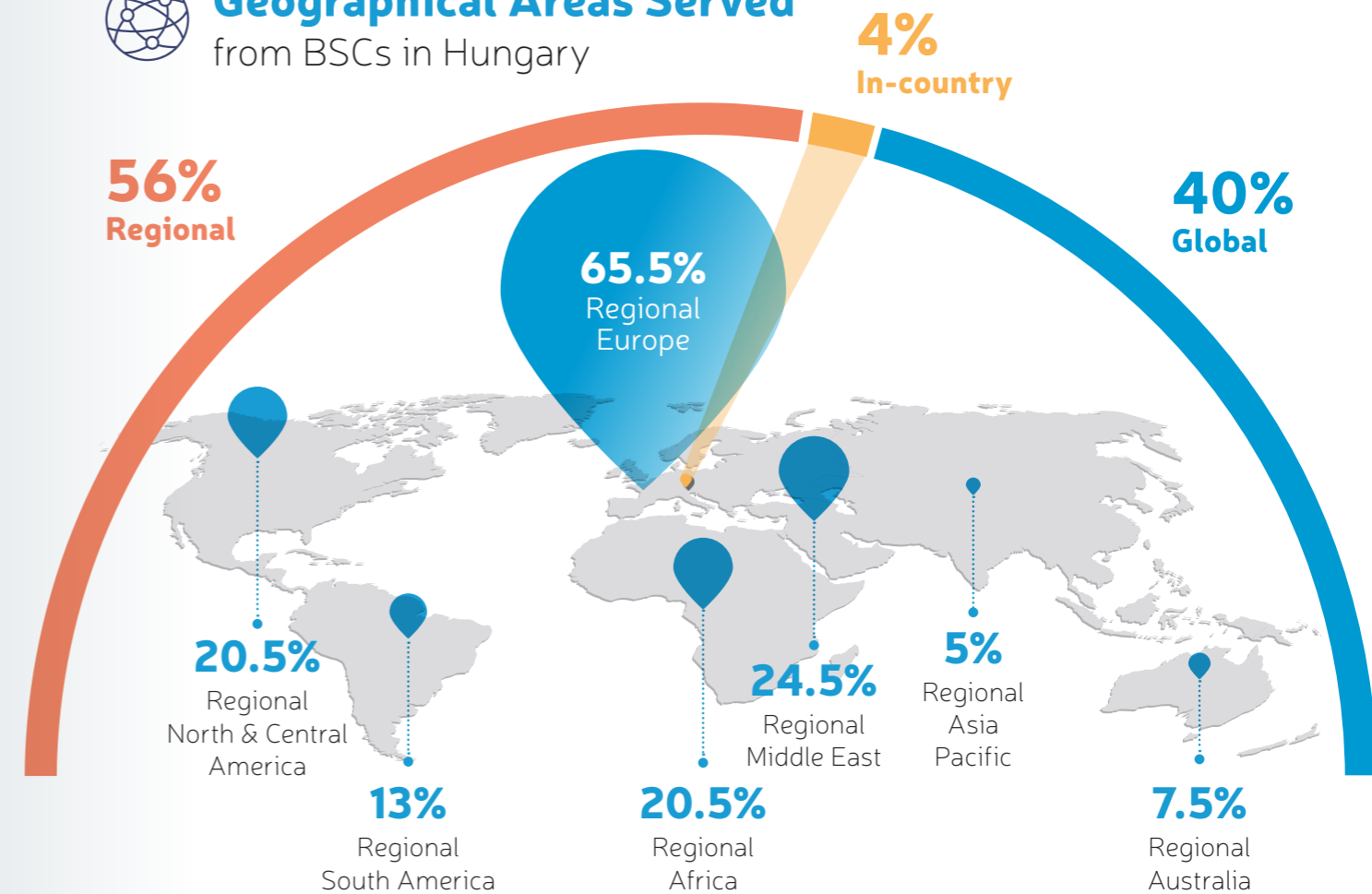
The most common core industry profiles of the respondents' parent companies are information technology, manufacturing, automotive and financial services. More than 56% of survey respondents provide their services in these industries. Compared to 2020 the increase in the share of the information technology sector from 13% to approx. 22% is a significant change.



## Operational model of respondents

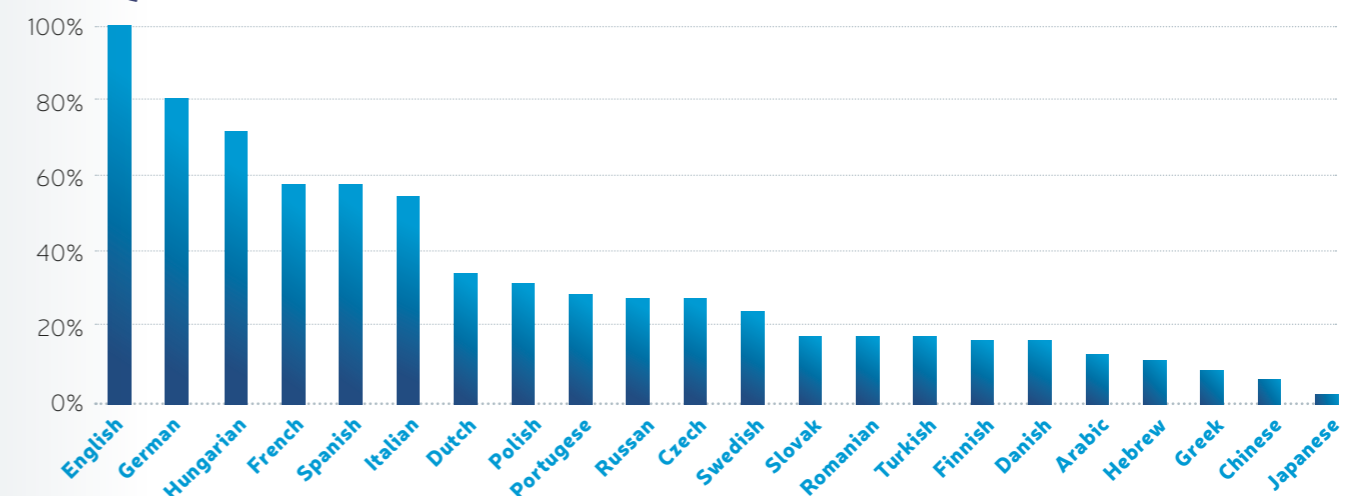
In terms of their operational model 55% of the respondents are captive centres providing support for their parent companies. 31% of the companies are hybrid centres, and 14% are BPOs. The total share of captive and hybrid operational models continues to increase in line with the higher maturity level of the sector.

## Geographical Areas Served from BSCs in Hungary



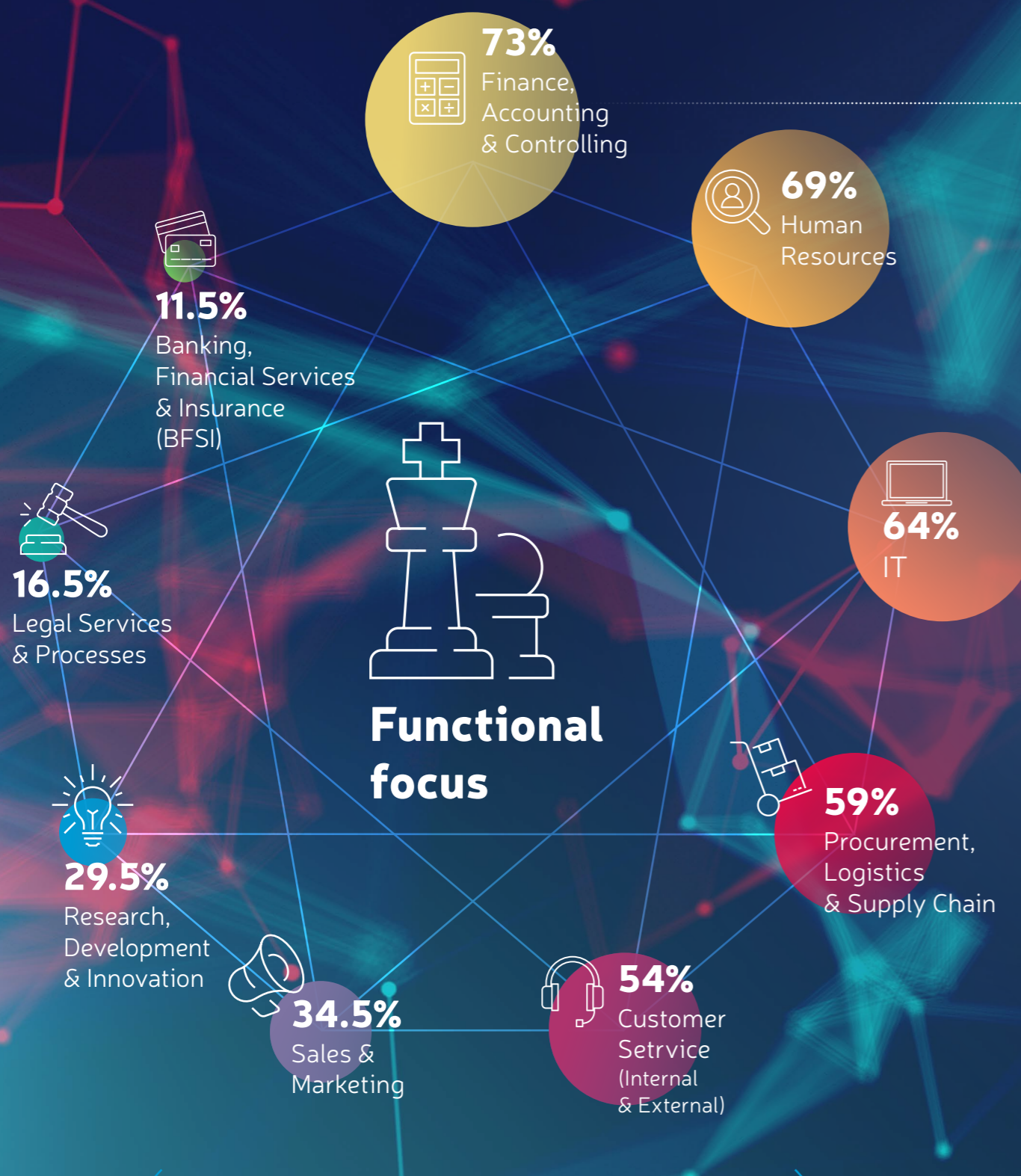
40% of the respondents provide their services globally. 65.4% of those BSCs which indicated a regional focus serve various European countries, while almost 25 % of the companies support their clients in in the Middle East, and approximately 20% in North & Central America or Africa.

## Languages supported from BSCs in Hungary



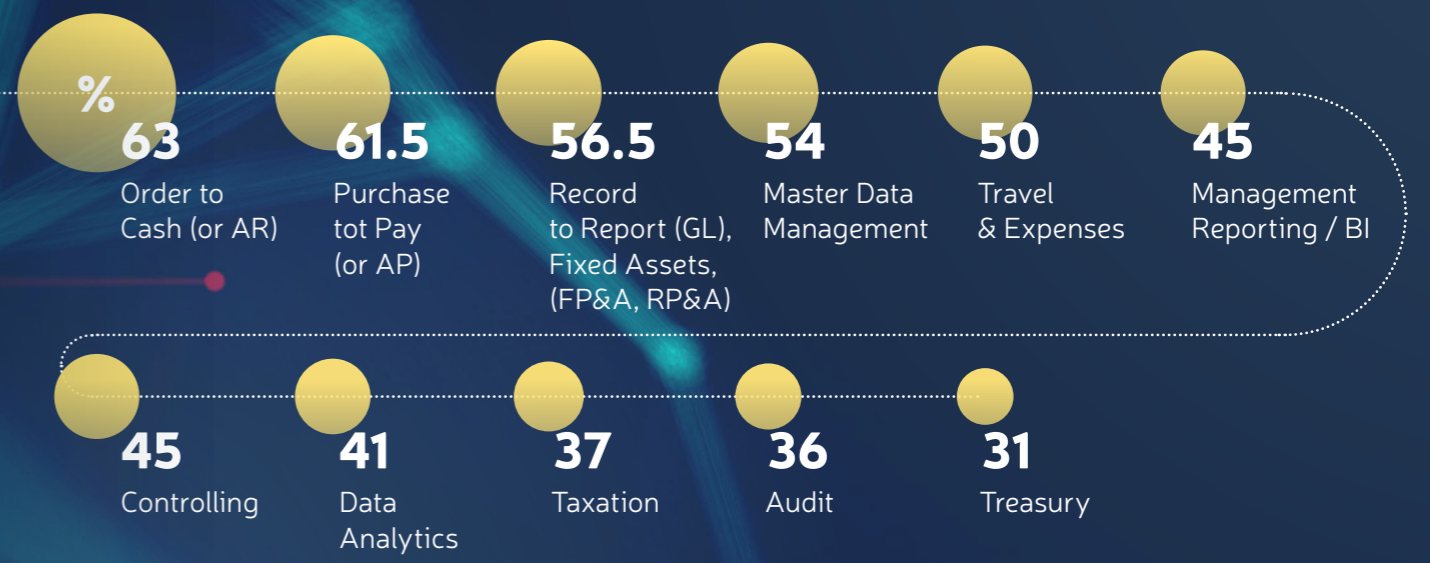
The Hungarian BSCs are excellent in providing multi-language services. Based on the survey results, the most common foreign languages used in the Hungarian BSCs are English, German,

French, Spanish and Italian. Services in exotic languages are often provided by foreign citizens, as native speakers.

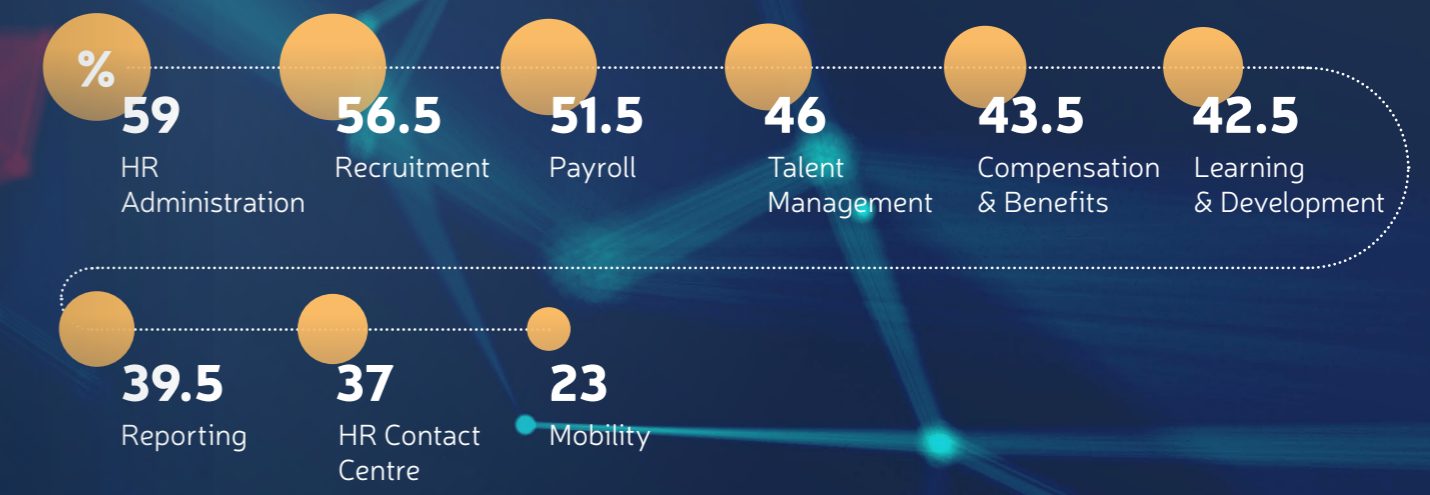


In respect to the functional areas supported by the responding BSCs the most typical functions are finance & accounting & controlling (approx. 73%) human resources (approx. 69%), information technology (approx. 64%), procurement, logistics and supply chain (approx. 59%) and customer service (approx. 54%).

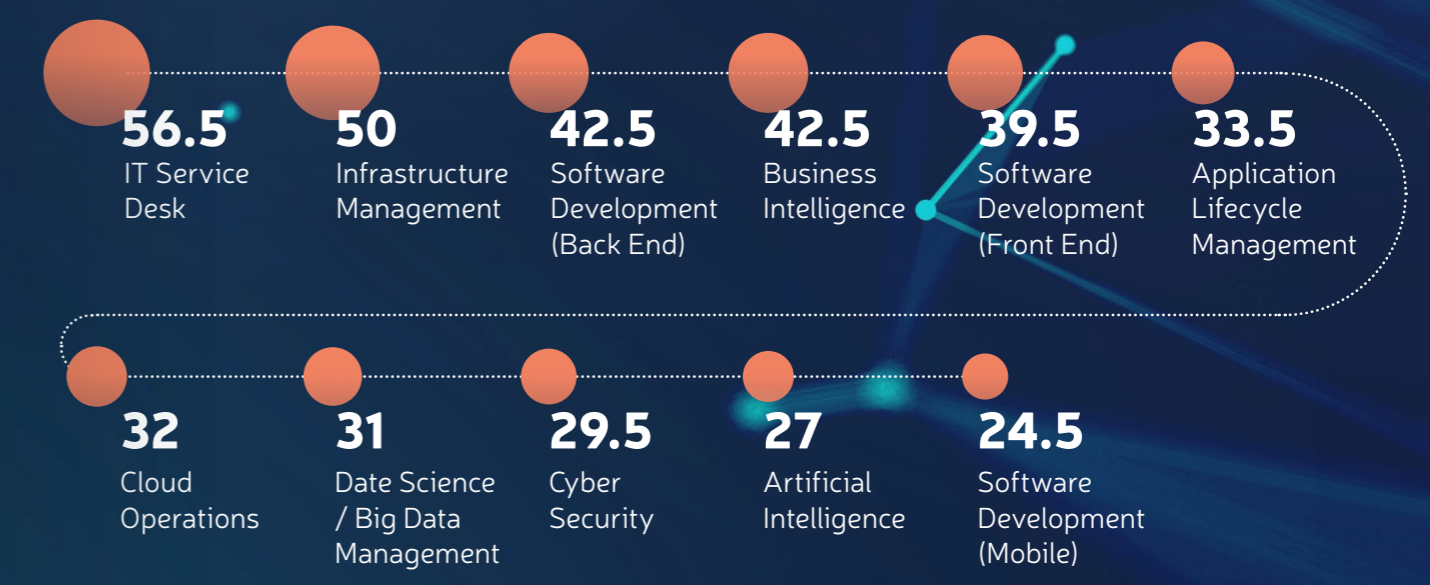
### Finance, Accounting & Controlling\*



### Human Resources\*



### IT (Information Technology)\*



\* % of the total number of survey respondents

### Procurement, Logistics & Supply Chain\*



### Customer Service (Internal & External)\*



### Sales & Marketing\*



### Banking, Financial Services & Insurance (BFSI)\*



\* % of the total number of survey respondents



## Financial responsibilities

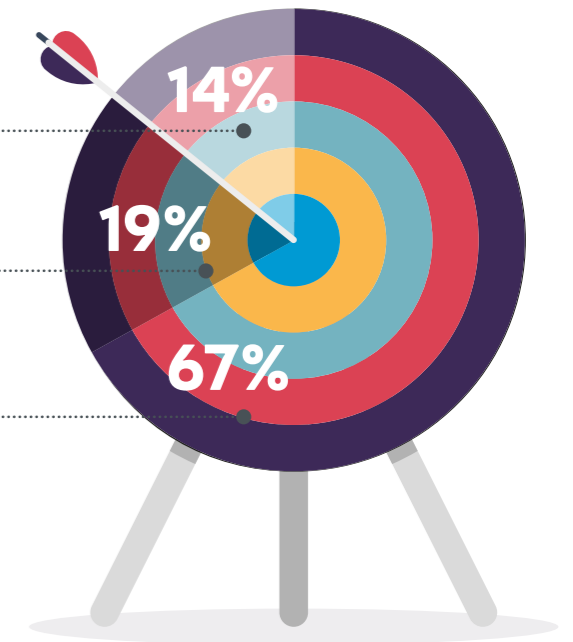
Business model of BSCs based in Hungary

**67%** of responding BSCs operate as cost centres with a predefined budget. This model is applicable in most cases of the captive centres. The share of BSCs with investment centre responsibility doubled compared to 2020. The emergence of investment centres implies a long-term commitment.

Investment Centre

Profit Centre

Cost Centre



Do you have any **annual efficiency targets** for your BSC operation?

**51% yes,**

improving cost efficiency per transaction

**46% yes,**

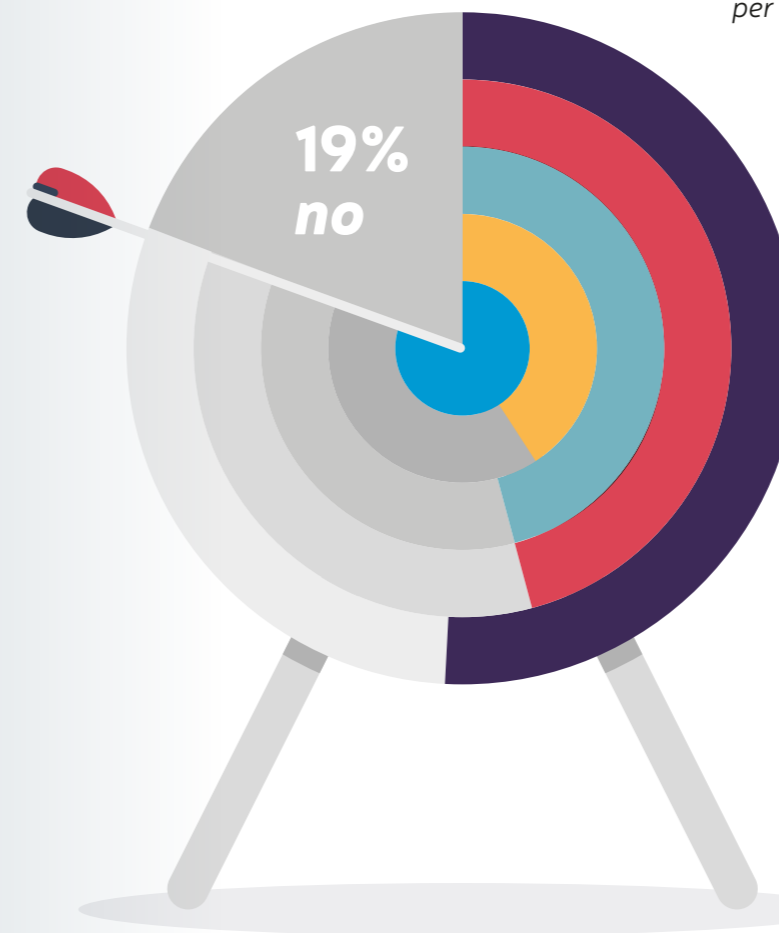
cost saving

**46% yes,**

eliminating roles by automation and other digital solutions

**41% yes,**

expanding scope without increasing headcount



Continuous improvement of operational efficiency is on the agenda of the majority of BSCs. Efficiency improvement targets include improving cost efficiency per transaction, cost saving, cost optimization by automation and digitalization and scope expansion. In line with global trends, automatization and the implementation of digital solutions are getting more focus compared to 2020.



# Effects of the COVID-19 pandemic

## Efficiency aspects

The COVID-19 pandemic has had certain effects on the operation of responding BSCs in respect to efficiency. 58% of BSCs indicated that their efficiency level has remained stable despite the transition to remote / hybrid working model. 26% of the companies indicated that their efficiency has improved in the remote / hybrid working model, and only 15% of responding BSCs reported a drop in efficiency.

### Efficiency effects of home office / working model

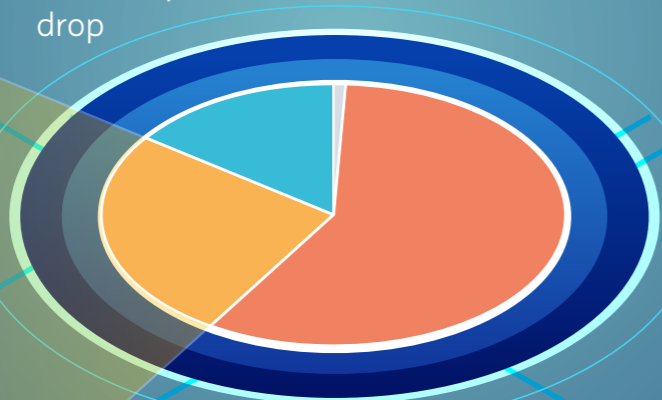


**15%**  
Slight efficiency drop

**1% N/A**



**26%**  
Better efficiency as before



**58%**  
Same efficiency as before

*Are you considering to hire people for permanent remote work regardless of their residency?*

**1% N/A**

**3%** Not decided yet

**35% yes**

**61% no**



Due to the positive experiences with remote working, an increasing number (35%) of BSCs is considering to hire people for permanent remote work regardless of their residency. This trend will open the new opportunities for talents living e.g. in the countryside of Hungary.

# Competitiveness Overview



**69%**

**continuous growth**  
expanded  
with new services  
in 2020



**62**

higher education  
institutions



**Skilled  
& educated  
workforce**



**Shift to  
value-added  
services**



**287,500**

students



**78%**

are planning to bring  
more value-added  
functions to Hungary



**63%**

to increase  
service portfolio



Job creation  
**subsidy**



Cash  
**subsidy**  
for training  
purposes



**Various  
Incentives**



Cash  
**subsidy**  
for R&D  
activities



**973,800 m<sup>2</sup>**

office under  
construction  
in Budapest



Global  
**Nr.5**  
internet  
broadband  
coverage



**High quality  
infrastructure**



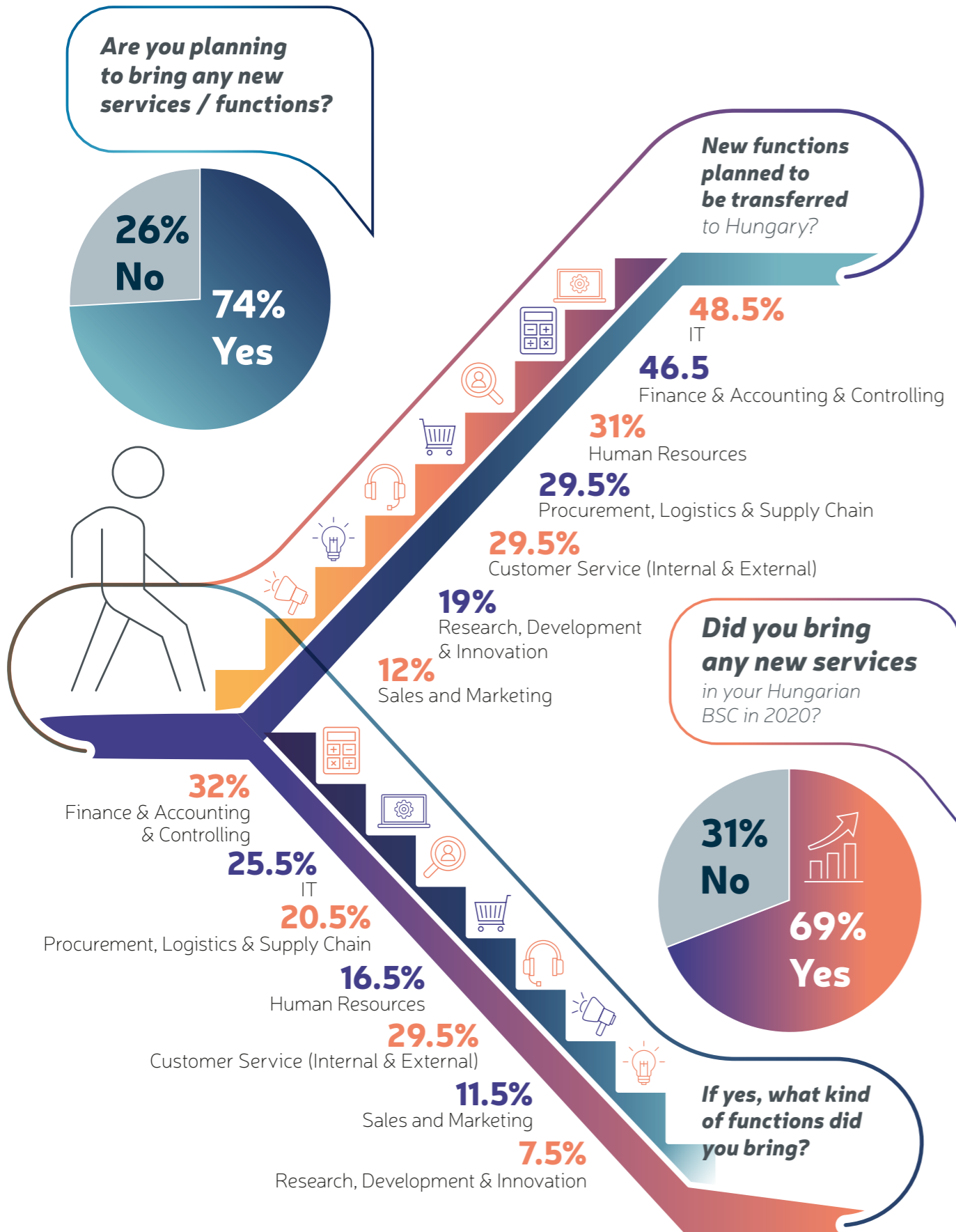
Corporate  
**tax  
allowance**



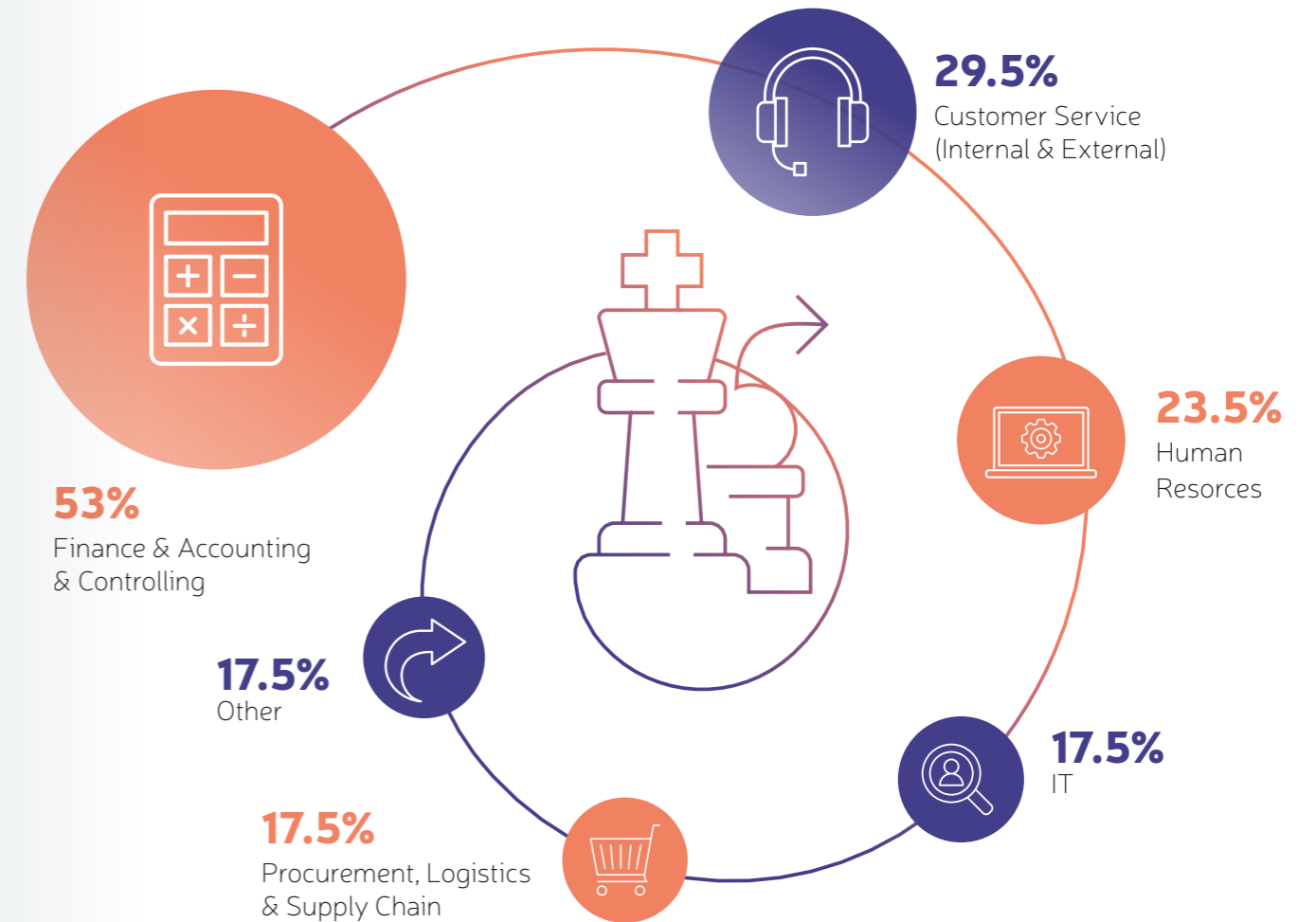
**270,300 m<sup>2</sup>**

office space  
in regional cities

# Continuous growth

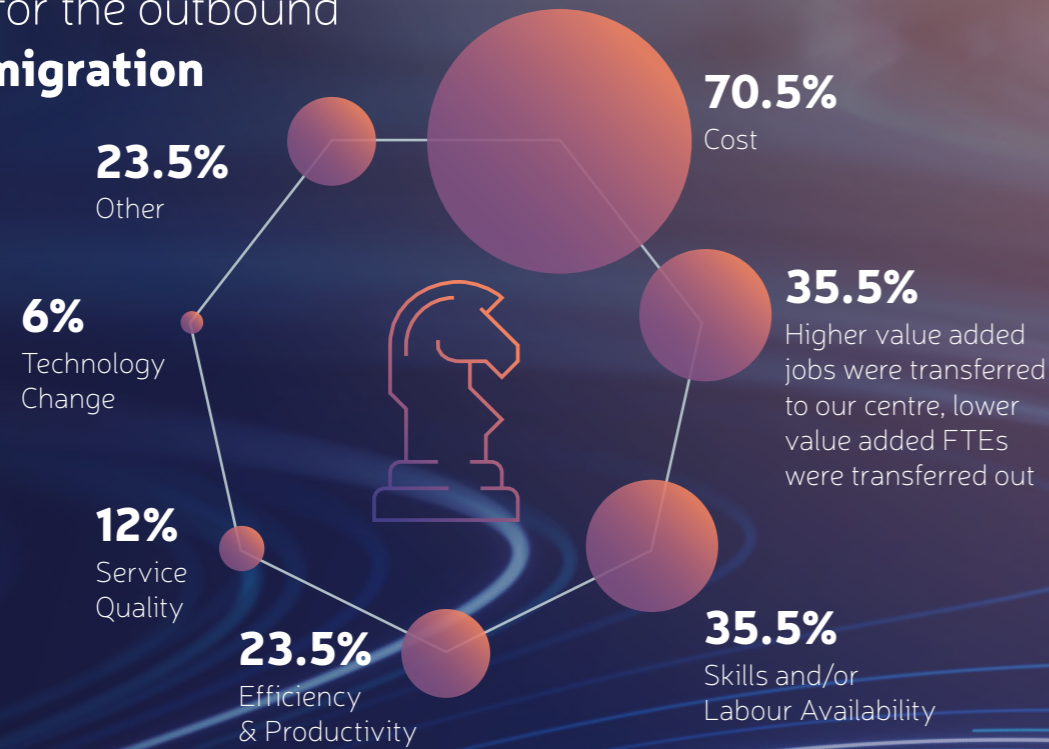


# Functions replaced from BSCs based in Hungary



Similarly to 2020, companies which are present in the Hungarian business services market are continuously bringing new services to their Hungarian business service centres. The main functions affected by these service transitions amongst survey respondents in 2021 were finance, accounting and controlling, information technology, procurement, logistics and supply chain.

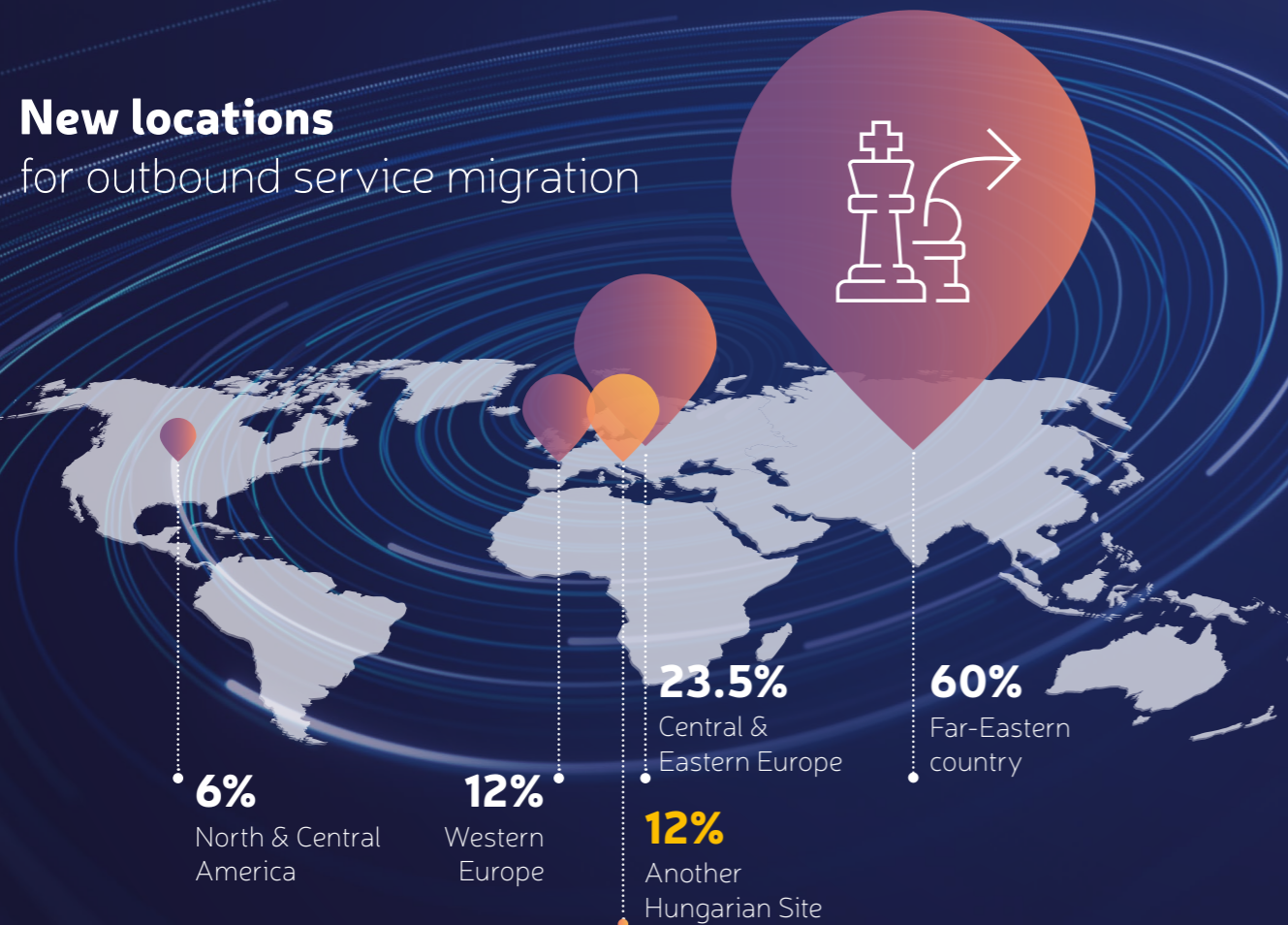
## Reasons for the outbound service migration



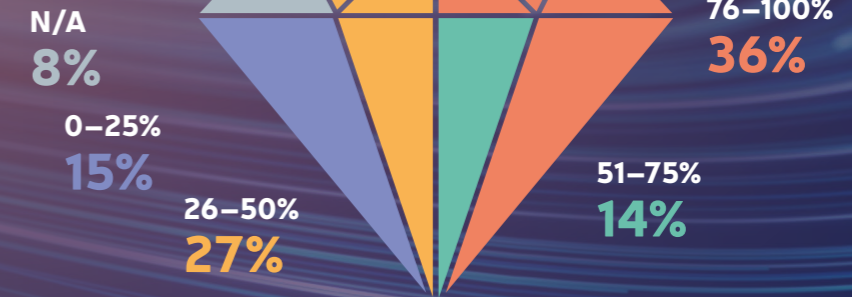
Approximately 22% of the survey respondents reported that certain services / functions have been replaced from the Hungarian BSC in 2020-2021. The main drivers of the service migration to

another business unit of the parent company or to an external outsourcing service partner were reducing costs. The main target destination for outbound service migration was the Far East.

## New locations for outbound service migration



## Focus on value-added services in the complete service portfolio



## Are you planning to bring high-value added functions to Hungary in the next 3 years?

**78%**

We are planning to bring more value-added functions to Hungary

## Current maturity level

**26%**

Higher value-added services integrated, outcome-oriented operation, charging back of full costs, market-based pricing, centre of excellence model

**13%**

Digitalization and automation, optimization with management methods (e.g. Lean6Sigma)

**13%**

Launching the centre, centralization, consolidation, harmonization

**20%**

Horizontal and vertical extension, standardization of service processes, building sophisticated SLA/OLA

**23%**

E2E processes, global process ownership, multisourcing, multi-location model, rightshoring, GBS (Global Business Services) model

**19%**

We are planning to keep the structure as it is

**3%**

Not decided yet

**3%+1%**

Other + N/A

During the past years the focus of BSCs in Hungary has gradually shifted from transactional services towards more value-added services. 50% of the survey respondents indicated that value-added

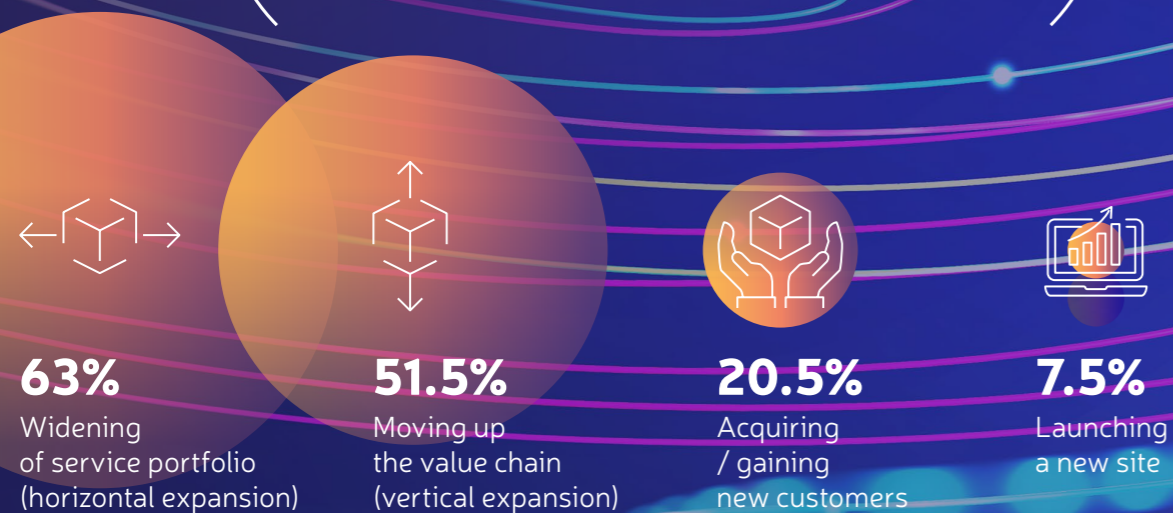
services account for more than 50 % in their complete service portfolio. Further to that, 78% of survey respondents are planning to bring more value-added functions to Hungary in the future.

## Further expansion

### Expectations for expansion in 2022



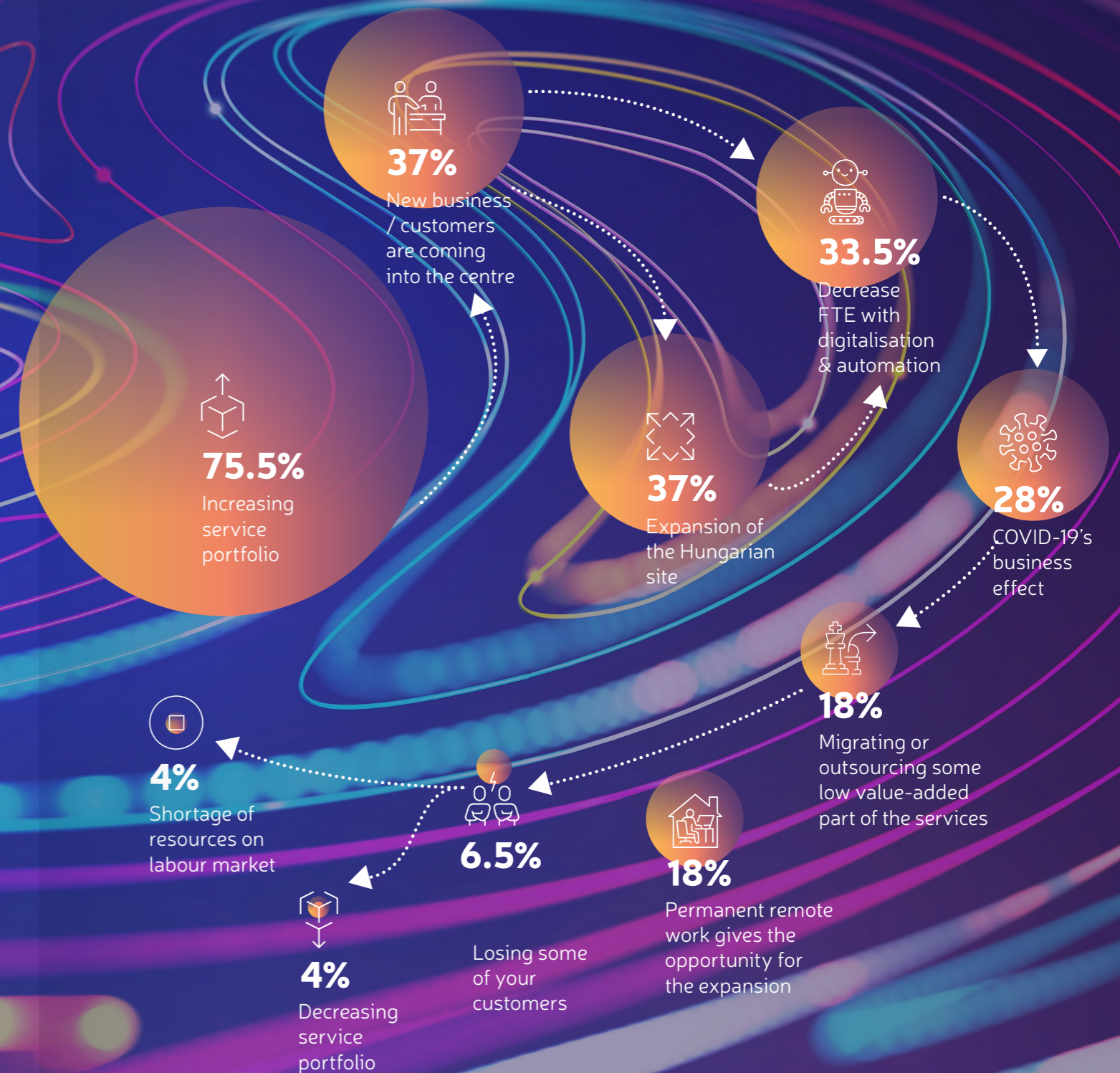
Approximately 63% of BSCs responding to the survey expect to increase their service portfolio horizontally, and approx. 51% expect to move up in the value chain and to expand vertically in 2022.



## Factors influencing the outlook for 2021

We also asked the BSCs to define what factors will influence their outlook for next year. The major factors correlate with their expectations for expansion in 2022. More than 75% of survey respondents reported that increasing their service

portfolio will have a major influence on their business in 2022. In addition, 37% indicated that managing the transition of new business / new customers to their centres, and expansion of the Hungarian side will also have significant impact.





## Incentives

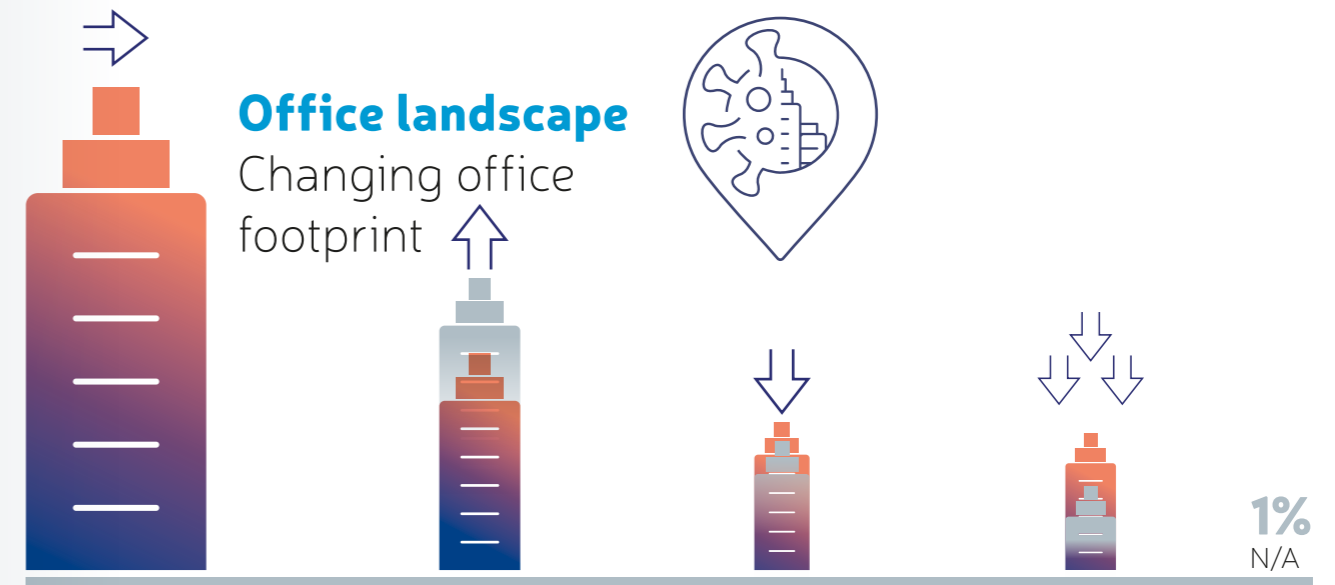
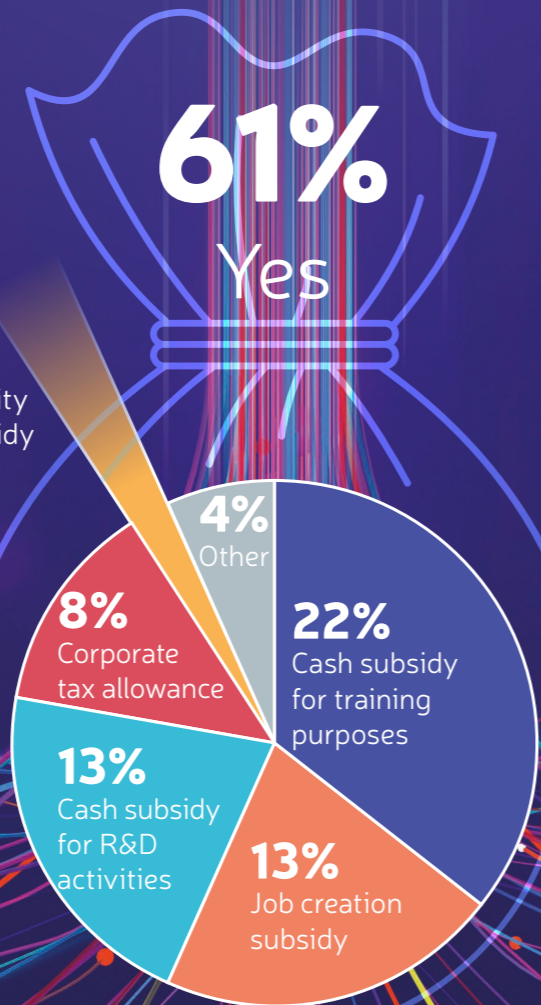
for new and expanding BSCs

Multiple incentives are available for BSCs in Hungary. Based on the survey, companies receive non-refundable cash incentives for job creation purposes outside of the capital, related to the establishment of new business centres or for an expansion project. Training subsidies are also available in the case of external and internal training for new and existing employees in Hungary. As of 1 January 2017, a new non-refundable cash incentive scheme was implemented in order to support establishment and expansion of Research & Development project and activities.

Have you received any subsidies/allowances in the last three years?

54%  
None of them

1.5%  
Yes, local municipality cash subsidy



**49%** We don't have plants yet to change dramatically.

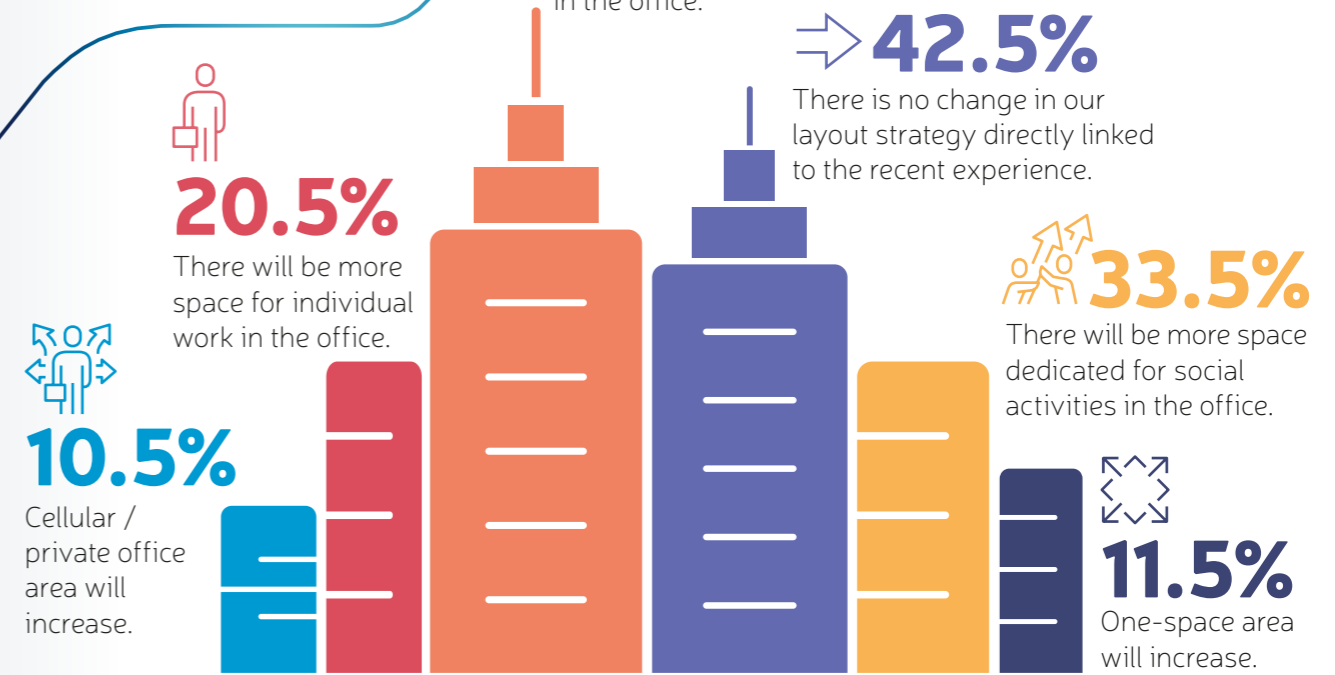
**22%** We plan to increase our office size due to business expansion.

**15%** We plan to decrease our physical office by up to 30% in size.

**13%** We potentially will decrease our physical office by more than 30% in size.

Changes in office functions based on your recent experience during the COVID-crisis

50%  
There will be more space for collaboration in the office.



Hungary provides a wide variety of office options both in Budapest and also in major cities in the countryside. Based on the results of the survey, it can be assumed that the COVID-19 pandemic will have a solid impact on the office market since 28% of BSCs are planning to decrease their physical office space.

# Office markets by CBRE



## Occupiers' strategy changes slower than we thought in 2020

Large corporates are still mapping their ideal future office strategy in the post-pandemic era. This concerns their size requirement and optimal office lay-out as well. It took a surprisingly short time for the work culture paradigm to shift from "physical only" to "hybrid" across the board and there is hardly any debate about the importance of flexibility in the future way of working.

On the other hand, it needs more time until these changes actually materialize in new office standards. Large occupiers are still mostly thinking about temporary solutions related to operation throughout the pandemic and do not seek long-term solutions, at least for now. We are seeing smaller changes in the workplace where fit-out alteration is not involved or comes with limited capex cost. This cautiousness is completely understandable given the recent material shortages and price volatility in the construction sector.

We expect multinational corporates to run some pilot projects before rolling out any new model for the rest of their network. We believe that post-pandemic fit-out will not have a "one-suits-all" solution but will be tailored for the companies' culture and working environment. Based on ongoing discussions, we are not aware of any large corporates with intention to close their physical office entirely for the long run, so the world of office is here to stay, albeit must incorporate considerable changes.

## Flexible office space is more demanded than before covid

The Budapest flexible office market is clearly in its early maturity compared to leading Western European cities. Due to the strong presence of local operators, global players entered the Hungarian market relatively late in the cycle: Budapest saw a boom in flexible office space in modern buildings first in 2018. Since then the total stock taken by flexible operators exceeded 61,000 m<sup>2</sup>, which is ca. 1.5% of the modern office inventory. The expansion of global networks clearly slowed down during the pandemic – however, we expect a rebound in activity based on ongoing negotiations.

Following a severe but temporary dip, we forecast office demand to gradually recover from mid-2021. With business environment changing, there is increasing expectation for more flexible lease terms regarding size and length. We see more corporate occupiers turning to flexible solutions

(i.e. managed leases) even with size requirements typically met by traditional landlords previously. While it was rather unique for a traditional office developer or asset manager to provide flexible services to clients in their portfolio before the pandemic, this has made to the agenda of many landlords by now. We expect the flex space not only to increase as business activity resumes; but also it will also become more a landlord-driven market as some owners embrace flexible office as part of their in-house operated services.



## Changing mindset challenges workplace strategy

The way we work likely have changed for good over the last 18 months. Companies introduced home-office and then many switched to a hybrid work model (returning for 2 or 3 days per week to the office). This might seem simple but new challenges emerge as this model is still untested for employee and employer as well.

Companies learned a lot throughout the pandemic and improved their work model. Our surveys show employees feel more productive, more capable of working from home than a year ago and their work-life balance has improved.

Employees are visibly keen to continue working from home – at least partially, or they want to have the choice to do so occasionally.

On the other hand, employers still need to become more flexible as rules are still rigid and a "one fits all" model is getting increasingly common in 2-3 or 3-2 system. Employers are convinced about the necessity of the physical

office and they experience reduced productivity in home office – therefore an entirely virtual working culture is not embraced by any major company in Hungary. Companies still need to learn a lot about how to adjust the physical space to the new way of working.

Technology in the office must be improved to make it a good location for collaboration and communication – most companies are aware of that and invest heavily in audio-visual and IT technologies.

Software development is needed to provide employees with tools to manage their time in the office and at home. Employers should go beyond the office space when thinking about their employees' wellbeing: ergonomic design in the home office space, healthy balance between seated work and physical activity, rational planning for virtual meetings – these are all important elements to be managed correctly in order to create the right environment for enhanced work performance.

# Talent Pool Overview



Average age  
of employees

**33**



Ratio of  
university or college  
graduates  
among employees

**83%**



Voluntary  
attrition rate

**17%**



Average annual salary  
increase in 2020

**5.5%**



Ratio of foreign  
citizens among  
employees

**15%**



Ratio of BSCs  
with internship  
/ fresh graduate  
program

**77%**



Ratio of female  
employees

**52%**

managers

**42%**



Average  
training days  
per person  
per year

**10**



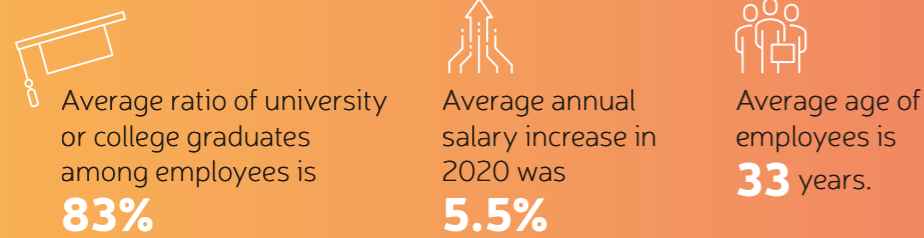
Proportion  
of employees  
with some form  
of disability

**1.8%**

# Employment

The BSC sector is set to become an increasingly important area of employment. By the end of 2022 the planned headcount of BSCs participating in the survey will exceed 56,000 employees (approx. 9% increase compared to their current headcount).

## Key employment statistics



## Ratio of foreign citizens among employees

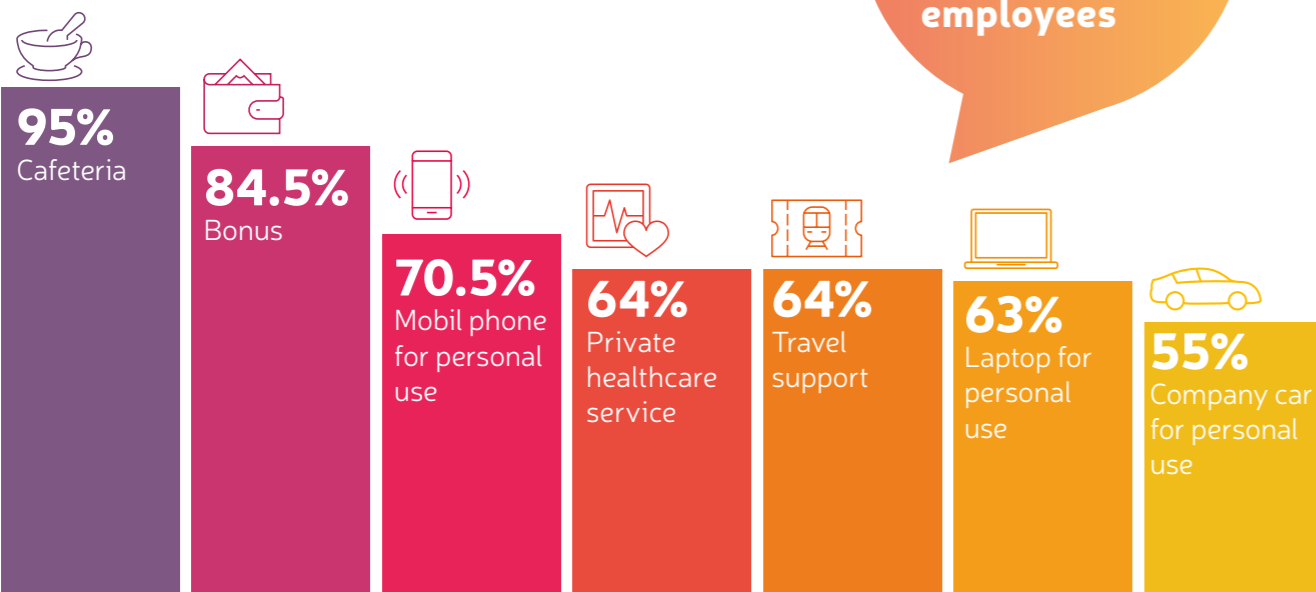
The nationalities of the foreign citizens working at BSCs in Hungary show a very wide range. Large numbers of people are coming from neighbouring countries such as Serbia, Romania, Slovakia, and Croatia. Significant numbers of foreign nationals come from the EU (e.g. Italy, Spain, France, Germany, Czech Republic, Poland, Romania) but increasing numbers are from the non-EU countries as well (e.g. the USA, Brazil, Russia). The Hungarian Business Services Sector offers a multicultural and diverse work environment for all nationalities that come to work in the sector.

## Ratio of female employees

BSCs lead by example when it concerns equal employment opportunities for female employees. The average ratio of female employees in managerial positions significantly exceeds the overall average in the Hungarian labour market.

## Compensation

BSCs provide a wide variety of benefits to their employees. Almost 95 % of survey respondents have a cafeteria program and bonus payments at least in managerial positions.



**52%**  
of the respondents employ more than **250** employees.

**15%**

Ratio of female employees  
**52%**  
managers  
**42%**

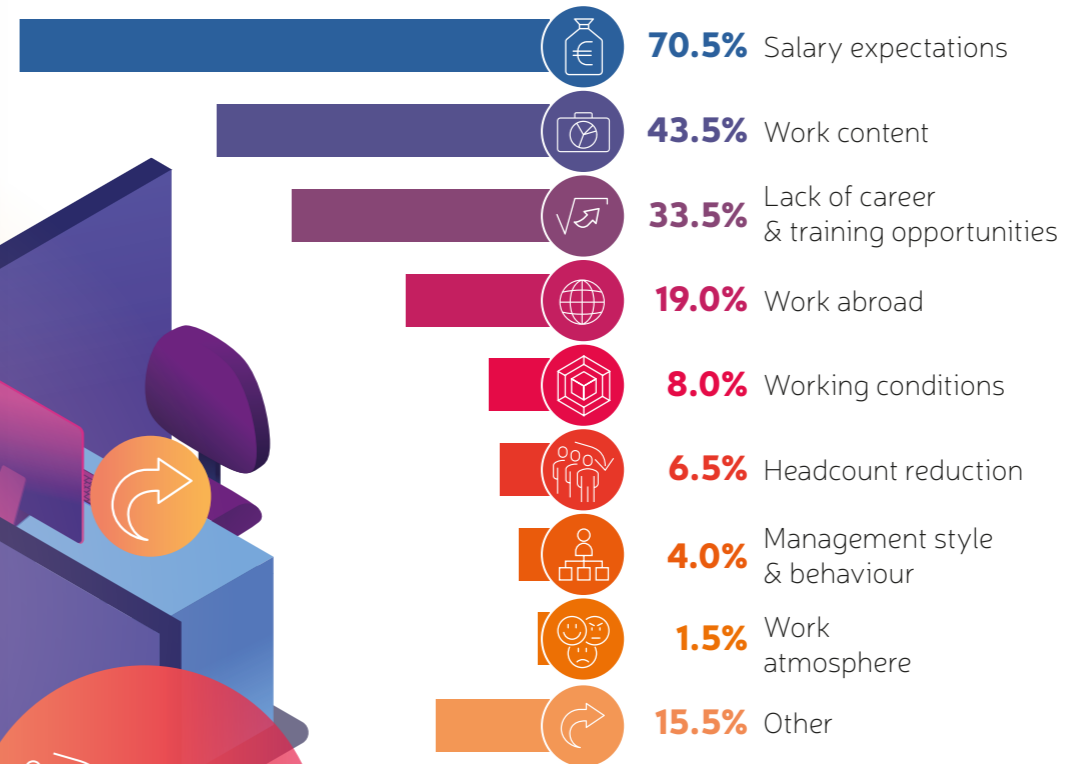
**Benefits provided to employees**

# Fluctuation drivers

Similarly to 2020, according to the respondents, the most significant driver of fluctuation is salary. In addition, dissatisfaction with the work content, as well as lack of career development and training opportunities, and employment opportunities in other countries are the main drivers of employee fluctuation.

## Reasons for fluctuation

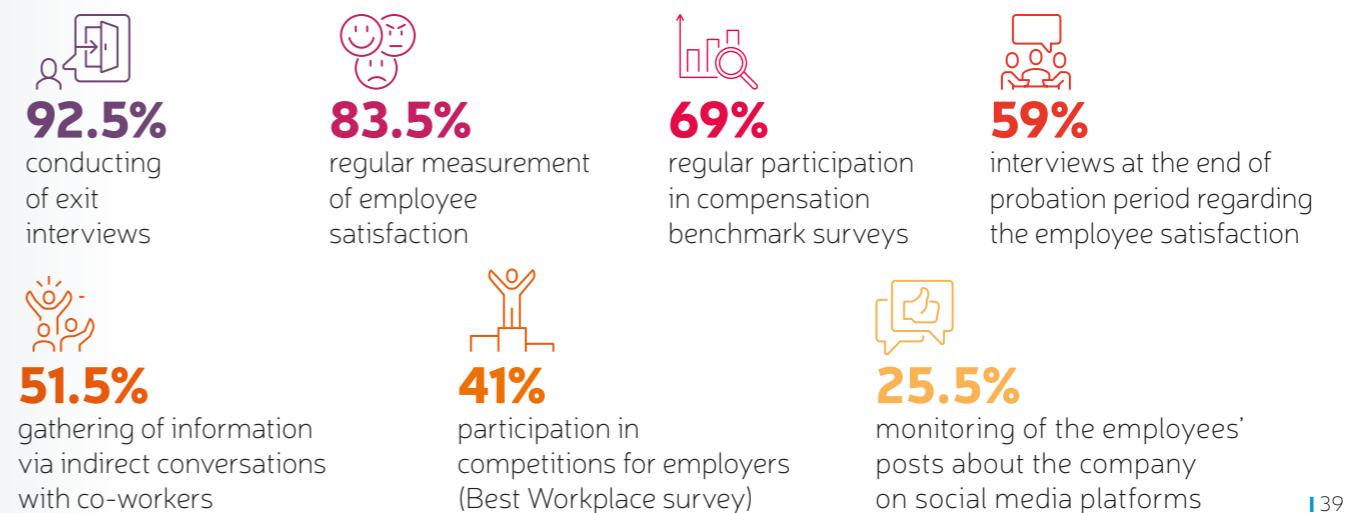
among young employees (based on exit interviews)



**17%**  
Average voluntary attrition rate

## Methods used to track labour market attractiveness

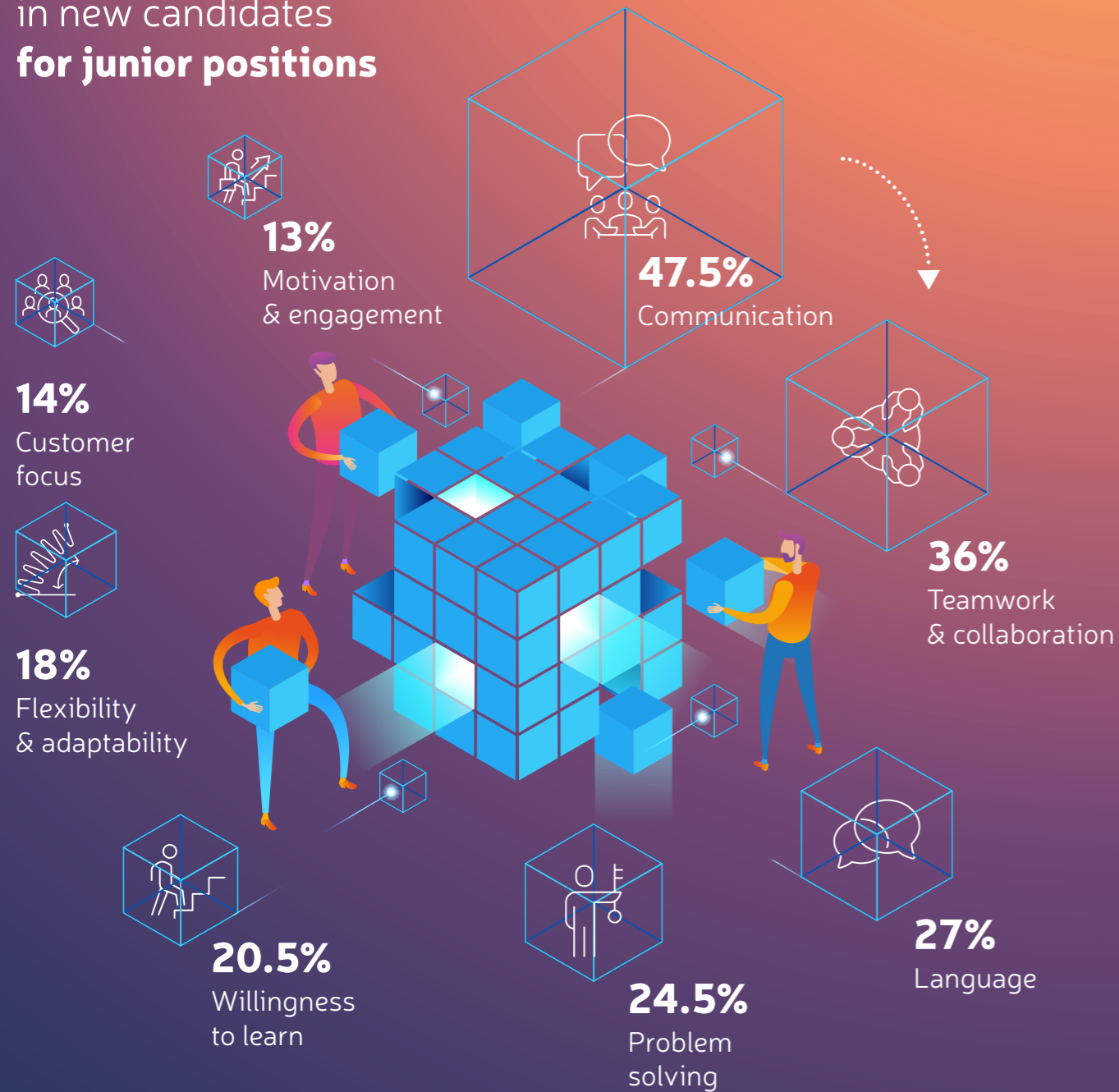
In order to better understand the factors contributing to the labour market attractiveness of their companies, BSCs use a variety of methods, including exit interviews, interviews with new employees at the end of the probation period, and benchmarking surveys.





## Top skills and competencies

Top skills & competencies required in new candidates for junior positions



As in the previous year, respondents were asked about the top skills and competencies needed in their business service provision activities both in the case of junior and managerial positions. Based on the answers, communication, teamwork and collaboration are the most required skill and competences in addition to language capabilities, problem solving and willingness to learn in the case of junior positions.

Top skills & competencies required in new candidates for manager / executive positions



On the other hand, communication, people management, strategic and business-oriented mindset, and leadership skills are the most important in the case of managerial positions. Education is the fundamental pillar in the development of talent. Young people will need to be trained for a future in which technology will play a key role. Demand is increasing for technical degrees in science, technology, engineering, and mathematics.

## Cooperation with educational institutions



More and more BSCs have realised the importance of co-operation with educational institutions. Approx. 65% of BSCs participating in the survey have active ties with Hungarian educational institutions. Ties are especially close with higher education institutions in order to prepare graduates to meet the competencies required of BSCs.

**Do you have active relations with educational institutions?**



**23%** Participation in student competition

**15.5%** University co-operation resulting in credit points for the diploma

**15.5%** Joint laboratory / research programmes

**15.5%** Partnering in dual educational system

**13%** Organising workshops for students

**40%** Trainee or graduate programmes

**38.5%** Employer branding activities at educational institutions

**36%** Guests lectures

**31%** Open days at educational institutions

**30%** Company visits

**24.5%** Sponsorship & donations

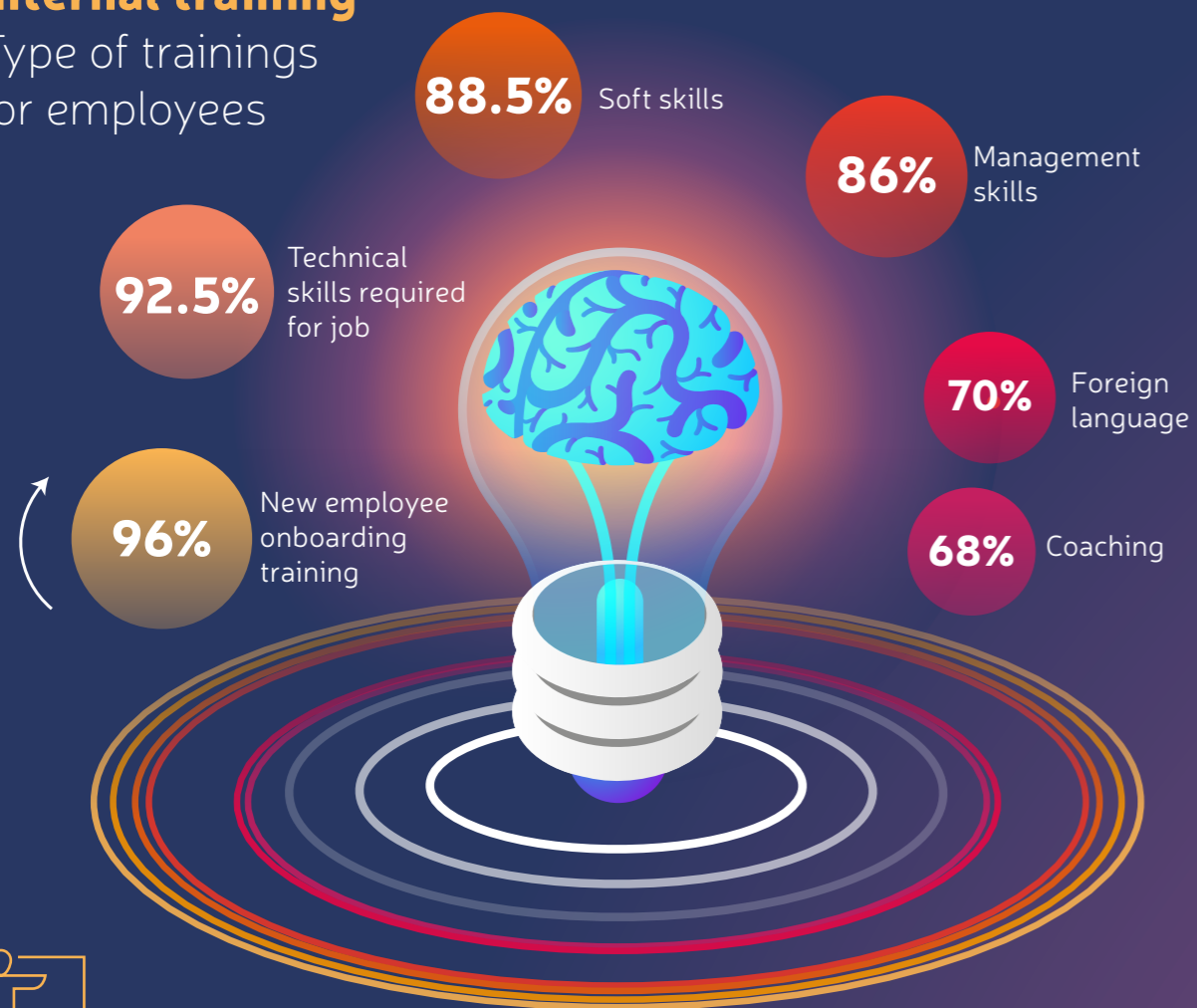
**5%** Sport related cooperation

**Ratio of BSCs with internship / fresh graduate program**  
**77%**

There is very close cooperation with the well-known universities in Budapest (i.e. Budapest University of Technology and Economics, Corvinus University, Eötvös Lóránd University, Óbuda University, Budapest Business School), and selected regional universities operating in the countryside (i.e. University of Debrecen, University of Szeged, University of Pécs, University of Miskolc).

## Internal training

Type of trainings for employees



Average training days per person per year

**10**

BSCs place a major emphasis on the continuous development of their employees. Besides the new employee onboarding training programs and technical skills trainings that can be set as industry minimum, responding companies focus almost as much effort on management skills and soft skills development. In addition, respondents indicated that they also develop the foreign language skills of their workforce, and provide coaching opportunities to employees (mainly managerial positions).

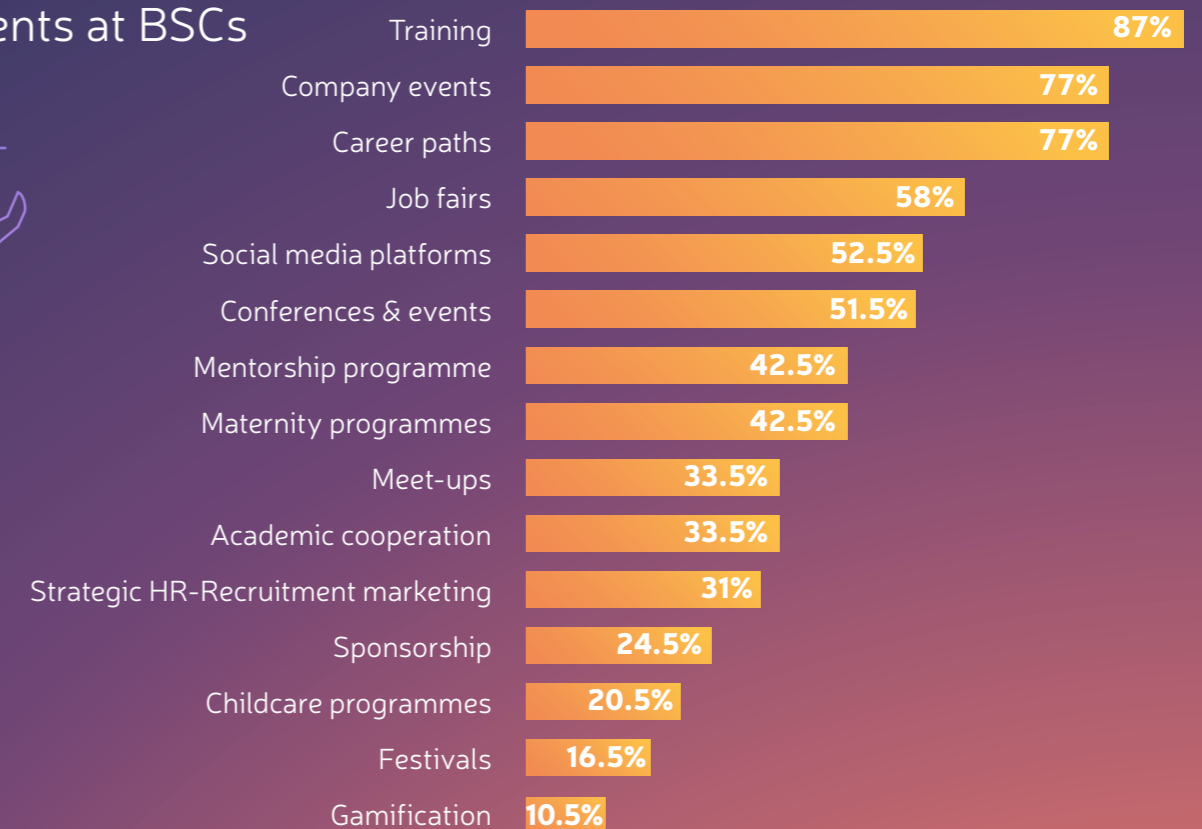


## Programs for diversity and inclusion



## Employer Branding Programme

Elements at BSCs



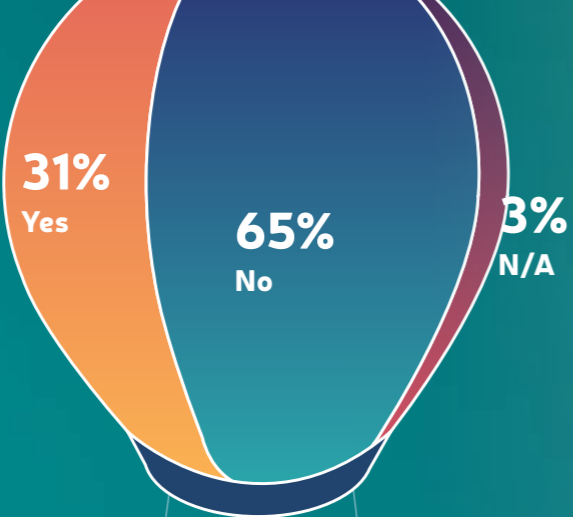
Responding companies use a wide range of methods to build and strengthen their employer brand on the labour market. The most commonly used methods are organizing trainings and company events, providing career path opportunities, and participation on job fairs. In addition to those, meet-ups, the use of social media platforms and participation on conferences are also widely used methods. The COVID-19 pandemic has also affected employer branding activities of BSCs.



## Employer branding



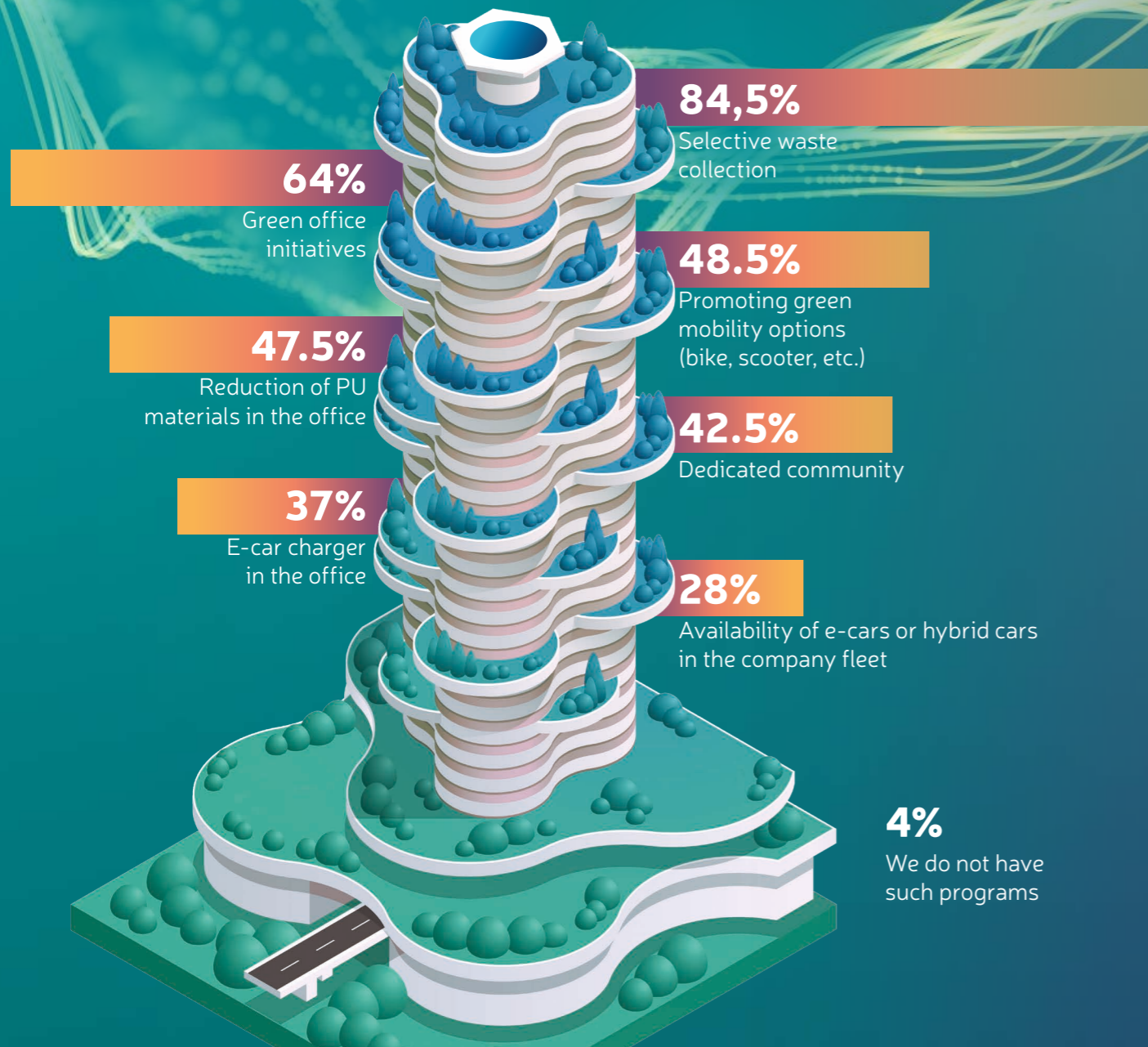
Have you changed your employer branding strategy due to COVID-19?



As a result, **31%** of responding BSCs have adapted their employer branding strategy to the new circumstances.

## Programs for sustainability

As a positive trend responding to the climate change challenge, responding BSCs are active in special programs around sustainability.



## Effects of the COVID-19 pandemic on HR practices

### Support to colleagues during the pandemic



Responding BSCs provide a wide range of help for their employees to support them in coping with the effects of the pandemic situation. Types of support include equipment, financial support, free virus tests, and most importantly virtual events and engagement programmes.



**77%**

Virtual events, engagement programmes for all employees



**40%**

Provide financial support for equipment for home office



**28%**

Financial contribution (e.g. utility or internet costs)



**28%**

Free virus tests



**17%**

Extra healthcare benefits



**10.5%**

Distribution of office equipment



**4%**

Employee assistance program

### Plans for flexible work arrangements

Flexible work arrangements are expected to be part of the new way of working. Based on the survey responses, home office / remote work will remain in practice of BSCs in the future (even after the COVID-19 pandemic).



**97.5%**

Home office / remote works



**70.5%**

Flexible hours



**51.5%**

Part time working



**20.5%**

Teleworking



**18%**

Career breaks



**17%**

Shift systems



**11.5%**

Compressed hours



**9%**

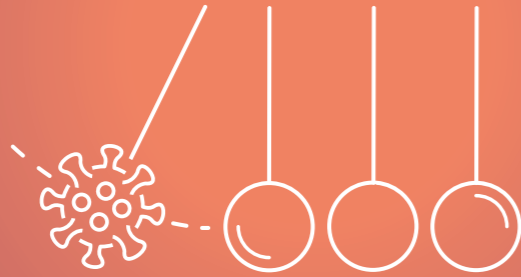
Term time contracts



**9%**

Job sharing





## BSC labour market by HAYS

### Welcome to a new, candidate-centred world

The current BSC landscape is all about the candidate. Companies are competing for the best talents that can bring value to their business shortly after they join the company. This competition had a significant impact on salaries. Strong employer value proposition is still one of the top three priorities for candidates. To balance these expectations, companies provide candidates additional financial and non-financial benefits such as educational allowance, remote working possibility and flexible working hours.

Besides the offer itself, the presentation of the role became more important as well.

As far as candidate journeys concerned, response time is now more crucial than ever.

Companies started to put more emphasis on their employer branding in many cases with the help of external agencies, in order to show their competitive value and to impress and engage potential candidates. They're also taking steps to improve the quality of their roles and make their recruitment processes as candidate-friendly as possible.

It's fairly common that an experienced candidate with great language skills finds a new position just within a few days. Business Service Centers having agile recruitment processes in place and reacting the fastest will have the competitive advantage for skills.

### BSC boom in the countryside

Today every 10th white-collar expert works at a BSC in Budapest, while skilled professionals also show a high interest in working outside of the capital.

Increasing proliferation of BSCs in the Hungarian countryside creates a win-win situation for businesses and local stakeholders.

In contrast with the fairly saturated labour market in Budapest, hiring is on the rise in university cities and suburban areas in Hungary. More and more Business Service Centers appear in rural cities, and agglomeration areas are becoming more popular as well. This trend also helps to prevent population migration from these regions.

These newly established BSCs offer engaging, value-added employment packages with CSR activities, a trusted employer brand and high quality workplaces. In return, companies expect less competition for workforce, a wider talent pool, optimised operational costs and lower real estate prices. Therefore, locations having the potential to provide businesses the necessary quality and quantity of workforce attract the newest investments.

### Returning to the office?

The BSC sector successfully handled the sudden shift to fully remote work and continued to operate well in this setup. Now that restrictions are lifted, companies have started to establish newly defined safe work environments. But what's the long-term plan?

Most companies have already opened up their offices and operate in a hybrid working model.

Companies are likely to either keep this model, or offer their employees 2-3 days of working from home arrangements per week on the long run. Companies also need to think of how they can utilise the office space more productively.





## Are we ready to go fully remote?

Even though BSCs successfully passed the test of shifting to fully remote work, every organisation and every team was challenged by the lack of social interaction. This issue was consistently listed as the biggest challenge people faced with in the past one and a half years.

While the function of an office space will change and will most likely have more of a social hub function, without physical interaction and a team environment it is more difficult to create a sense of loyalty. This will result in a greater risk for fluctuation. To mitigate this risk, companies put more emphasis on virtual team building, coaching and soft skills trainings for their people managers to ultimately enhance company and team cohesion.

By introducing fully virtual teams, companies face no boundaries with regard to location when hiring new colleagues. Similarly, administrative challenges affecting foreign workforce during the pandemic are now eased. As a result, foreign candidates are more eager to move to Hungary for a new opportunity.

## Importance of value added positions

Digitalisation and automation continues to be the focus of /for the rapidly changing BSC environment. However, it's less about cost-saving rather than increasing quality and speed of delivery. Automation has transformed service operations, but it didn't make human expertise and involvement redundant. On the contrary, digitalisation and automation will push companies to invest more in the development of their employees.

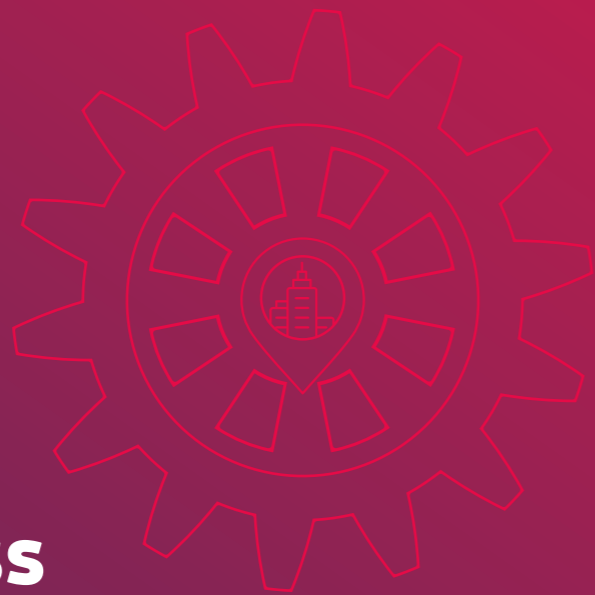
Experts with high adaptability, holistic knowledge, and tech-savvy mindset will be indispensable to operate and further develop these automated systems.

Less transactional, complex positions are more likely to sustain well-educated, multilingual young professionals. Therefore, nurturing talents and offering value-added positions with the opportunity for a long-term career will be key of success of BSCs in Hungary.



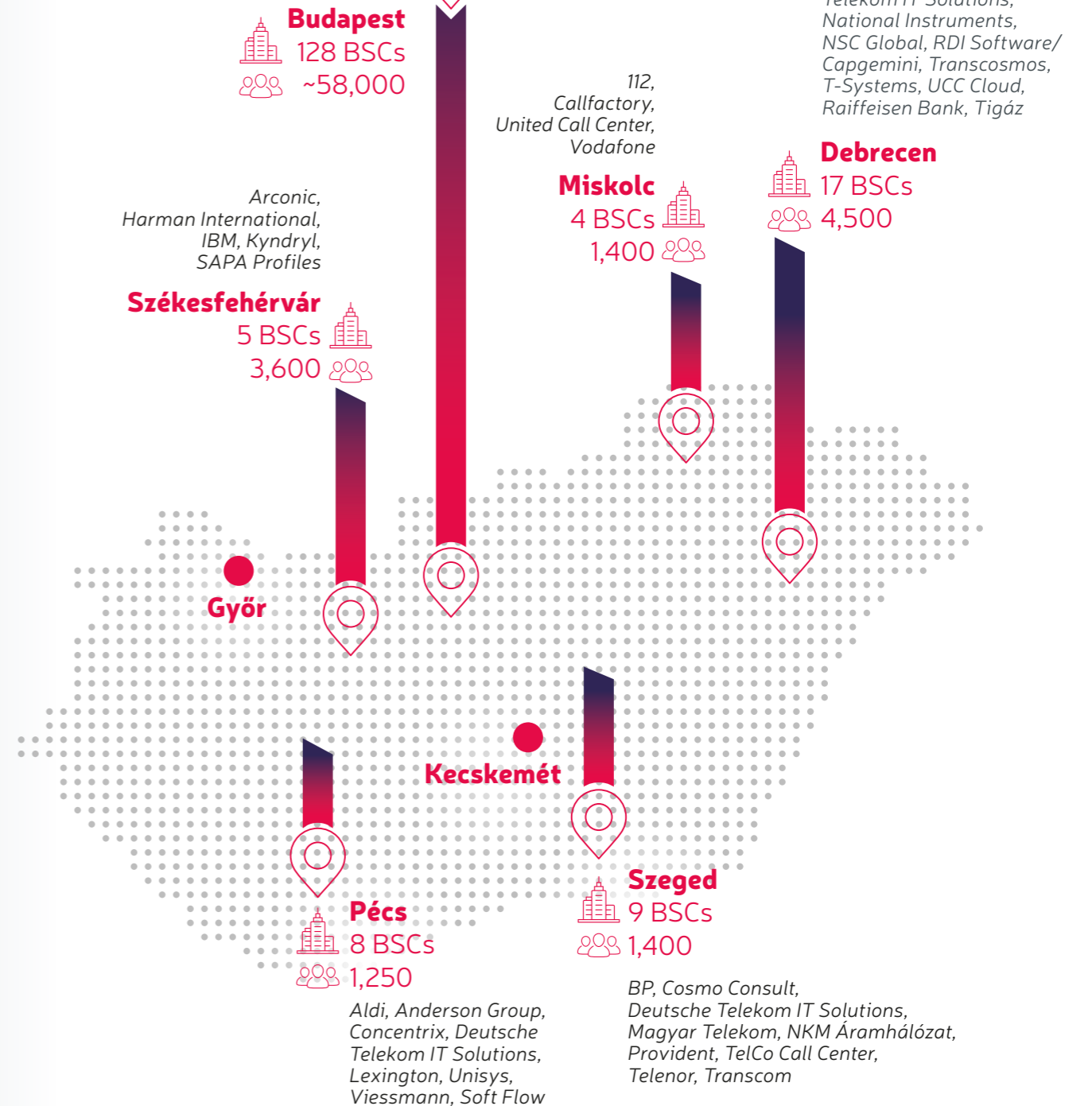
# Business Services Locations in Hungary

## Office Market Overview






AGCO, Albemarle, ALDI, Arm, AVIS, BlackRock, BP, BT, Celanese, Citi, Cloudpay, Cognizant, Comdata, Computacenter, Corning, Cosmo Consult, Deutsche Telekom IT Solutions, Diageo, Diligent, Eaton, Ecolab, Emirates, EPAM, Ericsson, ExxonMobil, FedEx, Flowserve, GE, Genpact, Google, Howden, Huawei, KLM, Hydro, IFF, Itron Labs, Jaguar Land Rover, KUKA, Kyndryl, Lexmark, LogMeln, Lufthansa Technik, Morgan Stanley, MSCI, MSX International, Mylan, Nilfisk, Nissan, NNG, Nokia, NTT Data, NXP, Photel, Prettl, Randstad, Robert Bosch, Roche, Sanofi, SONY, S2G, Tata Consultancy Services, Tech Mahindra, Tesco, Tetra Pak, ThermoFisher, TK Elevator, Trenkwalder, Trivium Packaging, Vodafone, ZF\*

## Major Hungarian BSC Locations



\*list of company names participated in the survey



## Váci Corridor


 Current stock <b>1,030,000 m<sup>2</sup></b>	 Pipeline under construction <b>115,000 m<sup>2</sup></b>	 Annual office take-up <b>152,000 m<sup>2</sup> (2019)</b> <b>~55,000 m<sup>2</sup> (2021)</b>
Current vacancy <b>5.7%</b>	Availability in the pipeline <b>40%</b>	Main occupiers' profile <b>Manufacturing &amp; Industrial (SSC)</b>

 **Largest BSC occupiers:** BlackRock / British Petroleum / Citi / Diageo / Exxon Mobil / GE / Givaudan / Roche / Sanofi / Thermo Fisher


## Budapest office submarkets Statistics

### Ring Road Area




 Current stock <b>530,000 m<sup>2</sup></b>	 Pipeline under construction <b>110,000 m<sup>2</sup></b>
Current vacancy <b>11.4%</b>	Availability in the pipeline <b>72%</b>

 Annual office take-up  
**28,000 m<sup>2</sup> (2019)**  
**~25,000 m<sup>2</sup> (2021)**

Main occupiers' profile  
**IT & Telecom**

 Citi / Docter Services / IFF / Morgan Stanley / TKE / Vodafone

### South Buda

 Current stock <b>480,000 m<sup>2</sup></b>	 Pipeline under construction <b>126,000 m<sup>2</sup></b>	 Annual office take-up <b>81,000 m<sup>2</sup> (2019)</b> <b>~35,000 m<sup>2</sup> (2021)</b>
Current vacancy <b>10.7%</b>	Availability in the pipeline <b>45%</b>	Main occupiers' profile <b>IT &amp; Telecom</b>

 British Telecom / Ericsson / Estée Lauder / evosoft / IBM / Lufthansa / Nissan / TATA / Viacom

## Budapest / BSCs



**128**  
Major BSCs  
in the city



**Population**  
**3,034,000**  
(greater area)



**~58,000**  
Employees  
of the sector

Budapest is the largest city, and the only metropolitan area in Hungary with 1.8 million people in the city and further 1.2 million living in the agglomeration (Central-Hungary, Pest county). Budapest has been quoted as the most liveable city in CEE (by Economist Intelligence Unit) for over a decade now and is one of the best placed locations in the CE region to attract further direct investment into the service industry, boosting office and residential demand in the city.

*AGCO, Albemarle, ALDI, Arm, AVIS, BlackRock, BP, BT, Celanese, Citi, Cloudpay, Cognizant, Comdata, Computacenter, Corning, Cosmo Consult, Deutsche Telekom IT Solutions, Diageo, Diligent, Eaton, Ecolab, Emirates, EPAM, Ericsson, ExxonMobil, FedEx, Flowserve, GE, Genpact, Google, Howden, Huawei, KLM, Hydro, IFF, Itron Labs, Jaguar Land Rover, KUKA, Kyndryl, Lexmark, LogMeln, Lufthansa Technik, Morgan Stanley, MSCI, MSX International, Mylan, Nilfisk, Nissan, NNG, Nokia, NTT Data, NXP, Photel, Prettl, Randstad, Robert Bosch, Roche, Sanofi, SONY, S2G, Tata Consultancy Services, Tech Mahindra, Tesco, Tetra Pak, Thermo Fisher, TK Elevator, Trenkwalder, Trivium Packaging, Vodafone, ZF \**

*\* companies represented in the survey*

**Higher education**

**42**  
Institutions



**158,000**  
Students



**32,863**  
University graduates



**19,065**  
Foreign students

Metro **1/2/3/4**  
Tram **1**  
University 



# Budapest / Office Market

## Office Stock 4.0 M m<sup>2</sup>

The modern office stock in Budapest has just cross the 4.0 million m<sup>2</sup> benchmark as of late 2021, making Budapest the largest office market in the Central-Eastern European region – second only to Warsaw. The total annual new office supply in Budapest will reach 137,000 sq in 2021, half the level of the new supply in 2020. This decline in annual new completion level is temporary and is driven by delays in final fi-out works and not caused by project cancellations. Ongoing office developments did carry on although with headwinds due to supply bottlenecks and temporary material shortages in the construction industry induced by COVID-19 and production shutdowns earlier.



## 935,000 m<sup>2</sup> Development pipeline

Further ahead, the new supply expectation for 2022 now adds up to a sizeable sum of 276,700 m<sup>2</sup>, as several projects originally scheduled for this year have been delayed. A similar trickling can be anticipated from 2022 into 2023 but it is still early to gauge these dynamics. Meanwhile, there is substantial uncertainty around the fate and timeline of planned but not yet commenced projects, as speculative commencements have become the rare exception on the market – therefore we expect pipeline figures to slowly decrease after 2022. In total, the ongoing office development pipeline is still considerable with ca. 452,000 m<sup>2</sup> being under construction across Budapest. This will translate into a stock growth of above 10% over the coming two years. Recently the long-standing geographic concentration of development activity shifted from the Váci Corridor, the largest office submarket by volume to South Buda, an emerging new business district. The South Buda submarket is home to the largest ongoing volume with 28% of the citywide total, closely followed by the Váci Corridor with 25% and Non-Central Pest with 22%.



## Office Take-up 362,000 m<sup>2</sup> in 2019 200,000 m<sup>2</sup> in 2021

While the supply side of the market remains relatively unimpacted, office demand clearly contracted due to the restrictive economic measures related to COVID-19. Companies tend to renew their leases and rather opt for move or expansion when absolute necessary only. This trend started with the onset of the pandemic and remained with us in 2021 as well. Overall, 2021 brought a slight recovery in demand with year-to-date take-up being 10% up on 2020, but still hovering around half the level of what we saw before the pandemic. Looking at the long-term, Budapest office market has a history of annual take-up level around 350-400,000 m<sup>2</sup>, consisting of around 500 transactions a year. Following a stabilization of the business conditions, we expect the market to gradually get back to this level, until then, however, occupiers can take advantage of a market situation influenced by lower demand and higher supply level than in previous years.



## Occupiers' Profile (2021 H1)

IT & Telecom companies once used to be the driving force on the Budapest office market, but their prevalence faded in the last couple of years. During the turbulent times caused by the general lockdowns; however, these companies showed bigger activity again and other sectors, including companies primarily linked to traditional manufacturing industries remained more moderate on the market. In terms of the sectoral background of new demand, the recent trend remained largely unchanged during 2021 so far. The Technology & Telecom cluster once again stood for the largest share of take-up, followed by the Business- & Professional Services sector. Typical SSC occupiers also maintained a significant share, while the Consumer Services was primarily driven by the growing size requirements of private healthcare providers.



## 9.1% Vacancy Rate

Office vacancy rates in Budapest followed a downward trend for almost a decade – coming down from over 21% in 2011 to 5.6/ by end of 2019. The pandemic caused a sharp correction in new demand but less so in the supply therefore vacancy is on rise since 2020. The vacancy rate across the Budapest office market increased further during 2021, making the office market clearly tenant favoured. The average vacancy rate stood at 9.1% as of Q3 2021. The current vacancy rate translates to 360,000 m<sup>2</sup> in absolute terms. The 'A' category office segment has seen considerably increasing average vacancy, mainly due to new incoming supply, while the older 'B' category segment also saw increasing vacancy due to sizable space being freed up by tenants moving into newer buildings.

Geographically, five submarkets saw slightly increased vacancy, most notably the historic city centre (CBD), Non-Central Pest and South Buda, while the Central Buda and Periphery submarkets saw their average vacancy rates decrease. North Buda remained the most saturated submarket with 4.6% vacancy, followed by the Váci Corridor (5.7%) and Central Buda (6.0%). Relatively more space is available in the other main submarkets looked at by large occupiers: ca 11% of the current stock is available to tenants in South Buda and Central Pest. Highest ratio is still in Periphery (32%), which is a submarket with long-standing structural vacancy. In addition to the rising vacancy stemming from direct hand-back of space, there is also lingering indirect availability which largely emerged last year via sub-leasing opportunities from tenants whose previous office requirements changed. CBRE are aware of ca. 90,000 m<sup>2</sup> of space offered in a sub-lease arrangement across dozens of buildings. The marketed sub-lease opportunities are for varying terms from 1 to 5 years, largely at market rents. It is worth noting that there has not been any material leasing evidence to validate the viability of these sub-leasing ambitions as in most cases occupiers find more tailored solutions for their needs on the open lease market.



## 15.9 €/m<sup>2</sup> /month Grade "A" Rent

Despite the continuing rebalancing of market fundamentals, asking rents remained largely stable throughout 2021. The average asking rent level across the existing stock still stands at ca. EUR 13.5 / m<sup>2</sup> / month, basically flat since the outbreak of the pandemic. The stability in asking rents over the past year has partly been underpinned by the tailwind from new 'A' category stock coming to market with somewhat higher rents for remaining available space. The average asking rent level among 'A' category assets stands at EUR 15.9 as of Q2, while in the 'B+' segment it was slightly down to EUR 13.4. Typical rental levels across both the existing stock and new developments have been trading sideways since the pandemic onset, with typical asking rents for new 'A' category space in semi-central locations between EUR 15-19 / m<sup>2</sup> / month.

Geographically, rents remain highest in the CBD and Central Buda, although the average asking rent level gap between the latter and the Váci Corridor has narrowed. Meanwhile, Non-Central Pest and the Periphery remain the most affordable submarkets by some margin. The CBD, Central Pest and North Buda registered continued moderate increases in their average asking rent levels in H1, while that in Central Buda and the Periphery declined slightly.

# Debrecen



Population

**960,000**

(greater area)



**17**

Major BSCs  
in the city



**4,500**

Employees  
of the sector

*BT, Callfactory, Cosmo Consult, Diehl Aviation, EHA, EPAM, Flowserve, Deutsche Telekom IT Solutions, National Instruments, NSC Global, RDI Software/ Capgemini, Transcosmos, T-Systems, UCC Cloud, Raiffeisen Bank, Tigáz, 4iG*

Debrecen is the second largest city in Hungary and has a significant role in the nation's business services industry. As the major cultural, educational and economic centre of Eastern Hungary, the city offers accessibility by road and rail, while the international airport operates regular flights to various destinations from Debrecen. In addition to this, the city provides a good combination of a dynamically evolving economic life and a liveable environment at affordable prices.



**10-12.5**

€/m<sup>2</sup>/month

Average rental fee

'category A'



**124,800 m<sup>2</sup>**

Stock



**13,400 m<sup>2</sup>**

Pipeline

The city has a modern office stock of ca. 125,000 m<sup>2</sup> – making Debrecen the largest office market among the regional cities. The stock consists of several newly built and refurbished projects offering immediate availability on ca 33,500 m<sup>2</sup> as of end 2021. The completions in recent years added ca. 32,500 m<sup>2</sup> of "A" category vacant space across three modern "A" grade office buildings, available to tenants wishing to expand in the city, or to new companies coming to Debrecen. The office stock is evenly spread across the city at strategic locations with high visibility and good access by car or public transport. Average rental fees of category "A" offices range from 10-13 EUR/m<sup>2</sup>/m, whereas category "B" offices can be found from 7-8 EUR/m<sup>2</sup>/m.

Besides the existing availability, the future pipeline includes further projects on 13,400 m<sup>2</sup> GLA. The planned completions include expansion, refurbishment and new office developments as well across various locations in the city, including the International Airport. Once realized, these new projects create great opportunity for new companies to establish their business in Debrecen. The city is already home to numerous international companies with a wide range of functions and sectors from IT and telecommunications through financial services to high added value engineering activities. In a survey by Financial Times, examining international capital flows and investments, Debrecen was included in the TOP 10 list of best investment promotion destinations in the world. After 2017, this year, the city once again won the title of "Emerging City of the Year" in the CEE Business Services Awards.

Higher  
education

**2**  
Institutions



**32,471**  
Students



**6,357**  
University graduates



**6,389**  
Foreign students





# Győr

Győr is the most important city of northwest Hungary, the capital of Győr-Moson-Sopron County and Western Transdanubia region, and—halfway between Budapest and Vienna—situated on one of the most important traffic artery of Central Europe. For almost three decades now Győr has been a top destination for international manufacturers, most notably Audi, who have established one of their leading engine and car factories here and as a result attracted a wide array of renowned suppliers.



Population

**780,000**

(greater area)

Although Győr is seen as a major industrial hotspot anchored by Audi, the city has a considerable service sector as well. The growing importance of the tertiary sector is reflected in the development of the office market. The largest office complex in the city is located directly in the city centre on ca 23,000 m<sup>2</sup> GLA with current availability around 4,000 m<sup>2</sup> in three buildings. Besides the centrally located offices, there is a significant modern stock in the industrial park in the vicinity of the Audi plant with a considerable office element (ca 20,000 m<sup>2</sup> across various buildings). Office space is available if the city for a rental rate of 9-12 EUR/m<sup>2</sup>/m.



**9-12 € /m<sup>2</sup> /month**  
Average rental fee  
'category A'



**43,000 m<sup>2</sup>**  
Stock



**23,000 m<sup>2</sup>**  
Largest office  
complex



**Quality  
office spaces**

**Higher  
education**



**1  
Institution**



**12,759**  
Students



**2,562**  
University graduates



**678**  
Foreign students





# Kecskemét

Kecskemét benefits from the city's strategic position being half-way between Budapest and Szeged and has developed very dynamically since the opening of the Mercedes-Benz plant in 2012. The city is undergoing an industrial real estate market boom which is accompanied by a growing interest for office space as well. Besides offices available in the industrial park, new developments are planned along the main road connecting the city centre with the main motorway exit.



**Population**

**711,000**

(greater area)

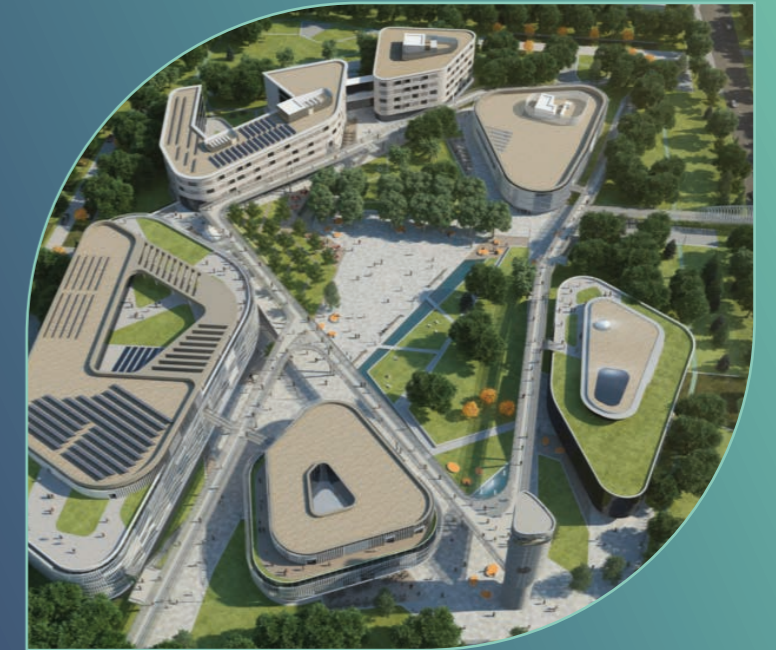
Offices are available in modern facilities across the industrial parks close to the motorway and also and in historical buildings in the city centre. Rates start from 6 EUR/m<sup>2</sup>. The municipality has a clear aim to further enhance the profile of the city and has started a mixed-use development on ca. 14,000 m<sup>2</sup> combining educational, business and leisure functions on the back of close cooperation with business and engineering companies in the wider region of Kecskemét.



**Quality office spaces**



**14,000 m<sup>2</sup> development**



**Higher education**

**1 Institution**



**4,280 Students**



**864 University graduates**



**130 Foreign students**



# Miskolc



Population

**640,000**

(greater area)



**4**

Major BSCs  
in the city



**1,400**

Employees  
of the sector

Miskolc is the largest city in North-Hungary and is the seat of the most populous county in Hungary. Miskolc succeeded to transform its economic character and managed to shift the focus from heavy industry and mining to high value-added production and business services.

112,  
Callfactory,  
United Call Center,  
Vodafone



**9-13 € /m<sup>2</sup> /month**

Average rental fee

'category A'



**14,500 m<sup>2</sup>**

Stock



**13,600 m<sup>2</sup>**

Pipeline

The emergence of the service industry as a key economic driver is also reflected in the rampant growth of the office stock. The existing office stock has rather limited availability, and is scattered across several historical buildings in the city centre. When the projects planned in the pipeline are realized, the stock can double by end of 2023. Miskolc is a reasonable choice for cost-sensitive companies as rents start from 6-8 EUR/m<sup>2</sup>/m for "B" grade properties, while modern "A" category office space available at 9-12 EUR/m<sup>2</sup>/m.

On the demand side, Miskolc city is home not only to services directly linked to the buoyant manufacturing industry, but also to various other back-office operations, mostly customer service centres. There have been four major business service providers in Miskolc for 20 years already, employing currently ca. 1400 people. Close cooperation between the city, the University of Miskolc and the existing businesses are facilitating further growth in this sector. Besides attracting and retaining talented young people and an active workforce, the city is actively supporting the local Research & Development activities and working on a Smart&Green Miskolc concept to further increase the livability and attractiveness of the city.

Higher  
education

**2**  
Institutions



**16,753**  
Students



**3,466**  
University graduates



**680**  
Foreign students



# Pécs



Population

**450,000**

(greater area)



**8**

Major BSCs  
in the city



**1,250**

Employees  
of the sector

*Aldi, Anderson Group, Concentrix,  
Deutsche Telekom IT Solutions,  
Lexington, Unisys, Viessmann,  
Soft Flow/Foss*

Pécs is the largest city in South-Transdanubia and is the main educational and cultural hub in the region. The city used to have an industry-driven economy focusing on mining, manufacturing and food; however, there has been a gradual development of high-tech industries establishing in the city (including electronics IT network manufacturing).



**10-12 €/m<sup>2</sup>/month**

Average rental fee

'category A'



**27,000 m<sup>2</sup>**

Stock

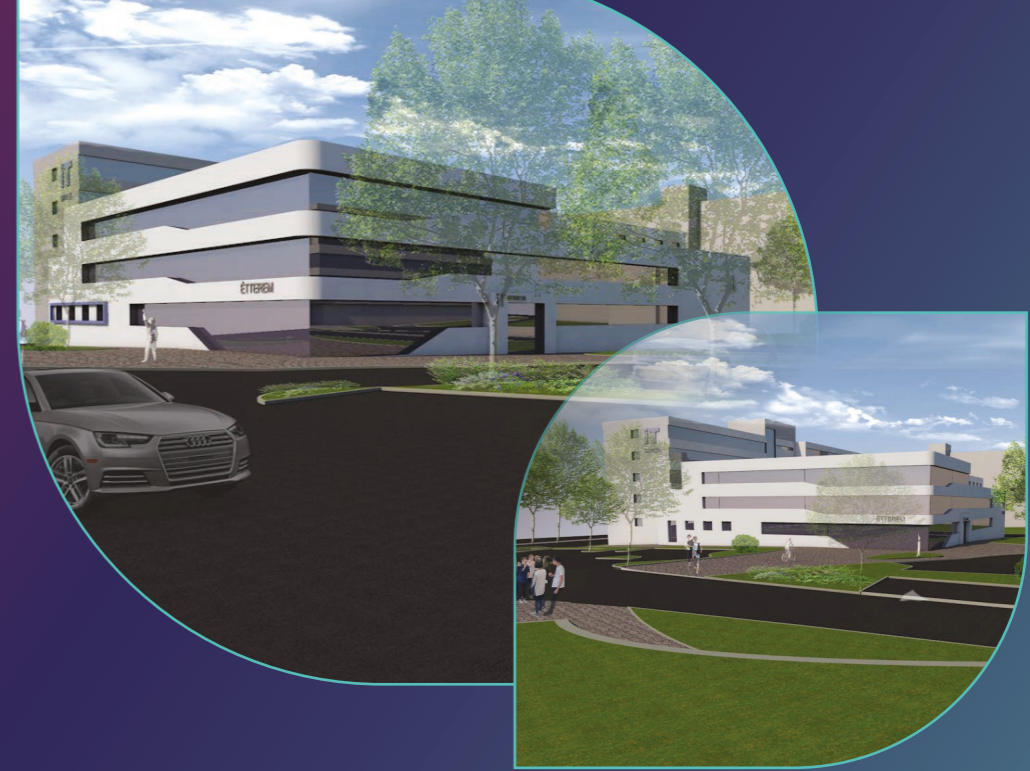


**18,000 m<sup>2</sup>**

Pipeline

Current modern office stock is estimated to reach 27,000 m<sup>2</sup> – including properties with full occupation. The stock consists mostly of smaller floor plates in refurbished historical buildings or in 'B' category facilities. Newcomer companies can choose among several office buildings of various quality with a total immediate availability of ca. 7,000 m<sup>2</sup>. Two projects are scheduled to bring ca. 3,700 m<sup>2</sup> of modern 'A' space available in city centre locations in the next two years. Based on existing plans, further 14,600 m<sup>2</sup> of office space can be developed upon tenants' enquiry at a later stage. The headline rents vary from 5-6 EUR/m<sup>2</sup>/m in 'B' category properties up to 12 EUR/m<sup>2</sup>/m in 'A' category stock.

As a milestone of this economic transformation, in 2006 Concentrix (Convergys) opened a customer service with 200 employees in Pécs. Since then other companies from a diverse range of industries opened their new service centres in town – including IT Services, Unisys and more recently Viessmann and Aldi. The shared service sector is estimated to employ ca 800 people with ambitious expansion plans in the future. Nevertheless, there is still room for other shared service centres to start operation in the city given the quantity and quality of the available labour pool. The economic backbone of the city is currently the domestic service industry and the smaller and medium sized enterprises present in the region. Nevertheless the skilled workforce coupled with relatively high unemployment and lack of other shared service operators create a great opportunity for new employers planning to set up operation in Pécs.



Higher  
education

**3**  
Institutions



**23,557**  
Students



**4,289**  
University graduates



**4,289**  
Foreign students



# Szeged



Population

**452,000**

(greater area)



**9**

Major BSCs  
in the city



**1,500**

Employees  
of the sector

*BP, Cosmo Consult,  
Deutsche Telekom IT Solutions,  
Magyar Telekom,  
NKM Áramhálózat, Provident,  
TelCo Call Center, Telenor,  
Transcom*

Szeged is not only the seat of the South-Great Plain region but also the EU's gateway city to the Southeast. The city is an important scientific centre, home to various medical, biological & biotechnical research centres and to the ELI-ALPS laser research institution. The Science Park is a planned scientific research centre to accommodate start-up businesses and innovative companies next to ELI-ALPS. The business services centre industry has emerged as an important driver of the local economy. The city has been a cultural and educational centre of the region, hence its economy strongly relies on the service industry.



**10-12 €/m<sup>2</sup>/month**

Average rental fee

'category A'



**20,000 m<sup>2</sup>**

Stock



**22,800 m<sup>2</sup>**

Pipeline

The current office stock is estimated at ca. 20,000 m<sup>2</sup>, however, the majority of this space is occupied by long-term tenants. Currently there is ca. 6,000 m<sup>2</sup> available office space across six buildings, including a business incubator space operated by the municipality to provide temporary office solutions to newcomers. There is 22,800 m<sup>2</sup> of "A" grade office space in the pipeline, out of this 14,800 m<sup>2</sup> is scheduled to be delivered in 2021 – and is still available for lease and sub-lease. The headline rent for new office space is in the range of 12-15 EUR/m<sup>2</sup>/m, whereas smaller office needs can be accommodated in current vacancies at a rent of 6-10 EUR/m<sup>2</sup>/m.

Higher  
education

**2**   
Institutions



**22,513**

Students



**4,188**

University graduates



**4,625**

Foreign students



# Székes- fehérvár



Population

**836,000**

(greater area)



Székesfehérvár is the largest city with ca 97,000 inhabitants in Central Transdanubia and is the economic centre of the region. The city's proximity to the capital city and its strategic location on main railway and road connections have attracted a number of foreign investors to the city since the 1990s.



**4**

Major BSCs  
in the city



**3,600**

Employees  
of the sector

Arconic,  
Harman International,  
IBM,  
SAPA Profiles



**8-12 €/m<sup>2</sup>/month**

Average rental fee

'category A'



**27,000 m<sup>2</sup>**

Stock



**3,700 m<sup>2</sup>**

Pipeline

Foreign direct investment has played a crucial role for the city to maturing to one of the major Hungarian economic hotspots, accounting for one third of the regional GDP. Besides that the city has become the centre of the electronic manufacturing in Hungary, service sector – especially IT – also has a growing importance in Székesfehérvár. The business sector is estimated to employ more than 3,000 people. The modern office stock is mostly concentrated in the industrial parks in mixed-use premises; however, there is ca. 12,000 m<sup>2</sup> office availability in city centre for rental rates starting from 8 EUR/m<sup>2</sup>/m.



Higher  
education

**2**  
Institutions



**8,674**  
Students



**2,016**  
University graduates



**764**  
Foreign students



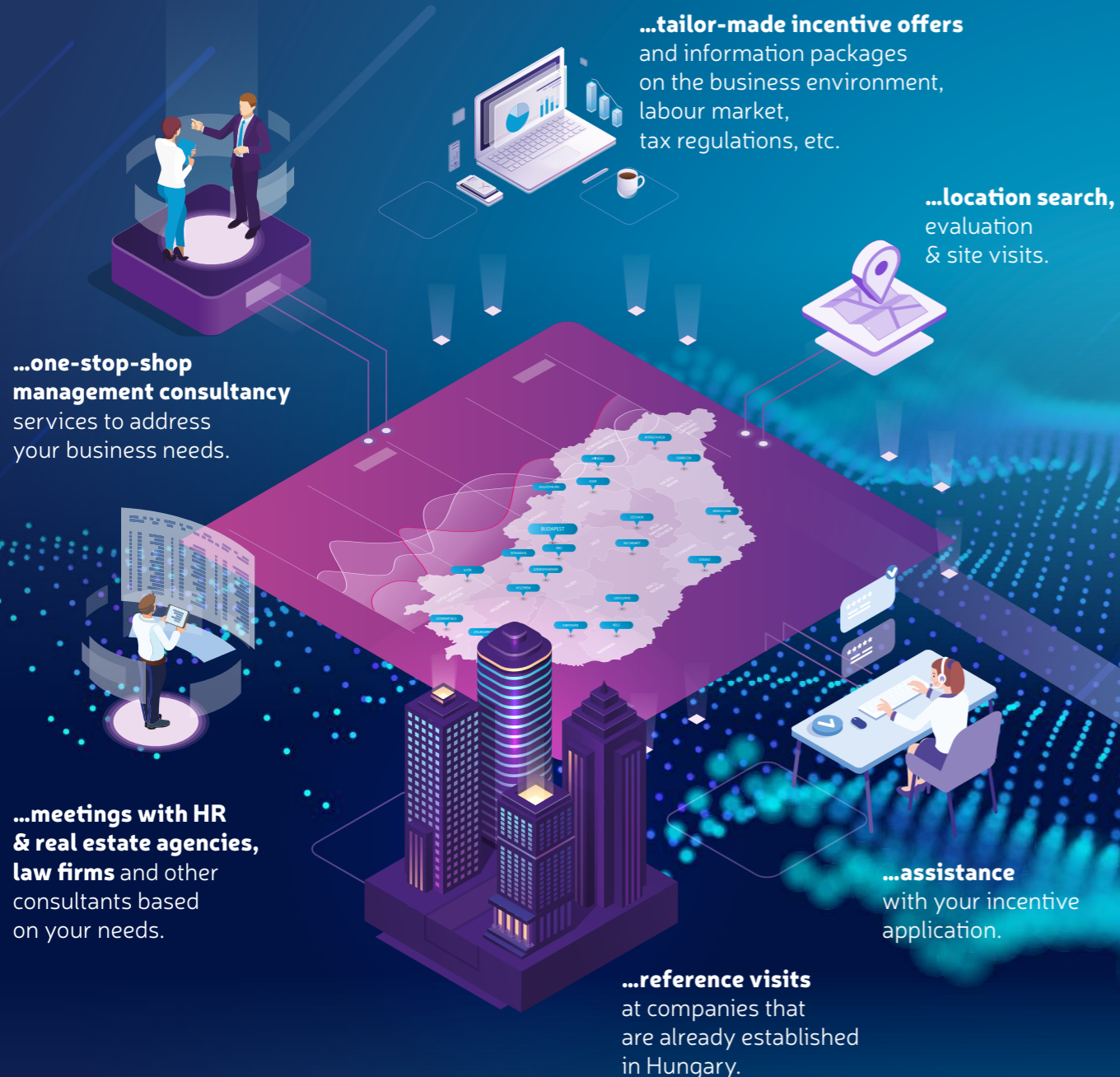
## How do we support your BSC project?



**Hungarian Investment Promotion Agency (HIPA)** is the national investment promotion organisation of Hungary.

## Before

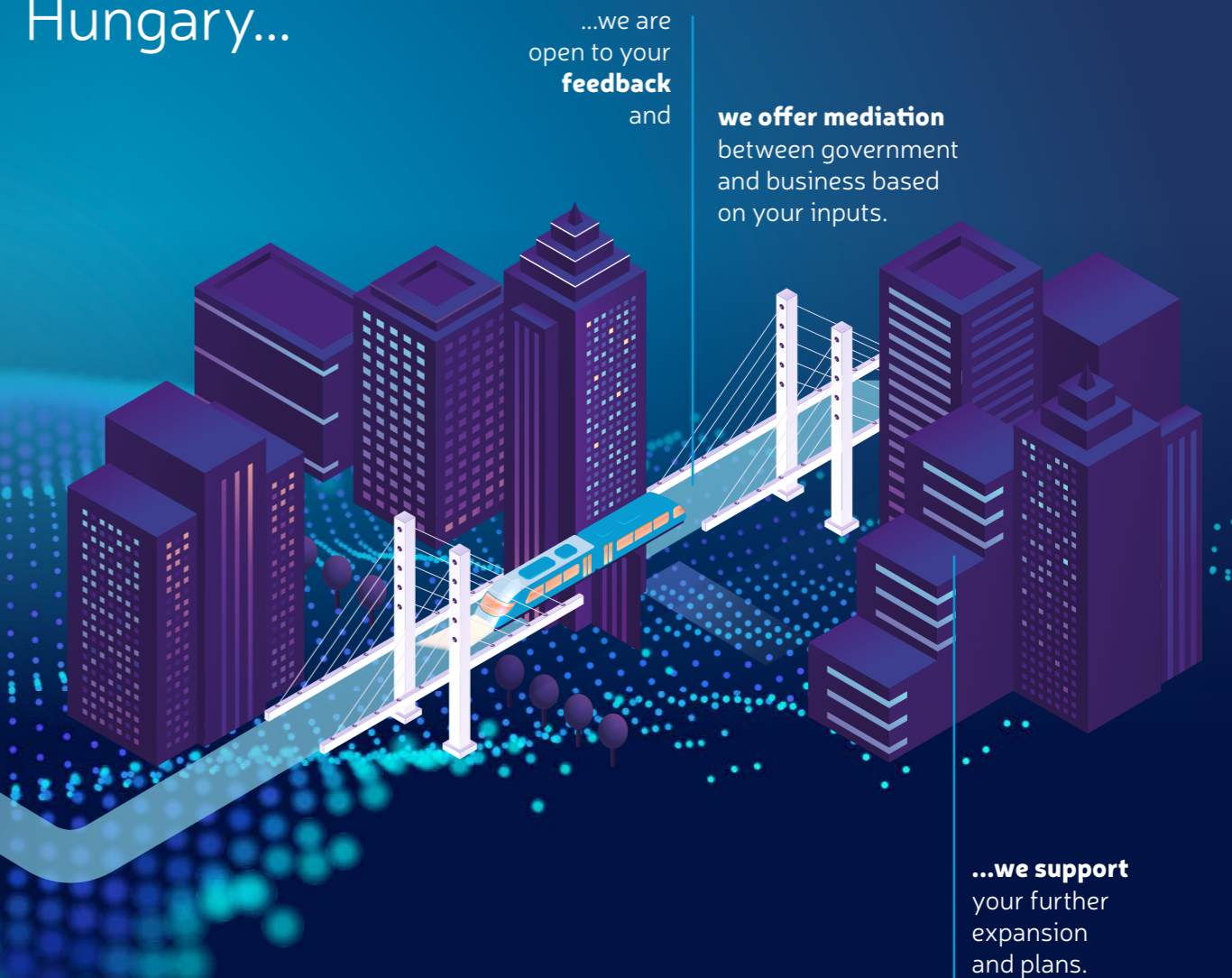
You make a decision we offer You...



We contribute to the economic development of the country by promoting Hungary as an ideal location for investments and by providing management consultancy services to investors and prospective investors. In the framework of our policy advisory activities we mediate between business and government and collect company feedback in order to prepare policy proposals to further improve the business environment. We are also responsible for investment incentives and work as the managing body of the VIP cash subsidy system based on individual government decisions. We provide management consultancy services in the fields of location selection, supplier development and mergers and acquisitions in a one-stop-shop service model on a free of charge basis.

## After

You have chosen Hungary...



### Please contact us!

Address: 1055 Budapest, Honvéd utca 20.  
Customer service: [investment@hipa.hu](mailto:investment@hipa.hu)  
Tel.: +36 1 872 6520, Web: [www.hipa.hu](http://www.hipa.hu)

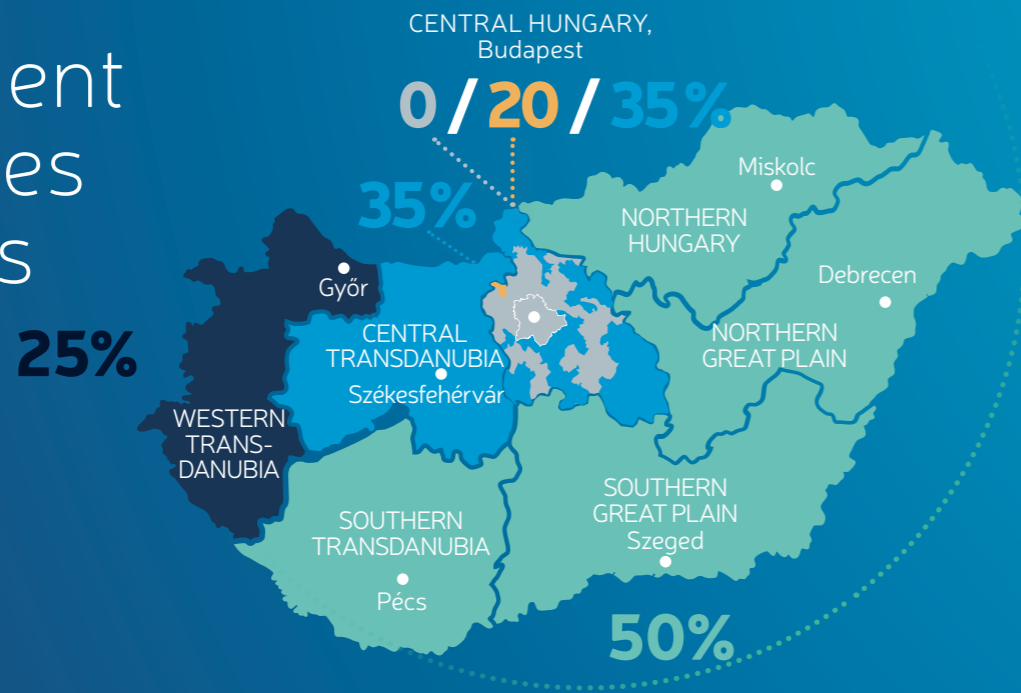
# Investment incentives for BSCs



## VIP cash subsidy and development tax allowance

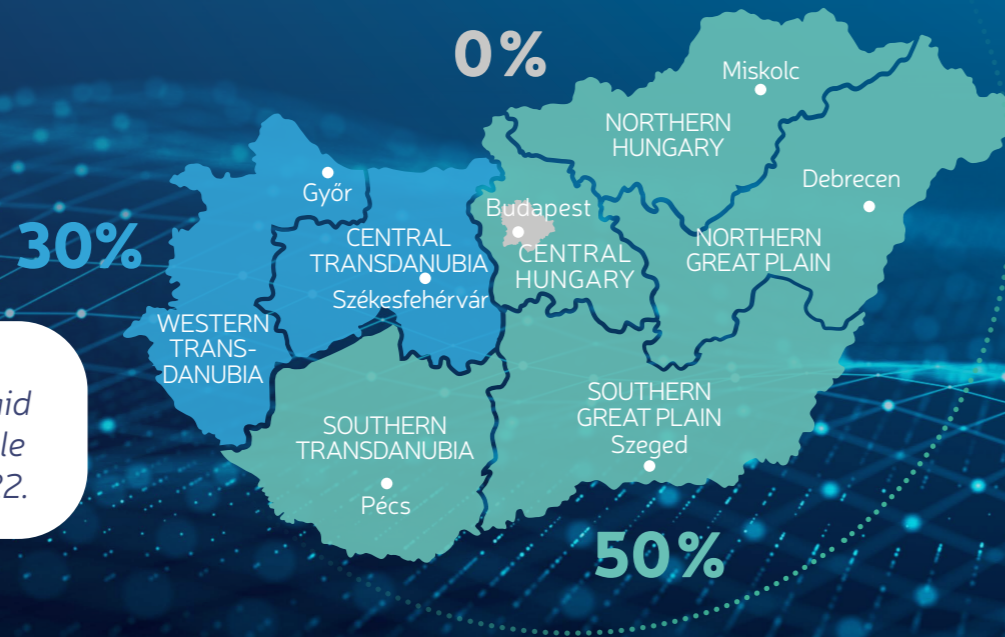
For the establishment of a new business service centre or for the expansion of BSCs different type of incentives are available in Hungary. The subsidies for training and R&D – in the form of cash grant – are available throughout Hungary. The VIP cash subsidy is available based on the individual decision of the Hungarian Government and may be combined with the development tax allowance (CIT allowance) up to the regional

maximum aid intensity threshold in locations that may be supported by regional aid according to the European regulations. The theoretical maximum amount of the subsidy – influenced by the number of jobs created by the implementation of the investment and the level of development of the region where the project will be implemented – depends on the location of the investment.



## Regional aid map of Hungary (2022–2027)

New and even more favourable regional aid rules will be applicable as of 1st January 2022.



Based on the new regional aid map, an investor classified as a large enterprise is entitled to receive subsidy up to 50% in Pest county. This excludes the area of Budapest city. Additionally,

capacity expansion projects carried out by large enterprises in Central Hungary region will no longer be excluded from receiving regional aid starting from 2022.



## VIP cash subsidy for BSCs

The VIP cash subsidy is a non-refundable, post-financed cash grant, regulated by Gov. Decree No. 210 of 2014 (VIII. 27). The incentive procedure – managed within the framework of the one-stop-shop service system of HIPA – commences with the submission of an application form (request list) describing the investment to be subsidized.



## Conditions and eligible costs

The VIP cash subsidy system is designed to support the establishment and the expansion of business service centres. The aim of the project to be subsidized determines those indicators (activity, number of new jobs), which shall be met for eligibility in respect to the subsidy.

The activities to be performed by the investor company as a result of the subsidized investment – creating at least 50 new jobs – shall comply with the activities listed in Annex 1 of Gov. Decree No. 210 of 2014 (VIII. 27.).

The eligible costs are 24 months of personnel related expenses of the newly hired employees within a three-year-period.



≥50 new jobs



## Training Subsidy

The Hungarian Government also offers a VIP subsidy for the training of employees in case of establishment or expansion of business service centres. The subsidy is available to investors creating at least 25 new jobs in the field of business service activities, complying with the Gov. Decree mentioned in the VIP cash subsidy section. This subsidy is provided for internal or external training projects covering up to 50% of the eligible training costs (personnel related costs of trainees and trainers, cost of travelling and accommodation, material costs, etc.). The amount of the subsidy may not exceed EUR 5,000 per training participant and EUR 2 million per training project regardless the location of the project.



## R&D Subsidy

The aim of VIP cash subsidy for R&D projects is to promote the R&D activity of large enterprises and the creation of R&D competence centres in Hungary. The incentive scheme provides the opportunity to grant aid for R&D projects implemented in Budapest and in other parts of Hungary if at least 10 new R&D position is created. The level of the cash incentive is based on several factors in relation to the R&D projects, namely, the location of the project, cooperation of the company with research partners, ownership of industrial property protection, etc. The amount of the incentive may not exceed 25% of the eligible costs of the subsidized R&D projects (personnel related costs, depreciation of assets, material costs, etc.).





Hungary  
Smart.  
Ambitious.  
Competitive.

2021

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# Survey Respondents, thank you for your co-operation!

