

BUSINESS SERVICES **HUNGARY** 2023

REPORT
ON THE HUNGARIAN
BUSINESS SERVICES
INDUSTRY



THIS REPORT WAS CONDUCTED BY
HIPA – Hungarian Investment Promotion Agency

PUBLISHER
HIPA – Hungarian Investment Promotion Agency

WEB ADDRESS
www.hipa.hu



PROFESSIONAL PARTNERS



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BUSINESS SERVICES HUNGARY 2023

Mature Market, New Perspectives,
Resilient Operation, Digital
Transformation, Automation,
Hungary, Value-added Functions,
Excellence, **Educational
Cooperation**, Employer Branding,
Employee Experience, **Talent
Focus**, Business Continuity, Remote
Working, Retention, Training and
Development, **HIPA**, Educational
Cooperation, ESG, 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

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In today's rapidly evolving global economy, understanding the dynamics of the business services sector is of paramount importance. As we delve into this comprehensive study on the business services sector in Hungary, we embark on a journey to explore a vital component of Hungary's economic landscape. This sector plays a pivotal role in not only shaping the nation's economic destiny but also serving as a testament to Hungary's adaptability, innovation, and resilience.

Since the 1990s, Hungary has solidified its position as an appealing destination for businesses, both domestic and international, seeking to outsource a range of functions, owing to its strategic location, skilled workforce, and competitive business environment. This includes a diverse array of sectors, from shared services and business process outsourcing to information technology and financial services, firmly establishing Hungary as a pivotal hub for Business Service Centers. This sector not only significantly contributes to Hungary's GDP but also fuels economic development across regions by creating numerous employment opportunities. Furthermore, it plays a pivotal role in transferring valuable knowledge and expertise, contributing to the upskilling of the Hungarian workforce.

The recent transformation of the sector is indeed remarkable, with a 29% increase in the number of BSCs, totaling 201, and a noteworthy 43% growth in the sector's workforce, now exceeding 100,000 employees compared to 2021, underscoring its resilience and vital role in Hungary's economic landscape.

The Business Services Hungary 2023 report serves as a comprehensive resource for individuals, businesses, policymakers, and academics interested in gaining a deeper understanding of the business services sector in Hungary. It encompasses a wide spectrum of topics, ranging from the historical evolution of the sector to its current trends and future prospects. It examines the key drivers of growth, the challenges faced, and the strategies employed by businesses operating in this sector.

This study owes its realization to the collaborative efforts of key partners including the Association of Business Service Leaders Hungary (ABSL), the American Chamber of Commerce of Hungary (AmCham), CBRE Hungary and Hays Hungary, as well as the valuable contributions from participating companies. Together, their dedication and insights have not only deepened our comprehension of the sector but have also provided a foundation for well-informed decision-making and strategic planning, underscoring the collective strength of this collaborative endeavor.

We hope this study serves as a valuable resource and an inspiration for all those interested in the business services sector in Hungary. Together, we can harness the sector's potential to drive economic growth, foster innovation, and create a brighter future for the BSC sector in Hungary.

Introduction to the Yearly Business Services Report Methodology

The Annual Business Services Hungary Report is a comprehensive and meticulously curated examination of the business services sector. This report is the culmination of a rigorous methodology characterized by extensive multi-stakeholder collaboration and a commitment to capturing the most robust insights.

HIPA was unable to carry out its annual research last year, resulting in the absence of fresh data publication. Consequently, in certain instances, a year-over-year comparison may not be feasible; however, we are equipped to examine trends spanning two years. To facilitate enhanced comparability, this year's survey adheres to the structure employed in 2021.

Key highlights of our methodology include:

Questionnaire Development: We partnered closely with the Association of Business Service Leaders (ABSL) and the American Chamber of Commerce (AmCham) to update our questionnaire, comprising over 100 questions, to be more comprehensive. These inquiries delve into various facets of the sector, encompassing its developmental trajectory, competitiveness, labour market dynamics, and real estate trends.

Extensive Participation: Our objective was to engage a diverse spectrum of Business Service Centers (BSCs). We received responses from 83 BSCs from all around Hungary, representing 41% of centers, and employing 61% of the sector's workforce. We utilize their responses to analyze historical trends and forecast future developments of the whole business services sector in Hungary.

Data Augmentation: To enrich our analysis, we integrated relevant data from the Hungarian Central Statistical Office, augmenting the depth and breadth of our sector assessment.

Expert Data Analysis: The data analysis was conducted in cooperation with Knowledge Pyramid, an esteemed external consulting partner with extensive experience in Hungarian and regional BSCs. Consequently, the data analysis has been scrutinized from diverse professional viewpoints, ensuring that various aspects are incorporated into the report.

Holistic Insights: In order to offer a comprehensive view of current trends, we have included labour market and real estate market overviews in our report. These insights have been collaboratively curated with our esteemed partners, Hays and CBRE. This additional perspective complements the feedback provided by key stakeholders in the sector.

Local Engagement: Recognizing the importance of local dynamics, also to shed light on the potential of university towns, we actively engaged municipalities, local investment promotion bodies, and universities. Their contributions illuminate the distinctive attributes of these remote locations.

In essence, this methodology underscores our commitment to a rigorous and inclusive approach, highlighting the collaborative nature of this study, with emphasis on the invaluable insights contributed by the businesses at the heart of the business services sector.

We thank all stakeholders who participated in this collective effort.

Executive Summary

Despite a series of global economic shocks that have significantly impacted Europe's economy, the business services sector in Hungary has demonstrated remarkable resilience and growth. Over the past two years, an impressive 71% of companies already established in Hungary have chosen to expand their operations in the country, resulting in a workforce in the sector that now surpasses 100,000 individuals. Additionally, the sector has seen an influx of new firms, pushing the total number of BSCs operating in Hungary beyond the 200 mark. The average size of these centers has increased from 450 to 509, with a global service share now at 57%, marking a substantial 17% increase from the previous report.

In terms of functions, there is a visible trend towards the maturation of the sector, characterized by a consistent rise in added value. A remarkable 81% of companies participating in this year's BSC sectoral survey have expressed plans to relocate high-value-added roles to Hungary over the next three years, indicating a growing trend that is likely to gain momentum.

The companies' commitment to training and talent development plays a pivotal role in fostering value-added growth within the sector. An impressive 71% of centers extend financial support to their employees to facilitate attendance at external training courses. Furthermore, 70% of these centers actively engage in collaborations with educational institutions, illustrating a proactive approach to knowledge sharing and skill development. Such initiatives not only enhance employee competencies but also contribute to the sector's enduring success and its ability to stay at the forefront of innovation and value creation.

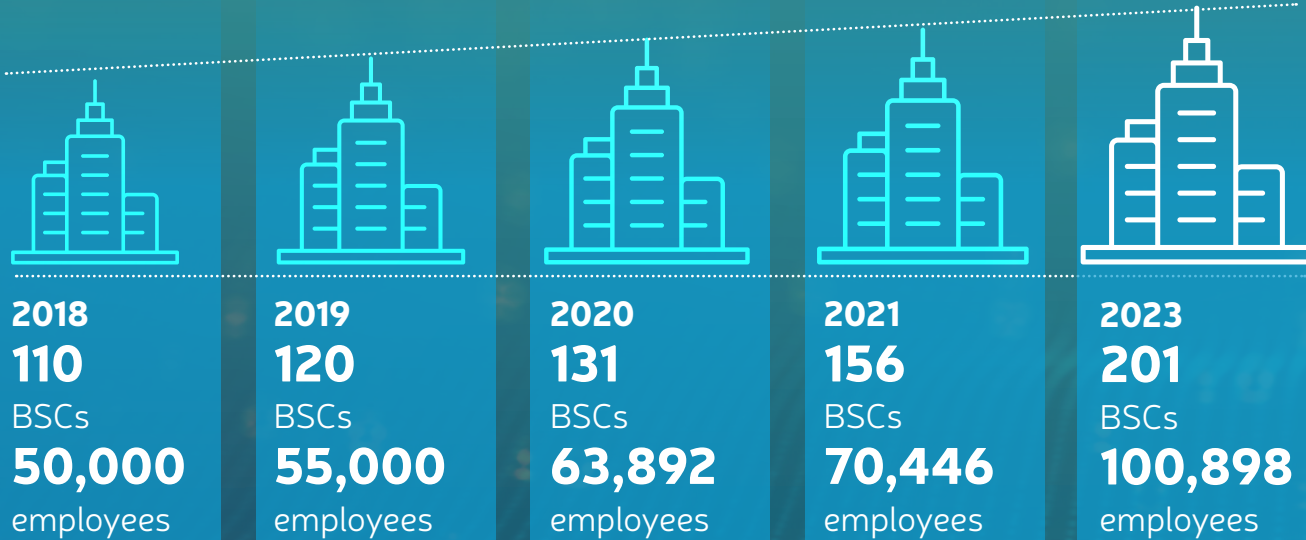
Another notable trend is the rising interest in establishing new headquarters in rural cities. Companies with existing centers in Hungary are now twice as likely to opt for a countryside location over Budapest when expanding their office footprint. This trend reflects a broader shift towards geographic diversification within Hungary, highlighting the attractiveness of regional centers beyond the capital city. These towns, home to prestigious academic institutions, provide a steady influx of skilled graduates across various disciplines, fostering a rich talent pool that aligns perfectly with the demands of the business services sector.

As Hungary continues to position itself as a competitive and attractive destination for outsourcing and offshoring, we anticipate sustained growth in the sector. With a skilled and adaptable workforce, robust infrastructure, and a business-friendly environment, Hungary is well-poised to capitalize on the evolving global demand for business services.

Evolution

of the Hungarian BSC market

Overall



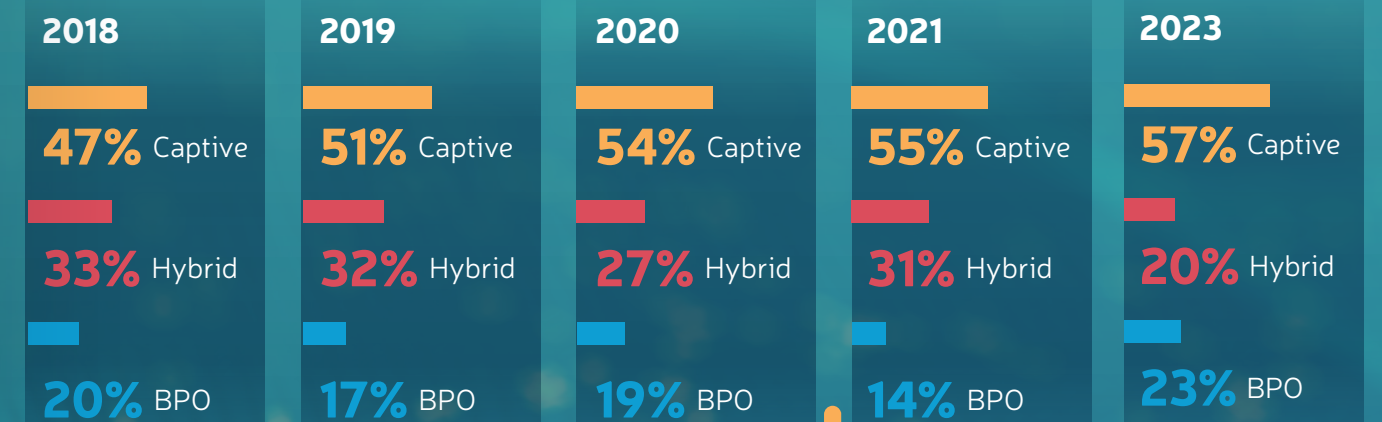
Newly established BSC centres in Hungary



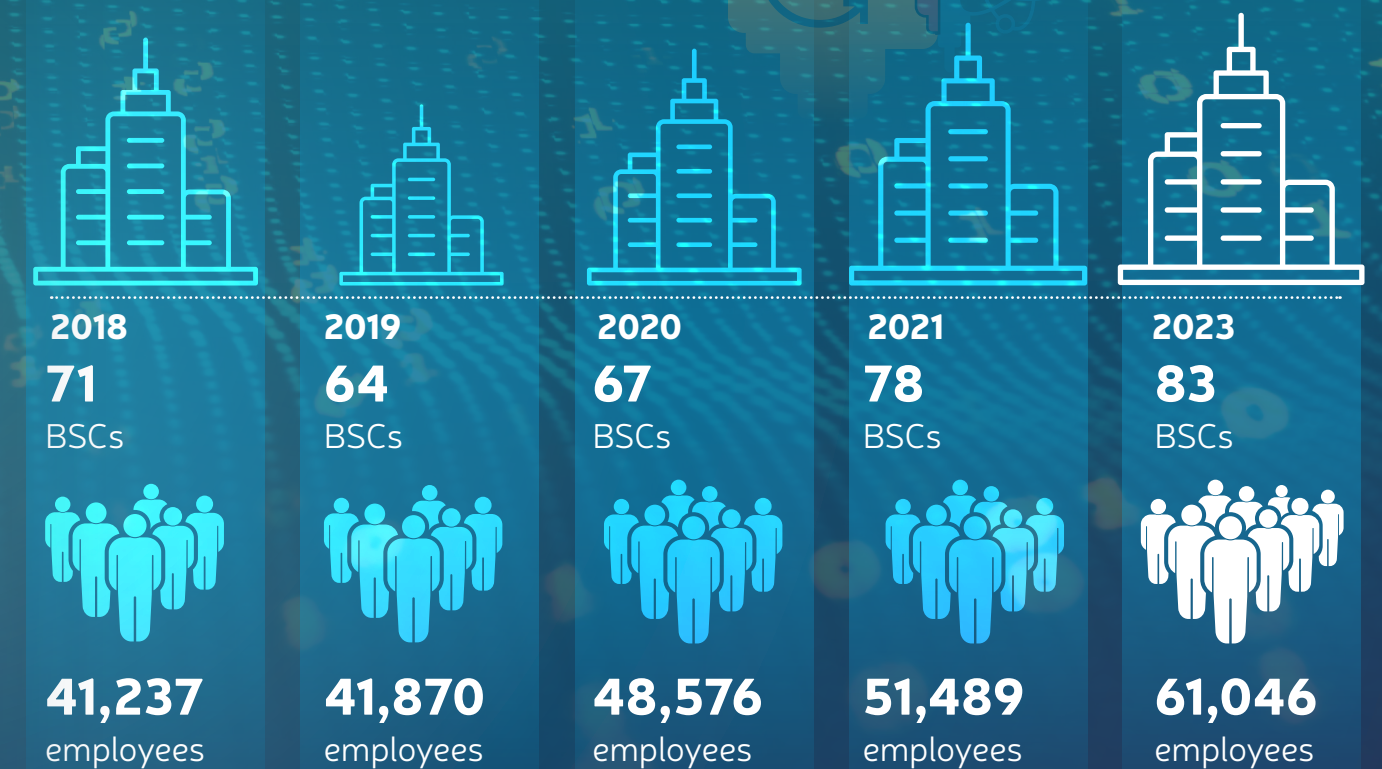
Major investors in the BSC market



Operational model



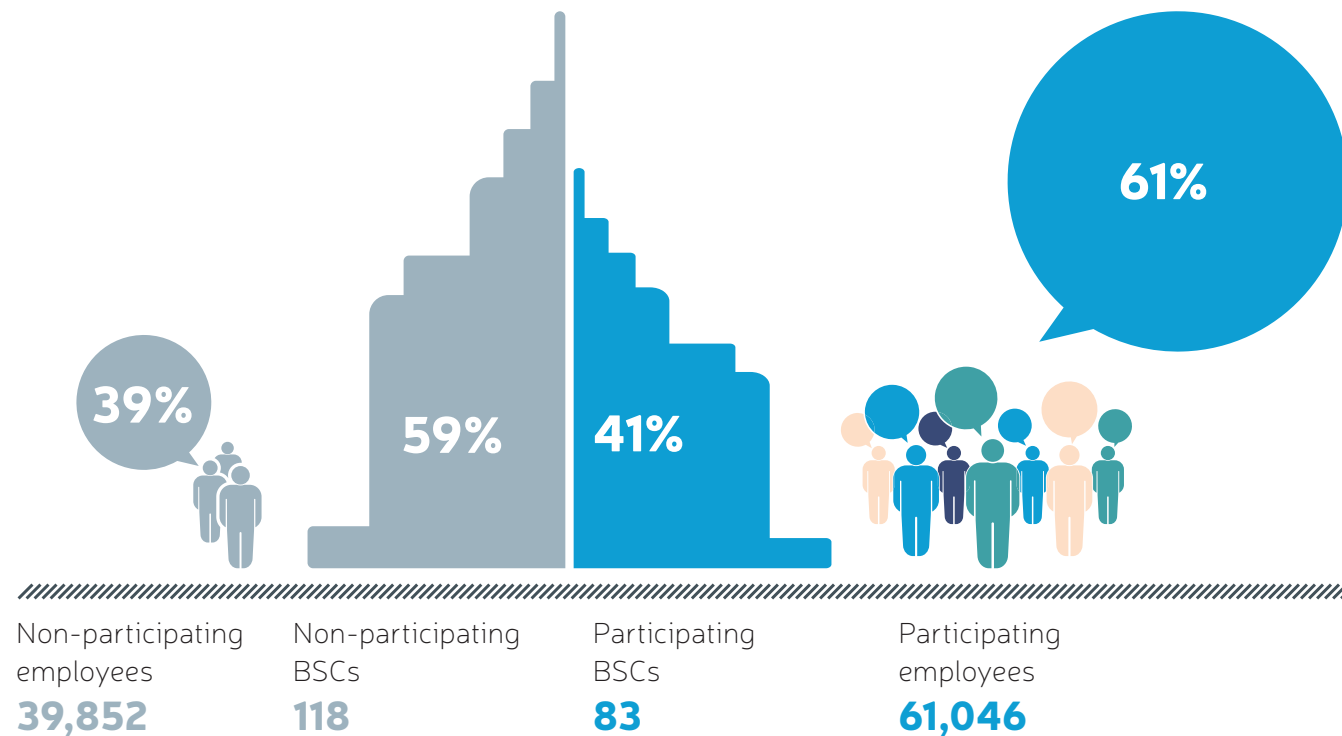
Number of BSCs and employees represented in the survey



General Information about the Survey

Industry & Employee Coverage

The Business Services survey was conducted in July 2023. A total of 83 companies from various industry backgrounds participated. These companies employ 61,046 employees in total, which represents 61% of the total labour force employed by 201 centers (excluding centers with less than 50 employees).



Size of responding BSCs

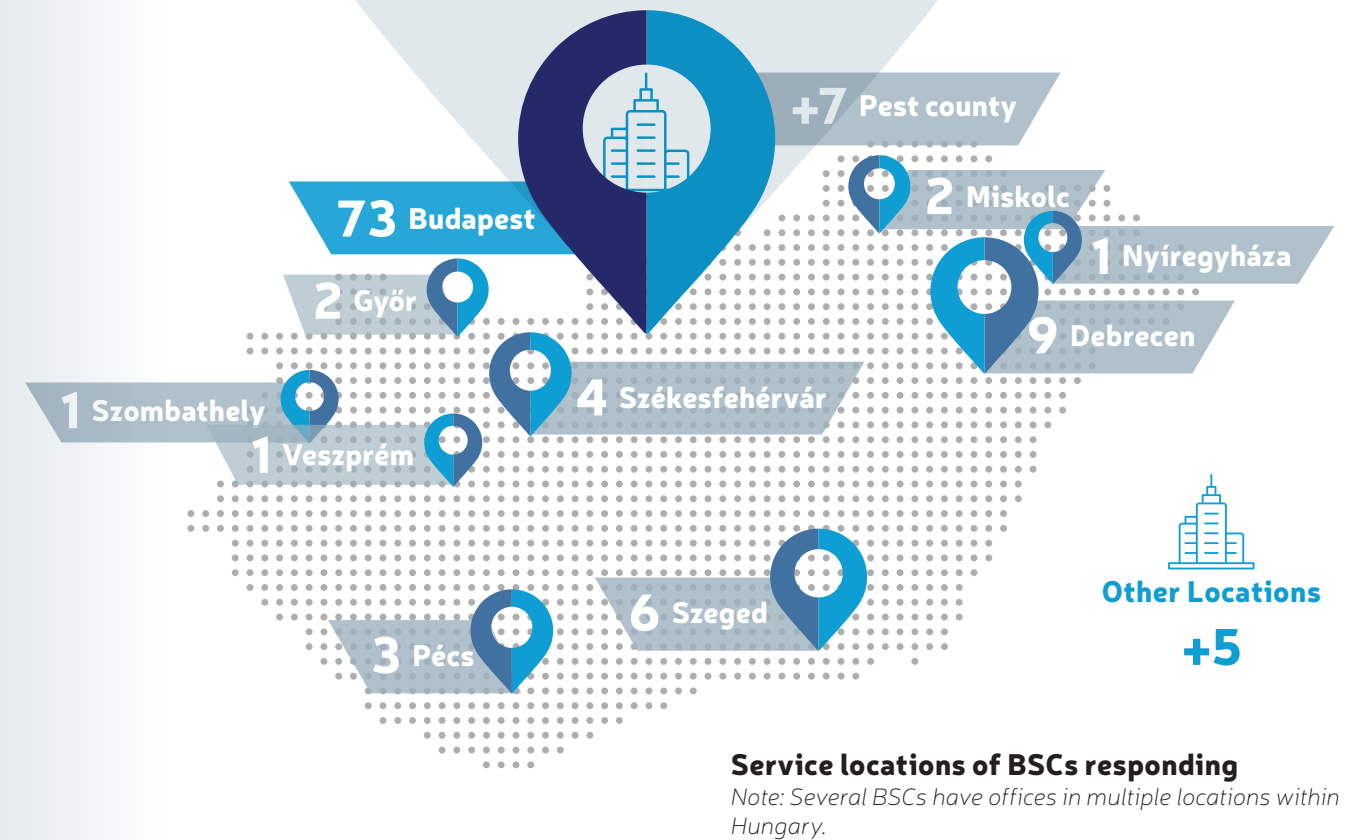
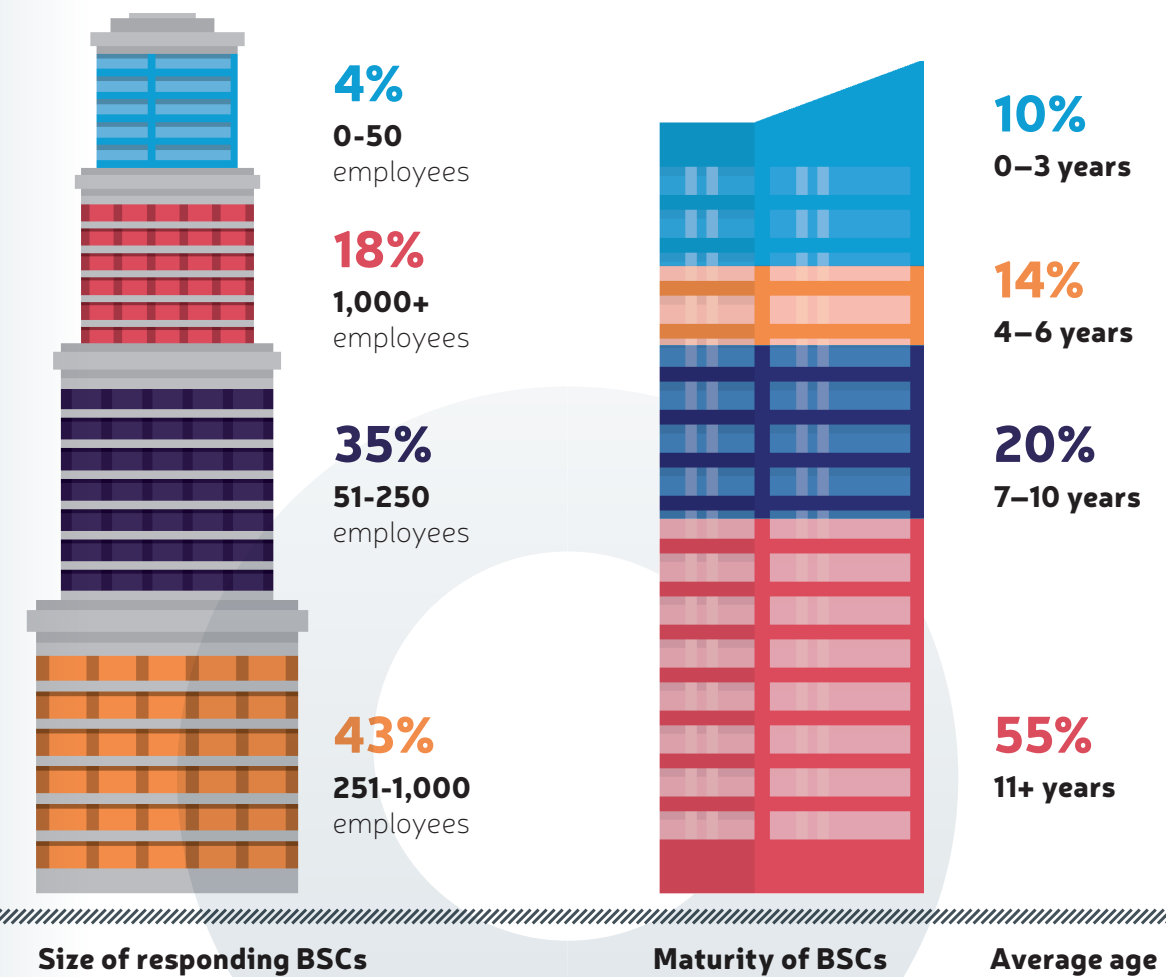
Most companies responding to the survey have a well-established operation in Hungary. 55% of the respondents have been on the market for over 11 years, and an additional 20% have been providing services to their clients for 7-10 years. The majority of the respondents employ more than 250 workers. However, our survey only

reaches out to some Hungarian-owned enterprises, which resulted in a few large Hungarian companies surveyed. The number of service centers has been constantly growing in Hungary, proving the country's attractiveness in the region.

Service locations of BSCs responding

Based on the responses, 15% of BSCs surveyed plan to open a new service unit in Hungary in the next three years, and 10% of the respondents plan to do it in the countryside. Locations outside of the capital would be ideal when it comes to the opening of a second site. Although we observe a slight increase in investment in the countryside,

when BSCs replace outbound services, most companies still consider other low-cost locations as final destinations. Hungarian Tier 2 cities are open to attract potential investors, and significant universities offer a well-educated multilingual talent pool.



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

Business Overview



Average headcount

509
(industry level)

793
(respondent companies)



Office presence in Budapest

64%



201
BSCs in Hungary



Captive centres

57%



Major BSC locations in Hungary

8 cities

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



Languages used by the centres

English, German, Hungarian, French, Spanish, Italian



55%
Proportion of centers established 11+ years ago

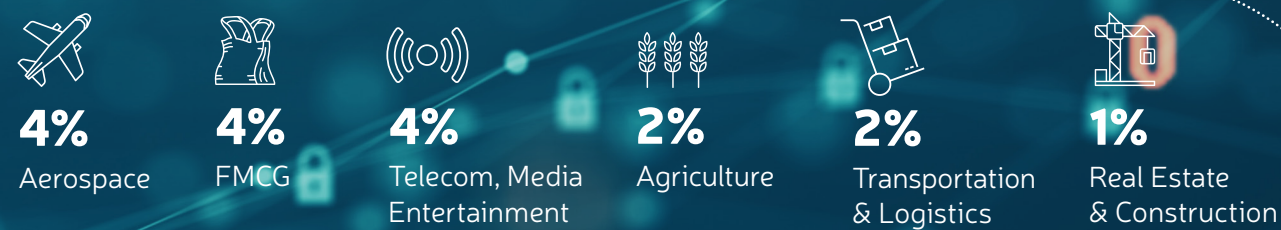
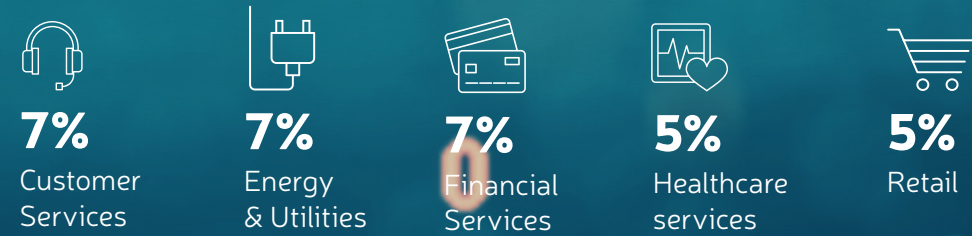
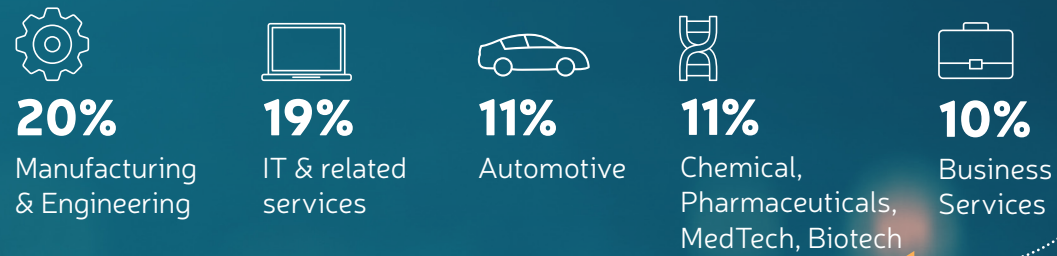


Global focus of activity

57%

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

Industry of Parent Company / respondents



Similarly to previous years, the most common industry profiles are manufacturing, engineering, information technology, and automotive. More than 50% of the respondents provide their services in these industries. There has been a

significant increase in chemical, pharmaceuticals, medical technology, and biotechnical industry-related companies compared to previous years. 11% of the companies provide their services in these industries.

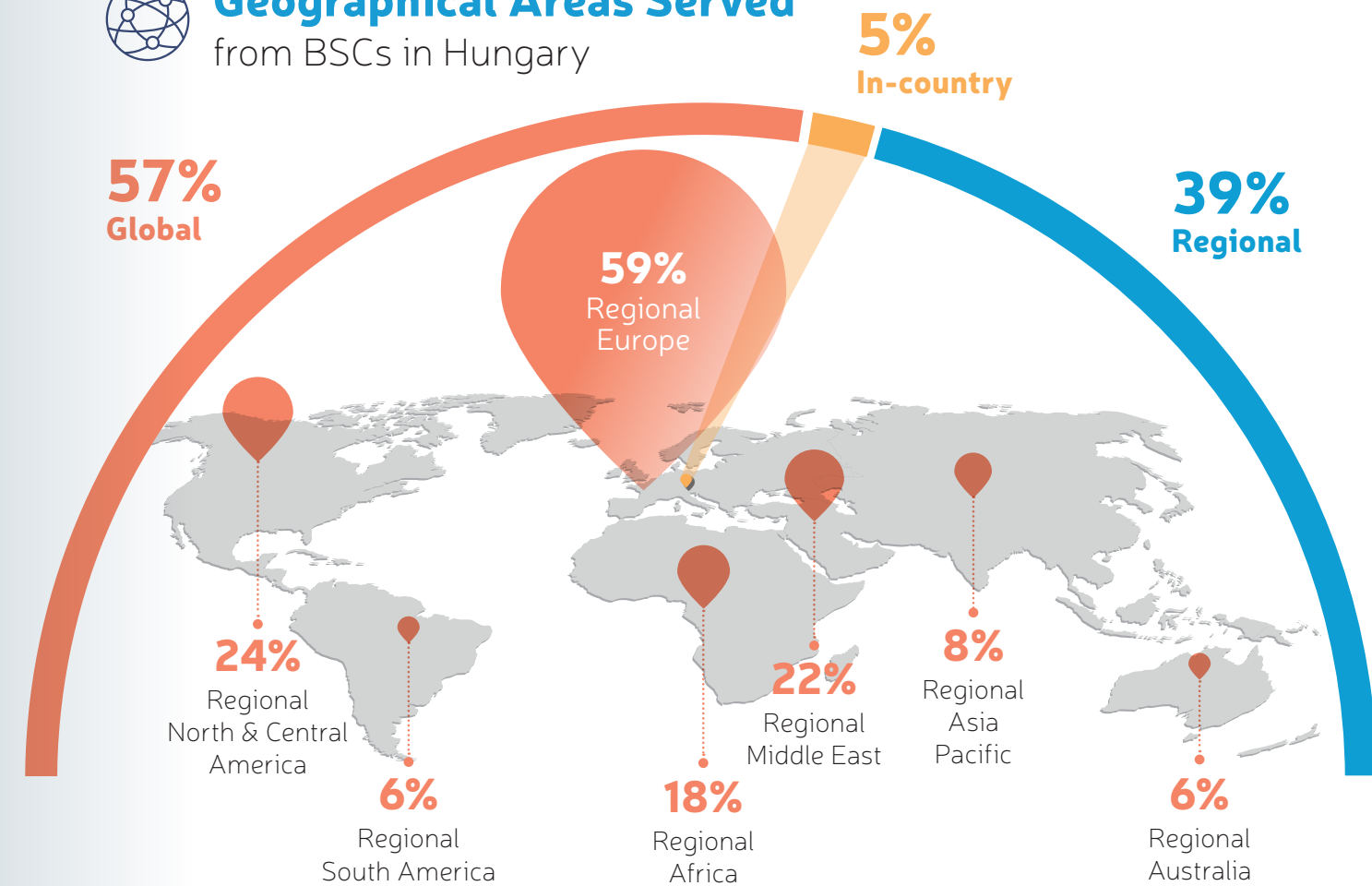


Operational model of respondents

Regarding their operational model, 57% of the respondents are captive centres providing services to their parent companies. We also experienced a rise in the number of BPO companies, with a higher number of respondents compared to previous years. BPO companies' proportion has increased to 20% relative to 2021.



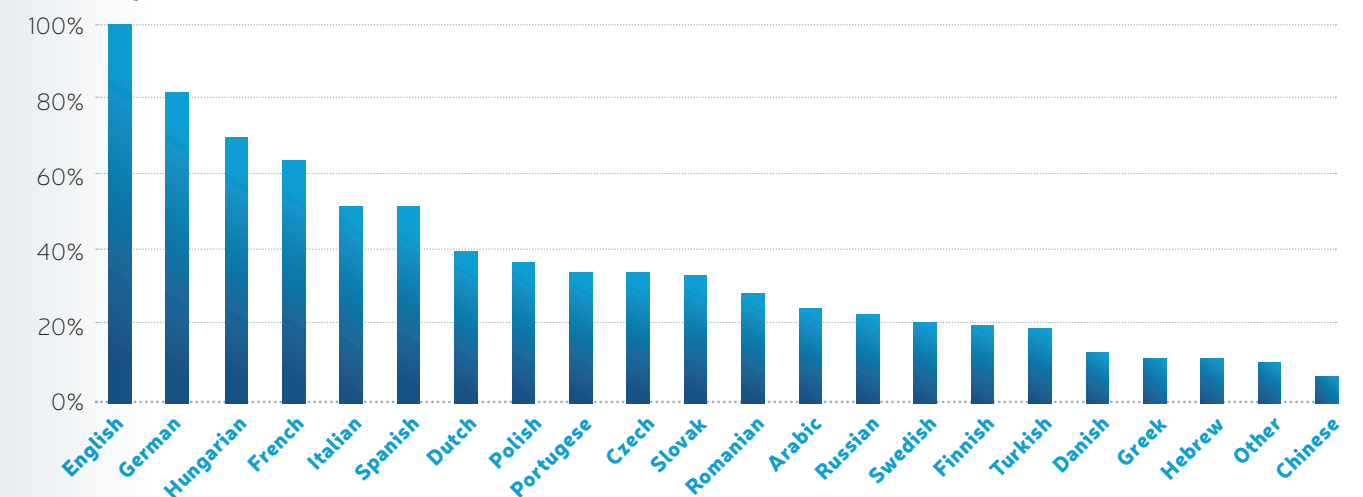
Geographical Areas Served from BSCs in Hungary



57% There has been a significant increase in responding BSCs providing services globally. Up to 57% of the respondents provide services on a global scale, indicating a higher maturity level of the sector. 59% of the BSCs serve various European countries. Regional focus on servicing counties in the Middle East, Africa has decreased compared to previous years, indicating a shift in priorities and landscape strategies. North and Central America remains on the radar screen of service providers.



Languages supported from BSCs in Hungary



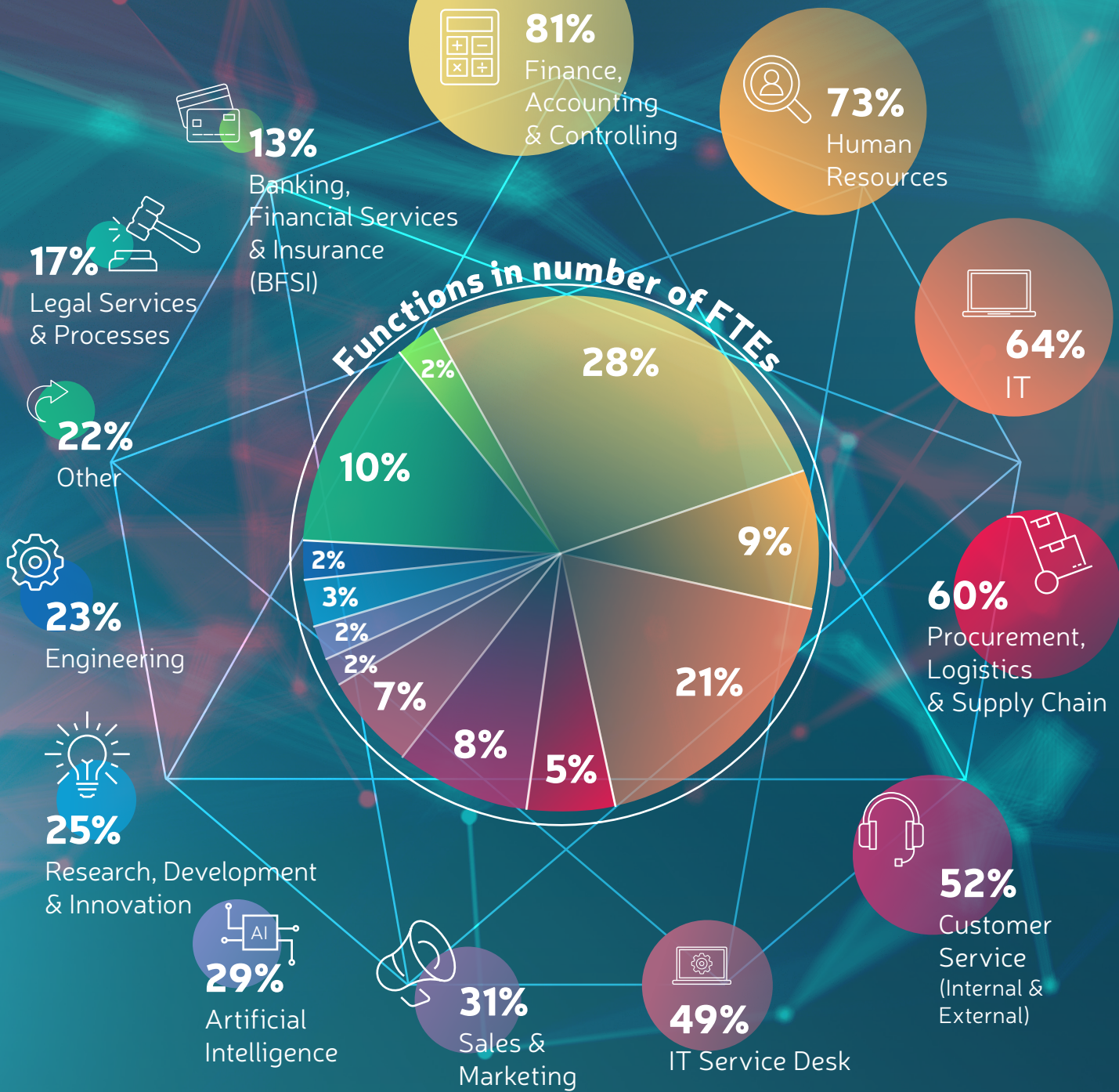
The Hungarian BSCs continue to provide an excellent multilingual platform for delivering services. English, German, French, Italian, and Spanish languages are among the top five

utilised. Foreign citizens often offer services in exotic languages as native speakers.



Functional focus

Hungary remains a stable location for providing Finance, Accounting, and Controlling services, and there has been a significant increase in this functional area compared to previous years. Human resources and Procurement services continue to represent part of the substantial service portfolio of the respondent companies. However, there is continued attention on providing information technology-related services. Focus on research, development, and innovation still needs to increase in the BSCs.



Functions in number of FTEs*

Regarding the number of talent employed in various segments of BSCs, according to survey respondents, the highest talent pool is engaged in Finance, Accounting, and Controlling (28%) and Information technology-related areas (21%), followed by Human Resources, Customer Service and IT Service Desk-related jobs.



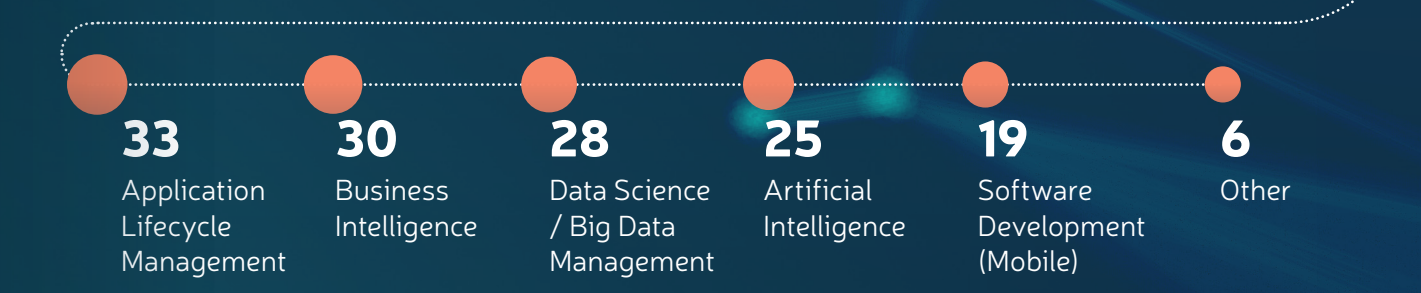
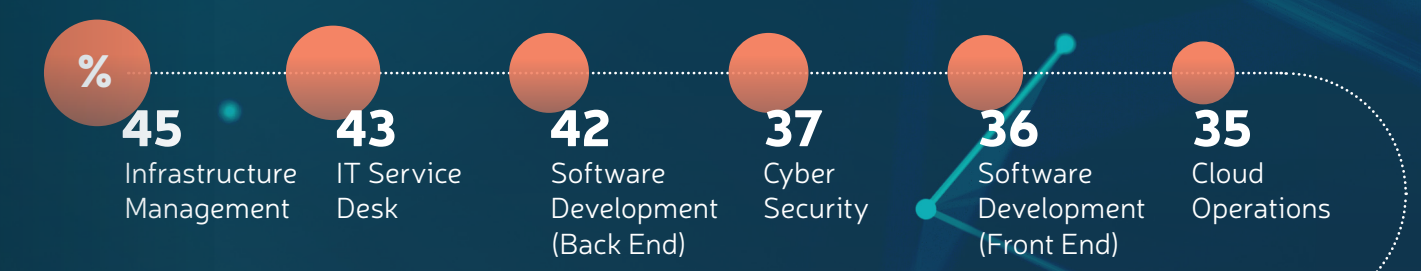
Finance, Accounting & Controlling*



Human Resources



IT (Information Technology)





Financial responsibilities

Business model of BSCs based in Hungary

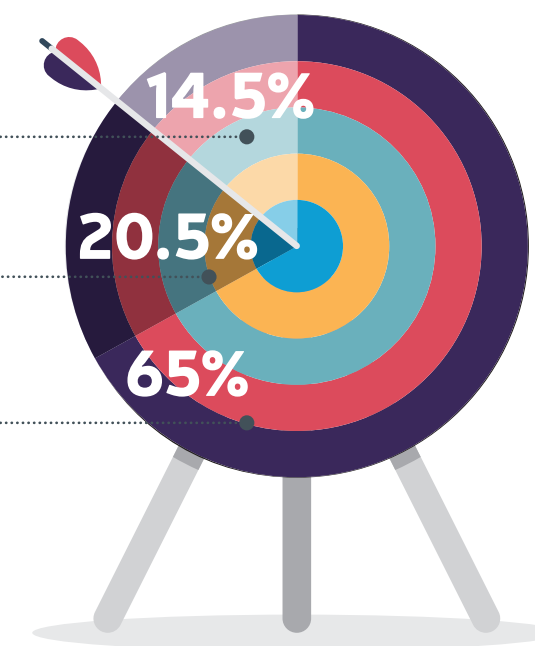
65%

Over 65% of responding BSCs operate as cost centres with a predefined budget. This model is applicable in most cases of captive centres. The share of BSCs with investment centre responsibility remained stable compared to 2021, indicating a long-term investment commitment.

Investment Centre

Profit Centre

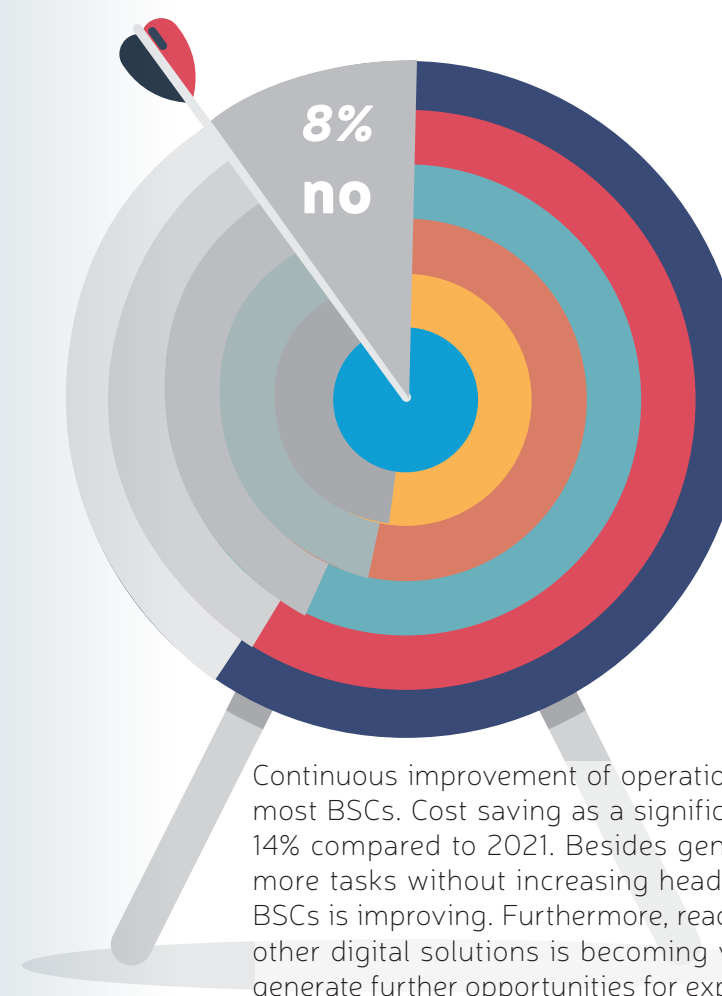
Cost Centre



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

for your BSC operation?

60% yes,
cost saving



59% yes,
improving cost efficiency per transaction

57% yes,
expanding scope without increasing headcount

53% yes,
Decrease attrition/Increase retention

52% yes,
eliminating roles by automation and other digital solutions

7%
Other

Continuous improvement of operational efficiency and value generation is in focus for most BSCs. Cost saving as a significant efficiency-generating factor has increased by 14% compared to 2021. Besides general cost-saving initiatives, BSCs heavily absorb more tasks without increasing headcounts, indicating that the maturity level of such BSCs is improving. Furthermore, reaching desired efficiency targets by automation and other digital solutions is becoming vital. Eliminating roles because of such solutions generate further opportunities for expansion and utilisation of a skilled workforce.



Effects of the home office / hybrid working model

Efficiency aspects

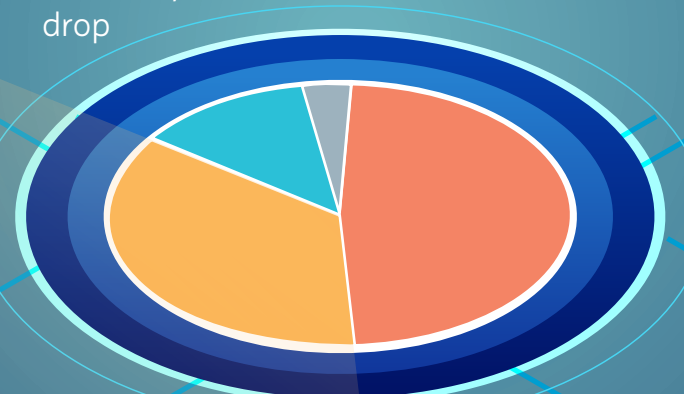
The year 2021 and the effects of the COVID-19 pandemic have brought permanent changes in the lives of all BSCs. By 2023, the home-office and hybrid working model concept has matured, with companies adapting to each other and other market players to find optimal solutions for their efficient operational and service operations. Compared the previous years, 43% of respondents stated that efficiency as a result of the home office working model has improved. However, adapting the home-office and hybrid working models permanently leaves companies with challenges managing their talent pool as team coherence has deteriorated. Many BSCs, however, continue to utilise the changes for optimising their office space.

Efficiency effects of home office / working model



10%
Slight efficiency drop

4% N/A



43%
Better efficiency as before



43%
Same efficiency as before



7% yes



93% no

Are you considering to introduce a 4 working days model?



Despite the home-office and hybrid working model, most responding firms are not ready to take the next promising step and reduce the working week from five to four days. Various factors weigh in for not considering it, like HQ corporate guidelines, client expectations, the nature of specific positions, revenue and profit expectations and the already highly flexible work schedules. On the other side, companies who are open for a shorter working week name the increase in flexibility, employer motivation and engagement, resulting in lower attrition as the main reasons.

Competitiveness Overview



71%

continuous growth
expanded
with new services
in 2022-23



63

higher education
institutions



**Skilled
& educated
workforce**



**Shift to
value-added
services**



289,991

students



81%

are planning to bring
more value-added
functions to Hungary



55%

to increase
service portfolio



Job creation
subsidy



Cash
subsidy
for training
purposes



**Various
Incentives**



Cash
subsidy
for R&D
activities



330,000 m²

office under
construction
in Budapest



Full climate
neutrality
by **2050**



**High quality
infrastructure**



Corporate
**tax
allowance**

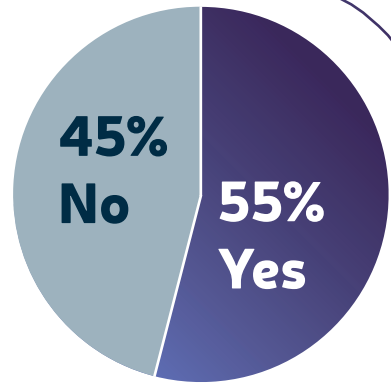


4.5 million m²

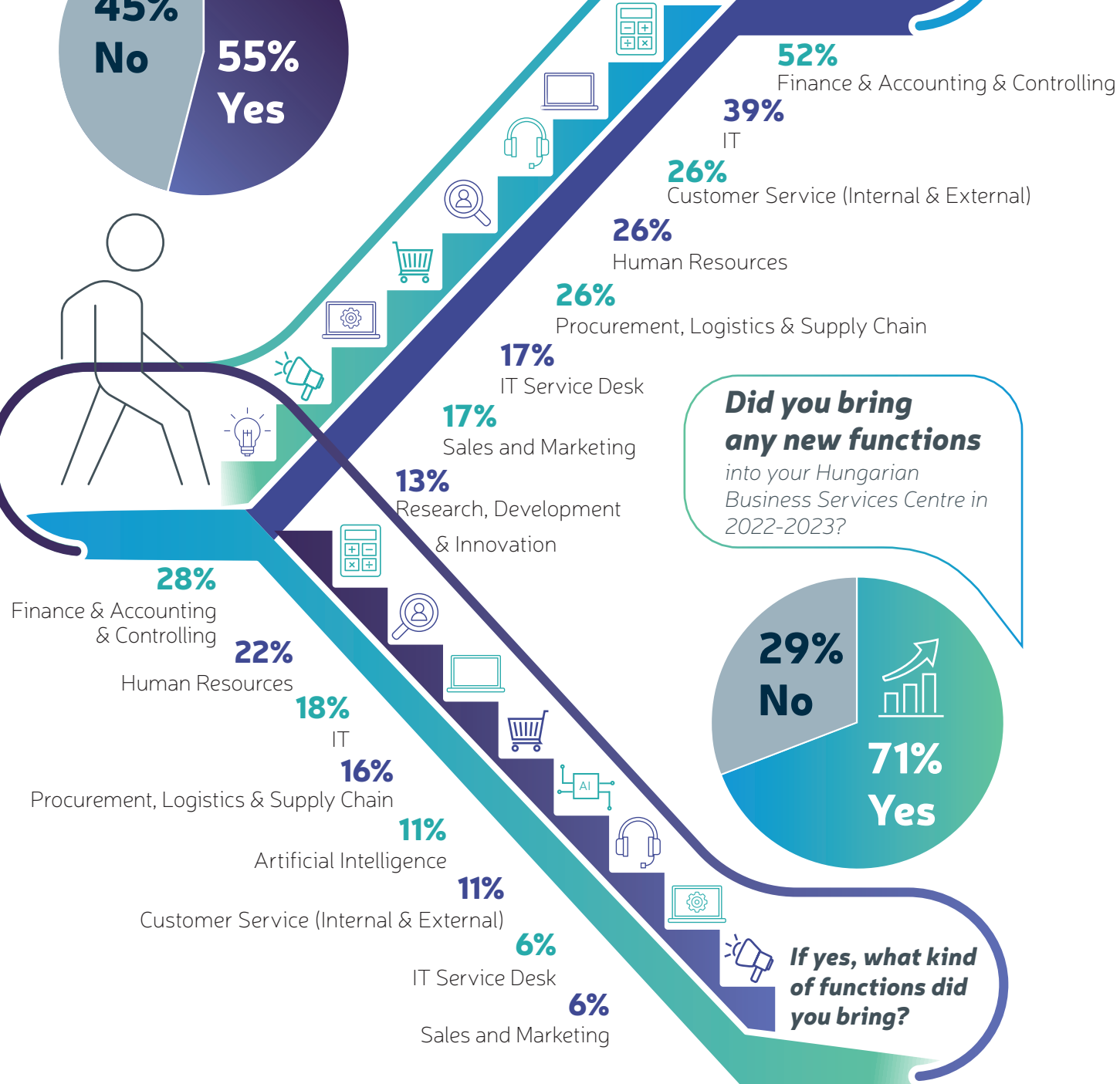
office stock in Budapest

Continuous growth

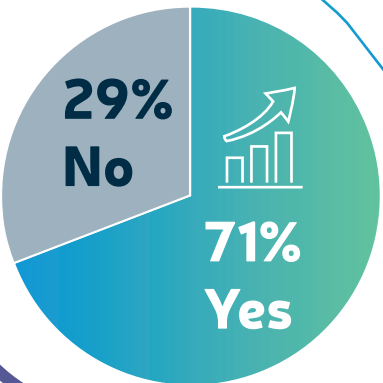
Are you planning to bring any services/functions to Hungary in 2023?



New functions planned to be transferred to Hungary?



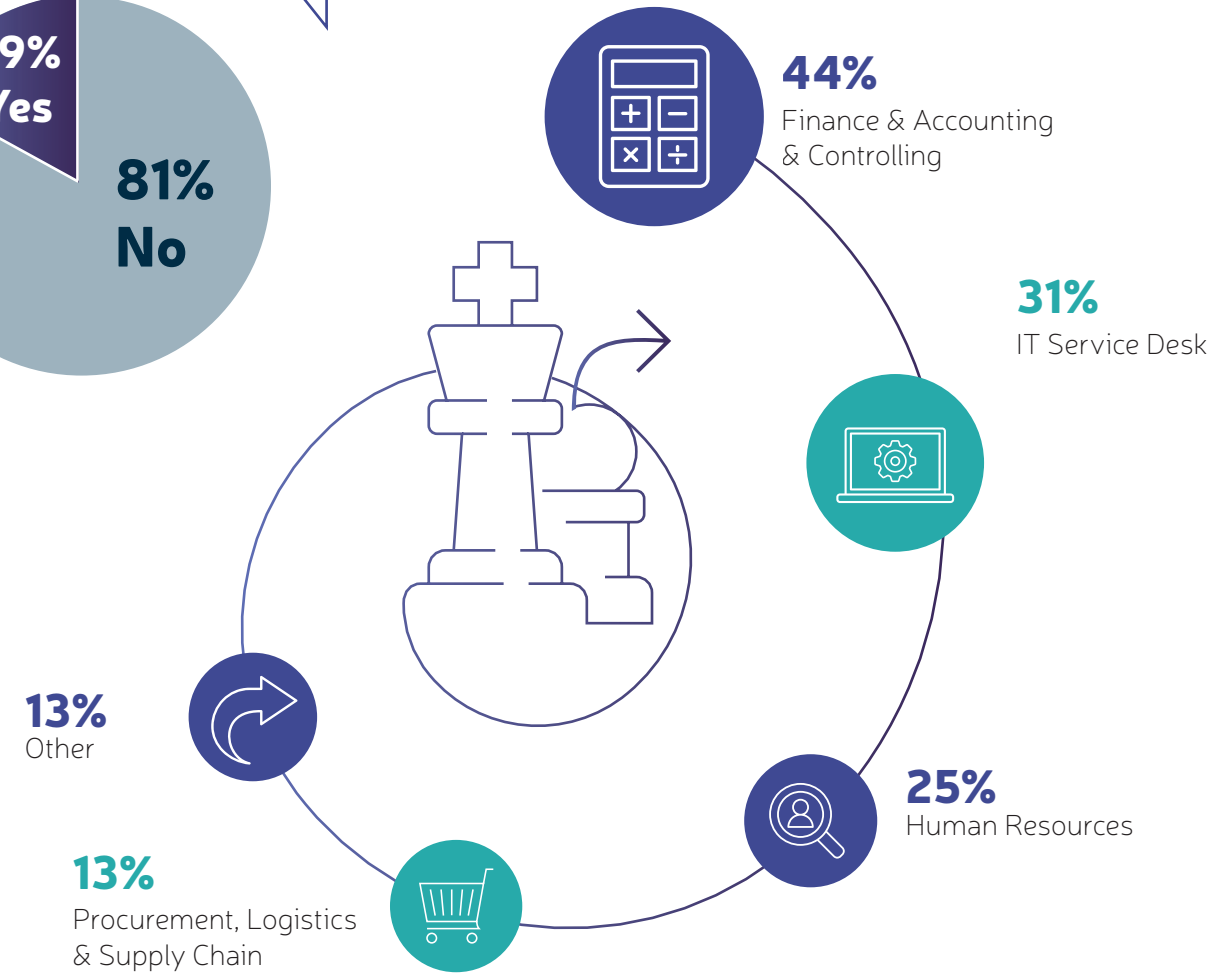
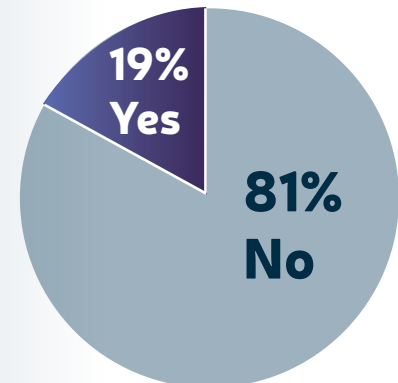
Did you bring any new functions into your Hungarian Business Services Centre in 2022-2023?



If yes, what kind of functions did you bring?

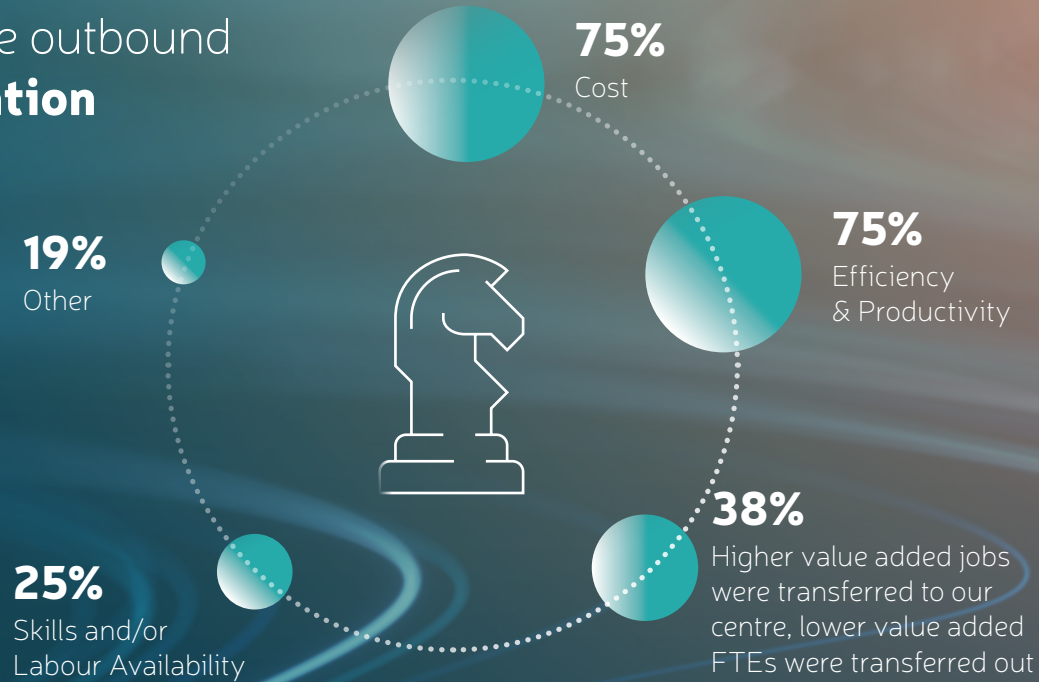
Functions replaced from BSCs based in Hungary

Transfer of services/functions from your Hungarian BSC to another BSC in 2021-2023



Between 2021 and 2023, a small proportion of responding firms decided to replace some of the activities they provide from Hungary. This downward trend, similar to 2021, was primarily observed in finance, accounting, controlling, and IT service desk areas, while other areas were hardly affected compared to previous years.

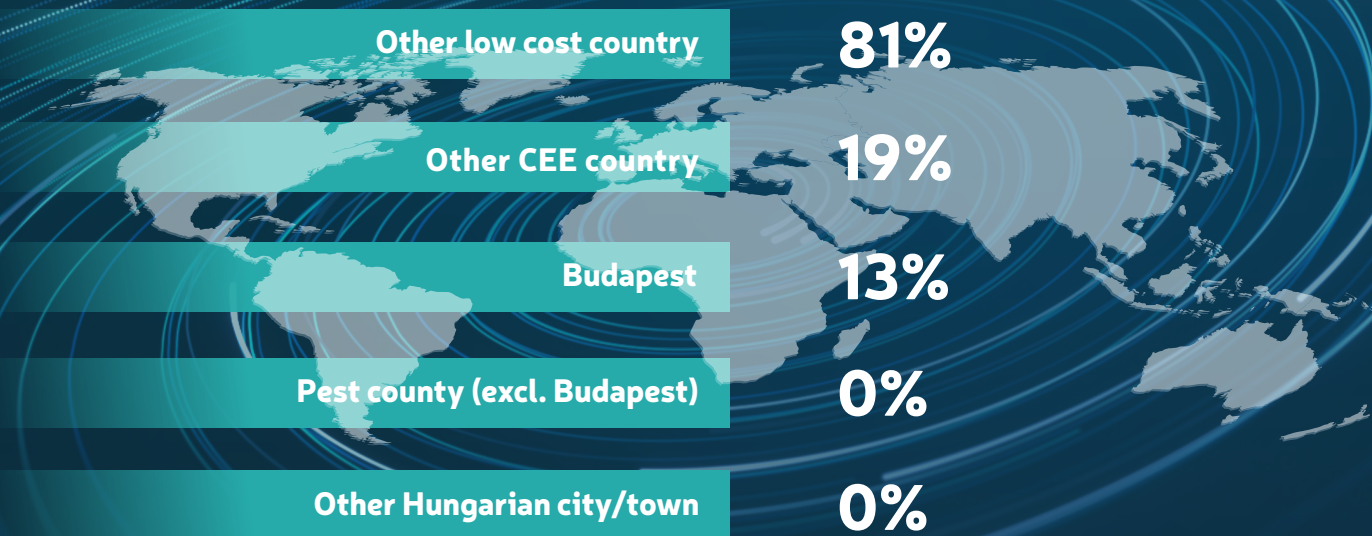
Reasons for the outbound service migration



The main reasons given by companies that opted for the transfer of services were mainly the higher cost level, lack of efficiency, and productivity. Some also found it challenging to obtain a labor force with relevant skills. In multiple cases,

however, companies decided to replace their service portfolio with higher value-added tasks, increasing the sustainability and maturity of the BSCs.

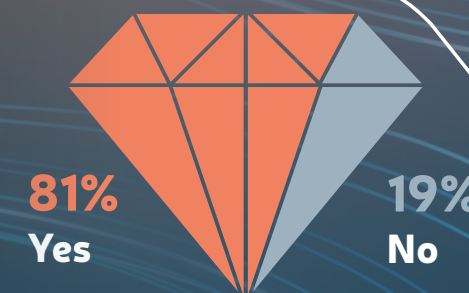
New locations for outbound service migration



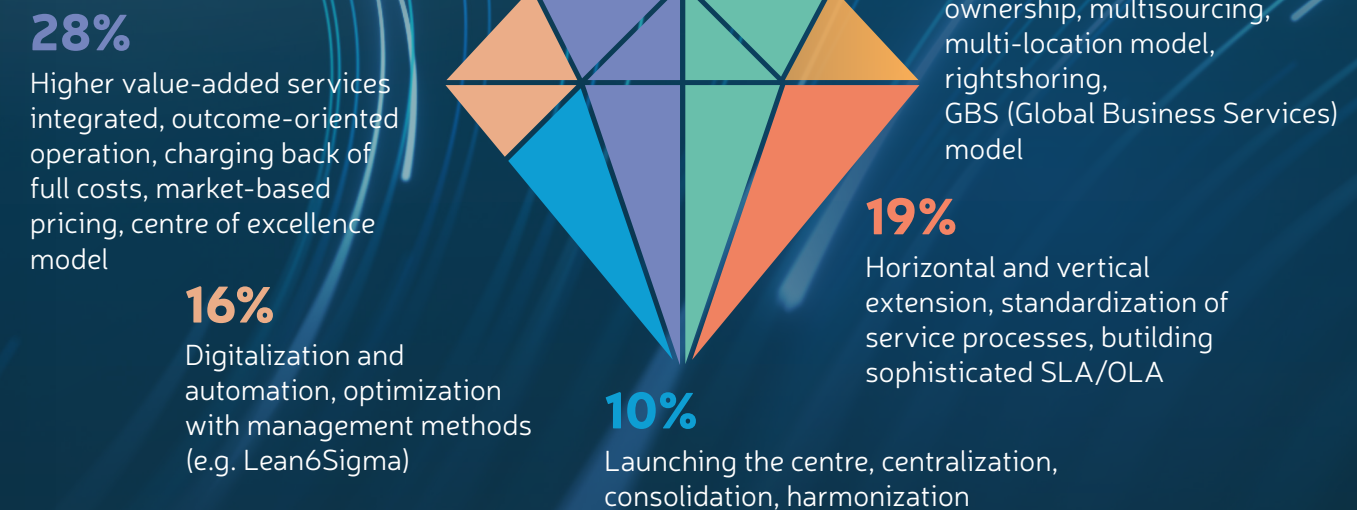
As in previous years, those BSCs that opted for a service transfer chose other low-cost countries as their service location, usually with the help of an outsourcing partner. None of the impacted BSCs considered Tier 2 Hungarian cities a potential lower-cost destination to provide their services.

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?



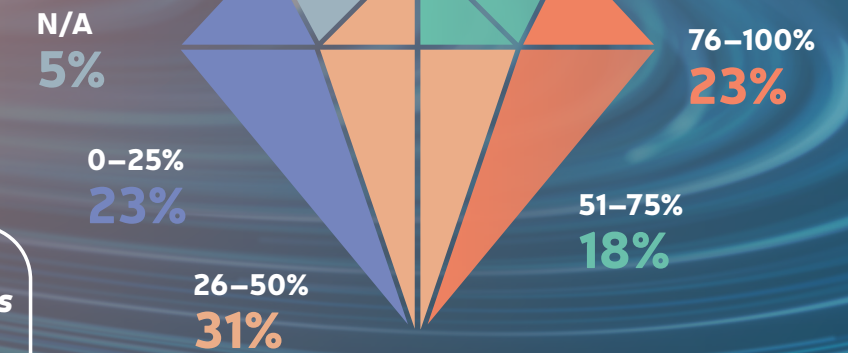
Current maturity level



Increasing the maturity levels of shared services involves improving and optimising various aspects of their operations to enhance efficiency, effectiveness, and value delivery. Maturity in this context often refers to how well these shared services are developed, managed, and integrated into the organization's overall strategy. Increasing maturity levels is an ongoing process that requires

dedication, collaboration, and a commitment to delivering value to the organization and its stakeholders. While among the respondents, there are BSCs at the beginning of their maturity journey, most BSCs heavily develop and optimise their processes by providing end-to-end or global ownership of those. Furthermore, digitalisation and automation continue to remain in focus.

Although each company's definition of value-added services is unique, many firms have addressed the need to enhance them as part of their service portfolio. There is a targeted interest among responding firms to increase the number of value-added services they offer over the next three years.

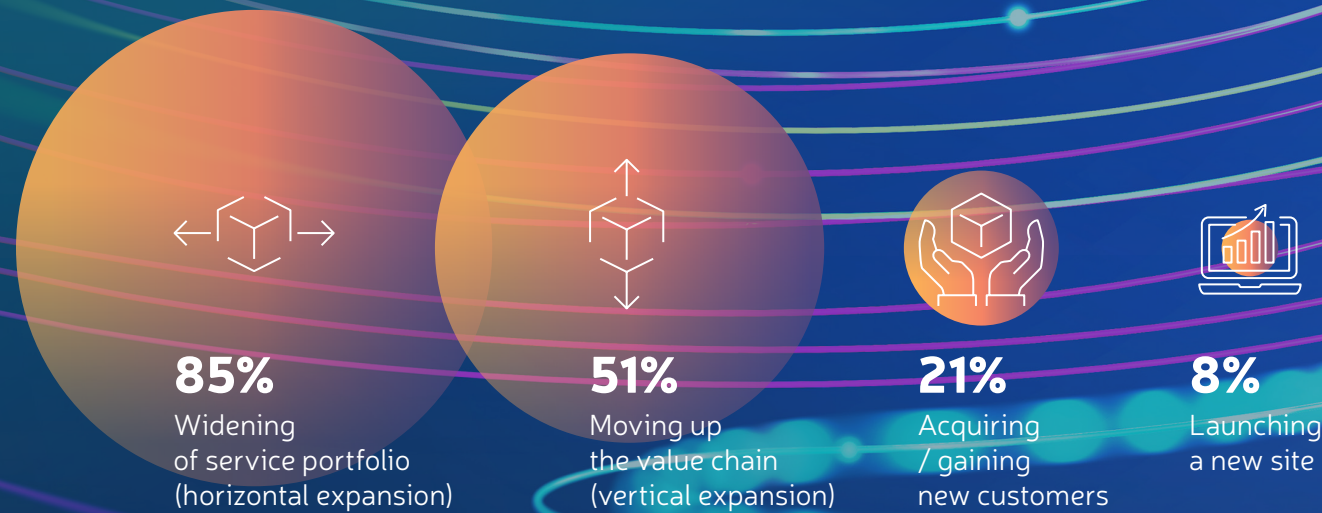


Further expansion

Factors that influence expectations **for 2024**



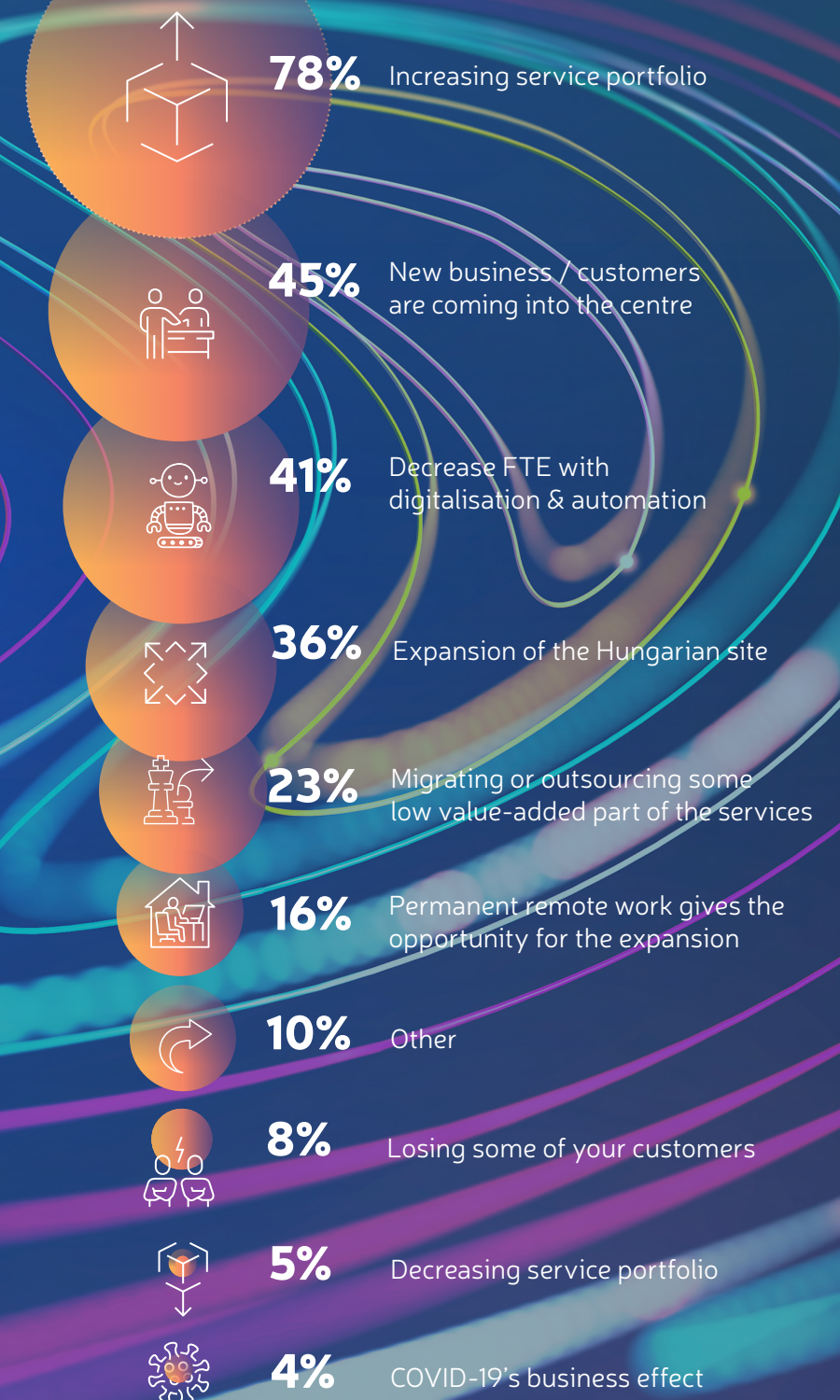
While in 2021, 63% of the responding BSCs expected an increase in their service portfolio horizontally, in 2023, there has been a significant rise in this number to 85%, while expectations around moving up in the value chain did not change compared to previous years.



Factors influencing the outlook for 2023

We asked the BSCs about their business outlook for 2023, and while increasing the service portfolio remained in focus, the strategy of decreasing FTE number with digitalisation and automation paired with migrating or outsourcing some low-value-added services continued to grow, indicating that Hungarian BSCs are

continuously stepping up on the maturity curve. 45% of the respondents also noted that new business opportunities are expected as part of their growing cycle. Interestingly, only 16% of the respondents find permanent remote work an opportunity for expansion.

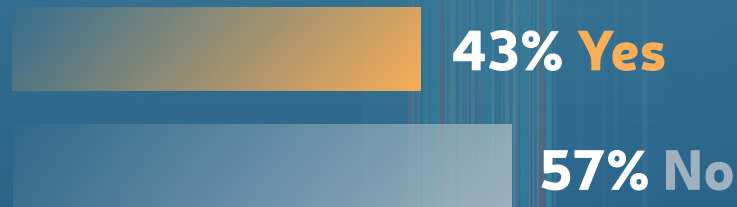


Incentives

for new and expanding BSCs

Multiple subsidies are available for BSCs in Hungary. Since 57% of respondents indicated not utilising the opportunity of applying for subsidies, here is an explanation of the general incentive possibilities HIPA is providing to BSCs:

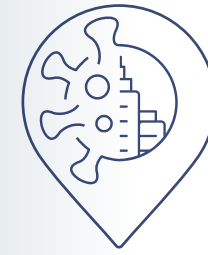
Have you received any subsidies/allowances in the last three years?



Are you considering to open a new office in Hungary in the next 3 years?

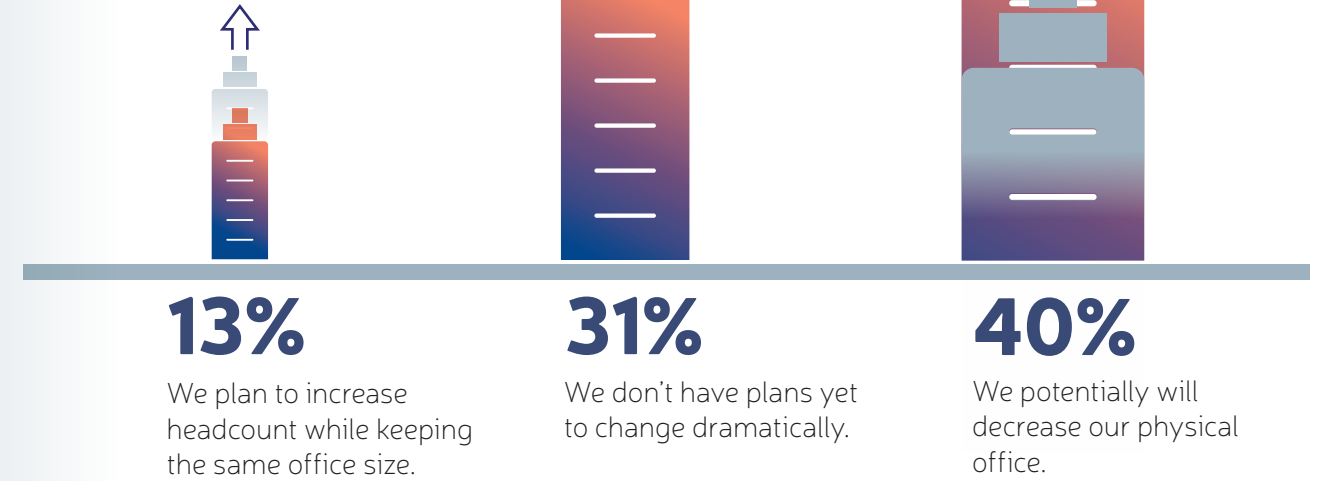


Hungary provides many office options in Budapest and other major cities. 15% of respondents are planning an expansion in office space in the next three years, out of which 10% are considering countryside locations.

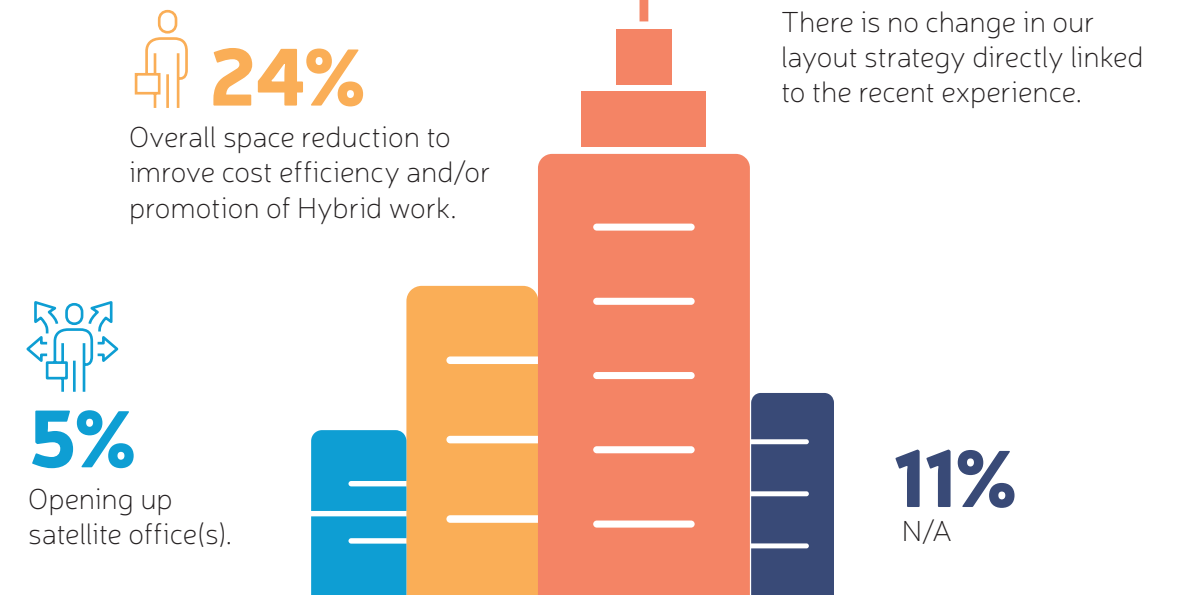


Office landscape

Changing office footprint



How is your preference for your office location changing based on home office trends?



Regarding office footprint, most respondents consider decreasing their existing office space by utilising it more economically. However, 26% of the responding companies plan to retain the existing office space. Home office trends do not significantly impact office layout strategies.

Office markets by CBRE



O C C U P A T I O N A L T R E N D S

Bringing workers back to the office in large numbers is proving to be a greater challenge than many had anticipated. According to a survey carried out by CBRE earlier this year, more than half of office-based companies report current office attendance of 40% or lower; and only 9% are experiencing average attendance of 60% or higher in the CEE region. The reasons may include a reluctance to commute, vague or evolving mandates, or a preference for remote working among some employees.

At the same time, half of the companies surveyed don't have an office routine settled yet and therefore the office usage can still increase over time. Most of the companies expect to reach the right office usage balance by late 2024 but 17% of the companies predict a longer timeframe to reach an equilibrium. There are some differences among different sizes of company on this issue; large companies declare to be ready earlier than the smaller ones.

Half of the companies surveyed say their desired position is to have employees split their time equally between office and remote locations. A further 36% aspire to a position where employees are mostly at the office (3+ days per week), and only 12% are aiming for a remote-driven solution (1-2 days per week in the office only). There are other areas of portfolio strategy aimed at consolidation, rationalisation or cost management, but also a number geared towards enhancing the quality profile of a portfolio. Over 60% of companies are exercising lease expiries, breaks, or other contraction options; or renewing in place where the current location and lease remain fit for purpose. Flexibility is clearly a highly demanded attribute when it comes to space management. 60% of the office occupiers claimed a growing need for serviced office solutions, half of them going for flex solution in the coming years – at least partially.

The culture, social and work-life balance shifts are finding their way into the mix of factors that drive corporate location and building-selection decisions. Public transportation access is still the most important factor in selecting locations (82%), followed by car parking (60%). Further amenities easing commute such as electric vehicle (EV) charging points or/and bike/scooter storage proved prominent for a majority of office lessees. Sustainable building features and green operation made to the top four factors influencing location decisions. A growing trend is being observed here, with 58% of the respondents indicating this feature as critically important, up from 37% in 2021.



Although energy prices have corrected significantly since the peak, the general increase in utility prices grows the importance of sustainable construction and operation. Many tenants' parent companies set minimum requirements for an office building, making this topic critical for many landlords as well. By mid-2023, 55% of the total office stock in Budapest had some form of green rating. Of the green certifications, BREEAM and LEED are the most common, with the former certifying 1.8 million m² and the latter 0.9 million m² in Budapest. It is now almost a standard requirement for a new office building to have some form of green certification, so we expect the proportion of certified space to increase with the number of deliveries.

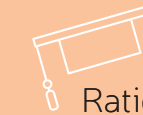
Energy performance also plays an important role in the market – however, data transparency and the reliability of the available data pose a bigger challenge than for the green certificates. Most offices currently are CC rated, a level below the target of most new developments. Some 10% of the for-lease office stock has so far claimed an EPC rating of BB, while only 2% of the volume has achieved the AA category. Going further, the pipeline is skewed towards BB and AA (or AA+) categories, so we expect the average to improve in the near future. As developers and occupiers both turn towards sustainable solutions, there is a growing emphasis on green lease structures where the lease terms are directly linked to measurable undertakings of developers. We expect the market to move into this direction; however, this requires better transparency on the market and close cooperation between the parties.

Talent Pool Overview



Average age
of employees

33.6



Ratio of
university or college
graduates
among employees

82%



Voluntary
attrition rate

14%



Average annual salary
increase in 2023

11%



Ratio of foreign
citizens among
employees

15%



Ratio of BSCs
with internship
/ fresh graduate
program

55%



Ratio of female
employees

55%

managers

45%



Average
training days
per person
per year

10



Proportion
of employees
with some form
of disability

1%



Ratio of in house
middle and
senior
management
promotion

61%

Employment

The BSC sector is set to become an increasingly important area of employment. By the end of 2023 the planned headcount of BSCs participating in the survey will exceed 64,400 employees (approx. 6% increase compared to their current headcount).

Key employment statistics



Ratio of female employees

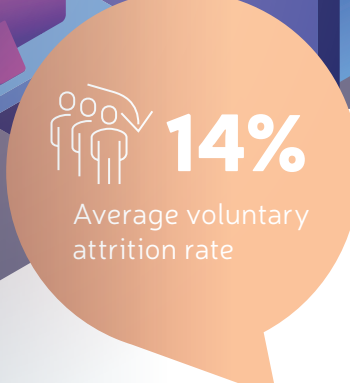
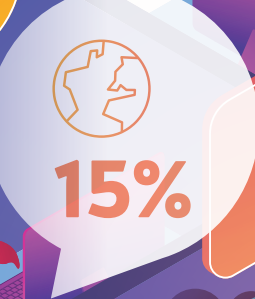
BSCs in Hungary are setting a remarkable example in workplace gender equality. Their commitment to equal employment opportunities for women is evident as their average ratio of female employees surpasses the national labor market average. Recent data reveals that the proportion of female employees has risen to 55%, marking a notable 3% increase from the previous Business Services Hungary report. Additionally, the representation of female managers has reached an impressive 45%, also reflecting a 3% growth. These statistics underscore BSCs' dedication to fostering a diverse and inclusive workforce.

Ratio of inhouse promotion

A closer examination of in-house promotions in the Hungarian BSC sector reveals a strong emphasis on cultivating talent from within the organization rather than relying heavily on external hires. According to the survey findings, an impressive 61% of promotions are generated from within the company, highlighting the sector's commitment to nurturing and advancing its own workforce. This approach not only demonstrates the BSCs' confidence in their internal talent pool but also underscores their dedication to professional development and career growth opportunities for their employees.

Support for external trainings

Given the proactive approach of Hungarian BSCs towards talent development, it comes as no surprise that they offer a multitude of opportunities for their employees' growth. Their commitment extends beyond internal training programs, with an average of 10 training days per employee. Remarkably, 71% of BSCs go a step further by providing financial support for external training initiatives. This comprehensive approach to talent development not only showcases their dedication to fostering a skilled workforce but also underscores their willingness to invest in the continuous learning and professional advancement of their employees.

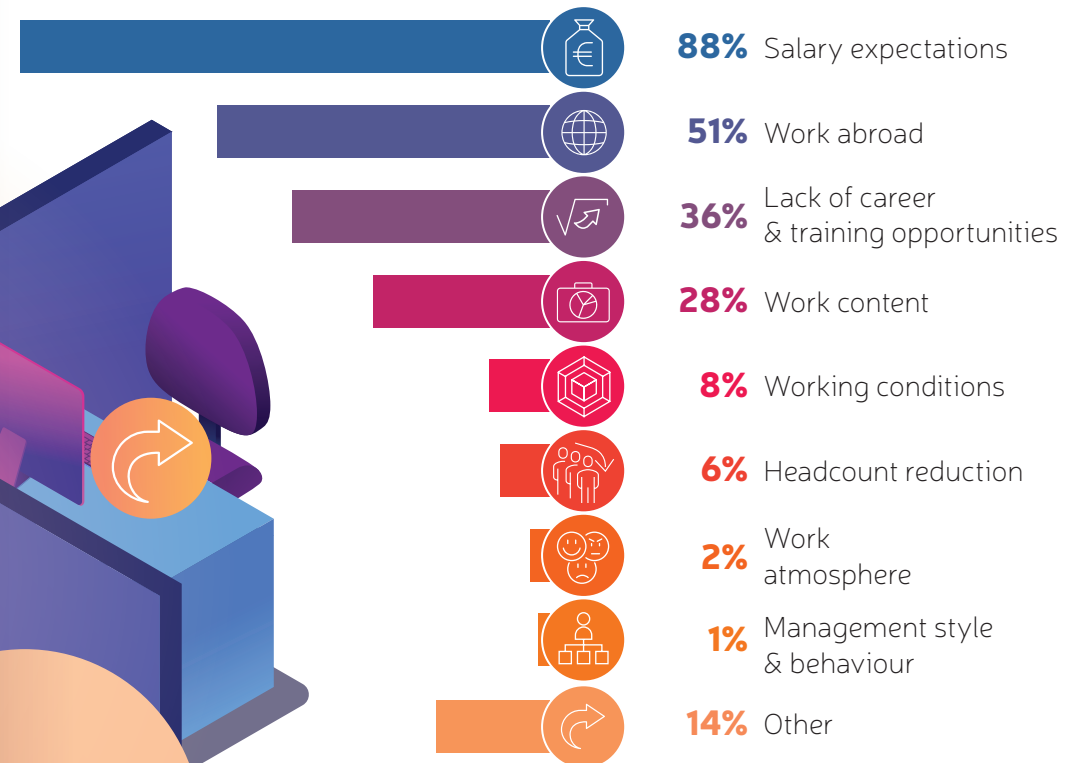


Fluctuation drivers

With the home office and remote working becoming a norm, the importance of working abroad has increased. BSCs are employing many foreigners looking for flexibility in work from their home countries. With rising inflation, the matter related to salary expectations has increased compared to previous years. Business services continue to operate in a competitive environment, where adaption to the workforce's needs becomes vital.

Reasons for fluctuation

among young employees (based on exit interviews)



Methods used to track labour market attractiveness

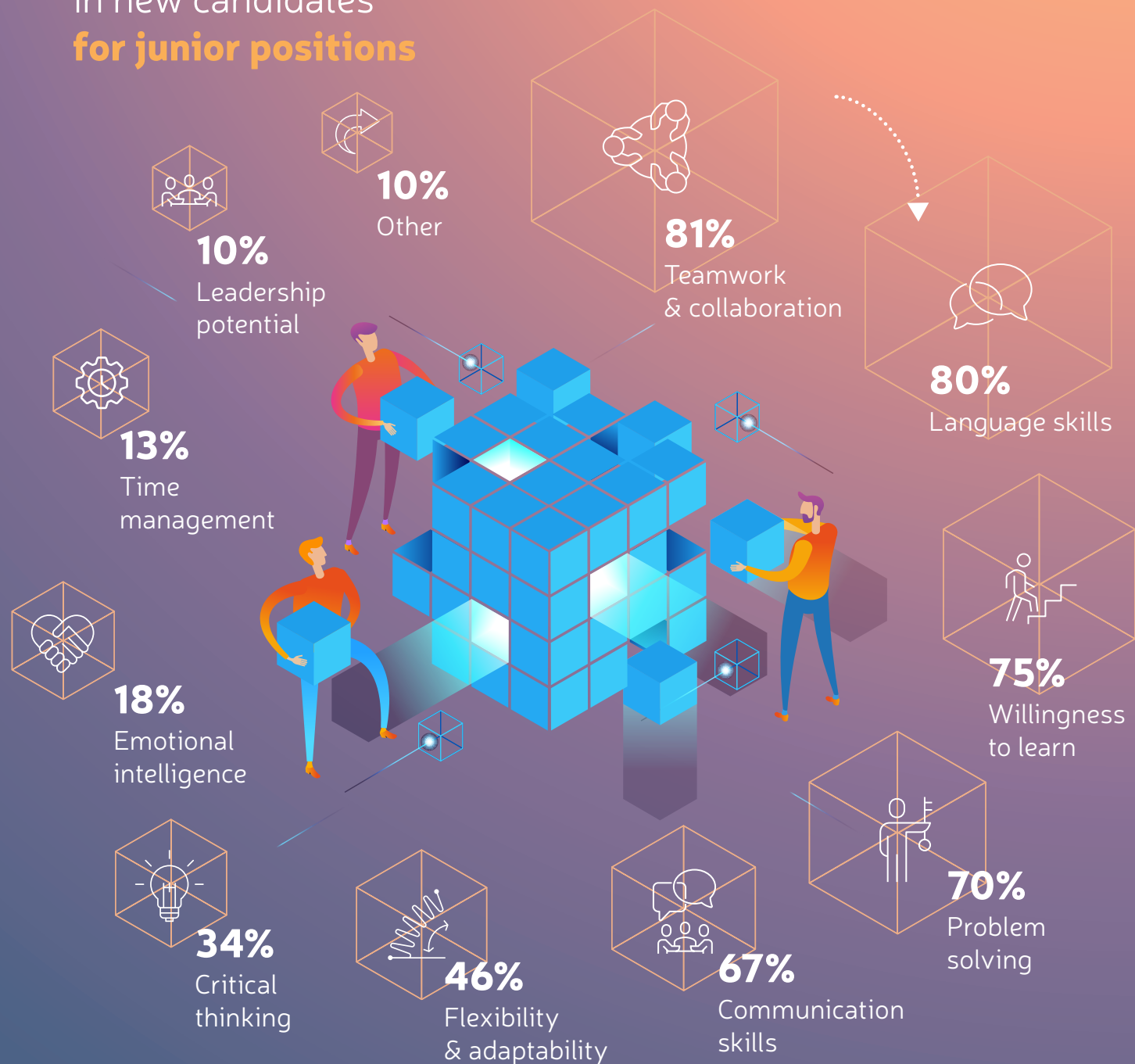
A company's attractiveness to the talent pool is a holistic concept encompassing various aspects of its culture, policies, and practices. Building and maintaining a positive employer brand is an ongoing process that requires a commitment to creating a workplace where employees can thrive and grow. A competitive business environment forces BSCs to understand why their talent pool is leaving. Conducting exit interviews and measuring employees' satisfaction is used at most responding companies; however, gathering regular market information related to compensation is also vital for the BSCs.



Top skills and competencies

Top skills & competencies required in new candidates

for junior positions



Similarly to previous years, respondents were asked about their view on top soft skills and required competencies when hiring junior colleagues or managerial-level candidates. Compared to 2021, in junior-level positions, teamwork and collaboration became the number one soft skill the companies are looking for; it has increased by 45%. Furthermore, as an outcome of the hybrid and home-office-focused working model, the availability of satisfactory language skills, willingness to learn, ability to solve problems, and proper communication skills lead among the top 5 competencies.

Top skills & competencies required in new candidates

for manager / executive positions



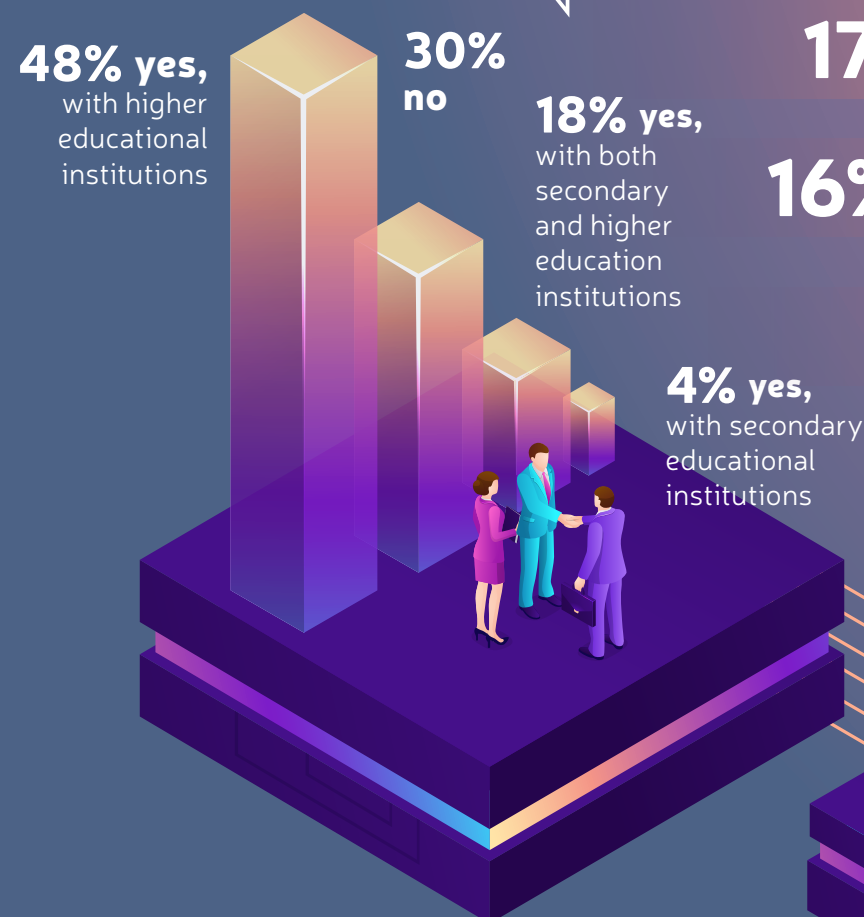
Change in the operating model heavily focused on home office and hybrid solutions also impacts hiring leaders with sufficient "people skills" to the sector. Leadership, people management, communication, and change management skills became essential for BSCs to retain their talent pool. Furthermore, strategic thinking and a business-oriented mindset are also shortlisted among the top five skills and competencies at managerial levels.

Cooperation with educational institutions



Considering the importance of the talent pool's size, cooperation with educational institutions represents an integral part of the life of BSCs. Similarly to previous years, 70% of respondents rely on the institutions listed, but the majority still heavily rely on universities. The percentage of BSCs entering the world of secondary schools is increasing, proving that searching for a talent pool starts early. The critical focus of cooperation is employer branding activities, providing lectures related to sector awareness, and engaging in various institutions' open days.

Do you have active relations with educational institutions?



18% Partnering in dual educational system

18% Graduate programme

17% Organising workshops for students

16% University co-operation resulting in credit points for the diploma

11% Joint laboratory / research programmes

5% Other

Ratio of BSCs with internship / fresh graduate programmes **55%**

45% Employer branding activities at educational institutions

39% Guest lectures

36% Open days at educational institutions

33% Company visits

24% Sponsorship & donations

23% Participation in student competition

5% Sport related cooperation

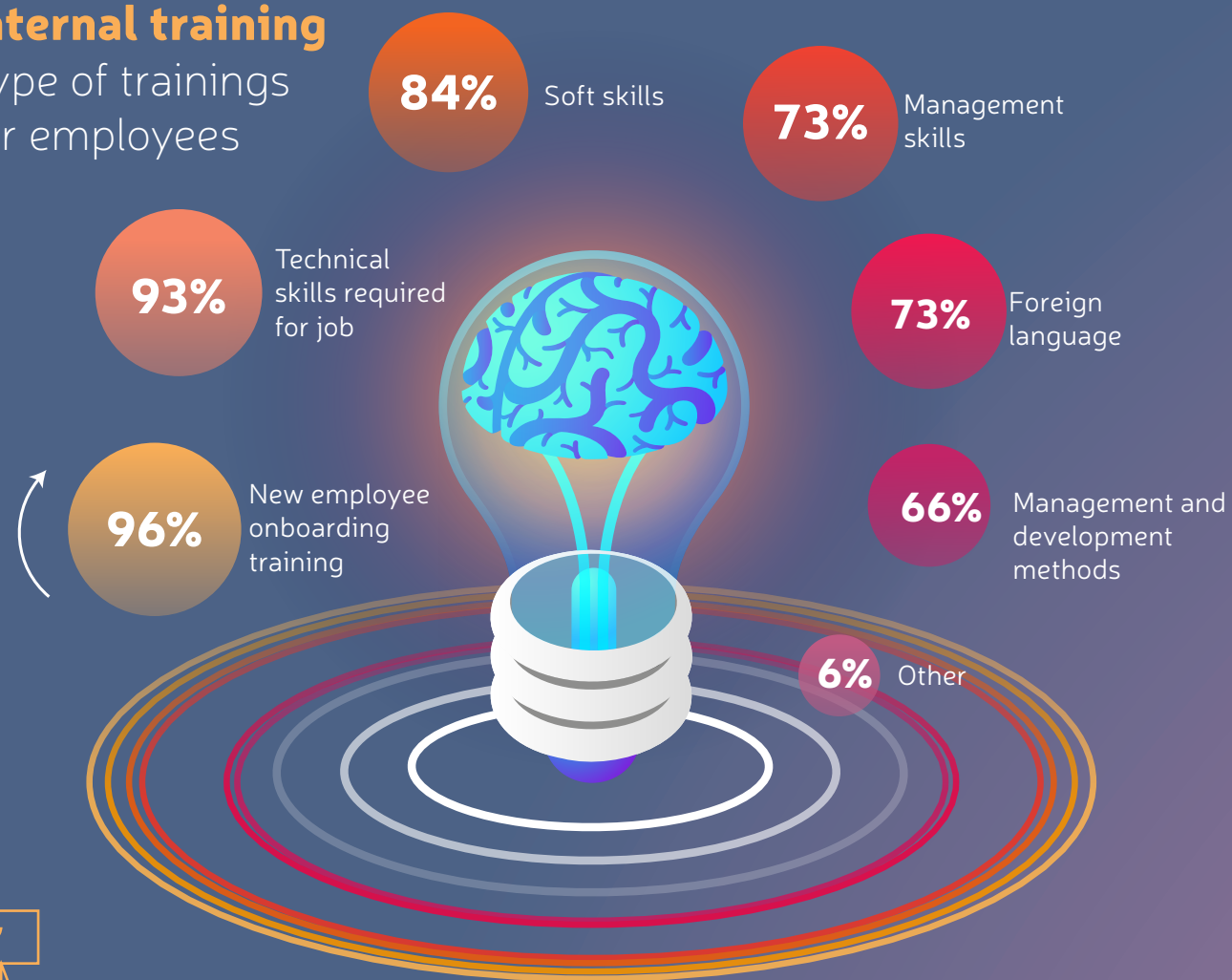
List of higher educational institutions with the MOST active relations with BSCs

- 1. Corvinus University of Budapest (20%)**
- 2. Eötvös Loránd University (19%)**
- 3. Budapest University of Technology and Economics (19%)**
- 4. University of Pécs (16%)**
- 5. University of Debrecen (13%)**
- 6. University of Szeged (10%)**

There is a close cooperation with top universities in Budapest, but also selected universities in the Hungarian Tier2 cities. Cooperation with countryside universities becomes more prominent year after year.

Internal training

Type of trainings for employees

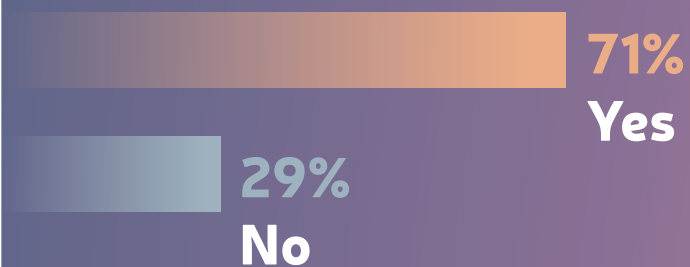


Average training days per person per year

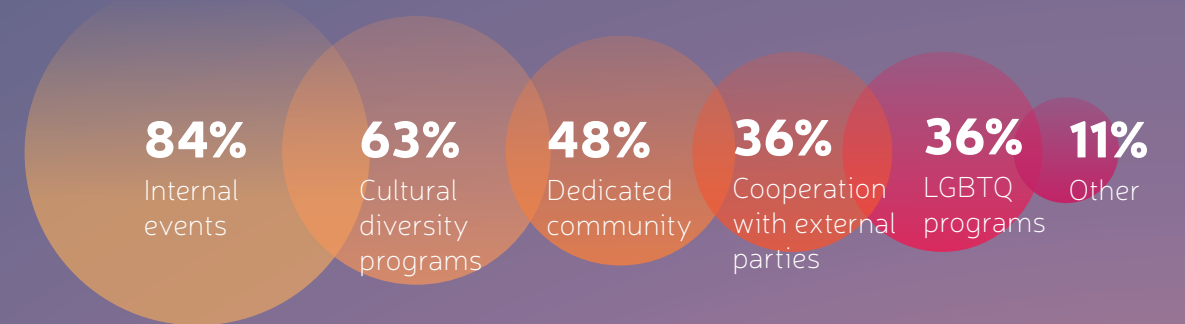
10

Internal training programs are essential for BSC organisations as they contribute to efficiency, consistency, adaptability, and the overall success of the shared services model. These programs improve employees' skills and knowledge and align the team with organizational objectives and values, ultimately leading to better service delivery and business outcomes. Internal training helps employees acquire the specific skills and knowledge required to excel in their roles within the business services team. Whether mastering software tools, understanding industry regulations, or improving customer service skills, training ensures that employees are well-equipped for their responsibilities. Internal training programs can be tailored to align with the organisation's strategic objectives. This means that employees in business services can be trained on how their work contributes to broader business goals, enhancing their sense of purpose and motivation. In the home-office and Hybrid working model, the integration of employees becomes vital. The focus on developing soft skills and management skills ensures successful management planning.

Does your company provide financial support for your employees to attend external training courses ?

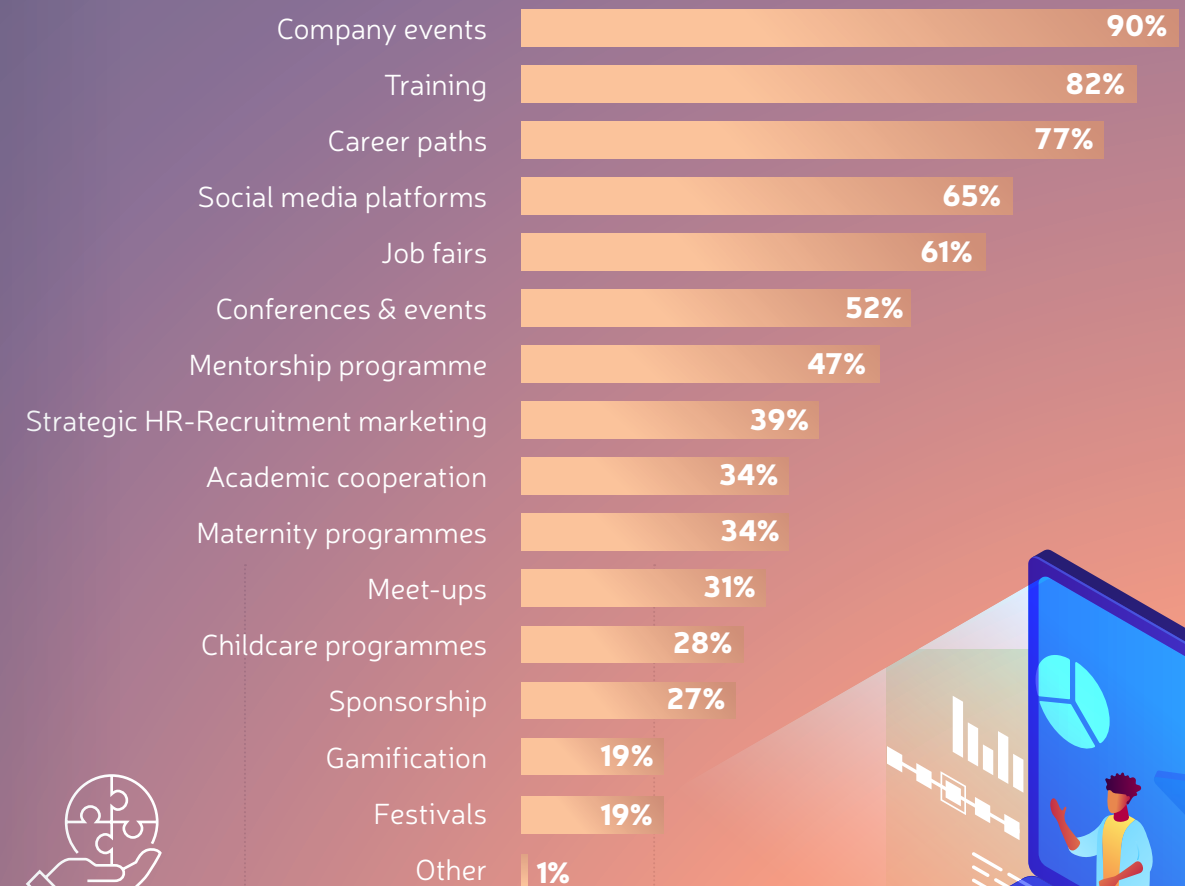


Programs for diversity and inclusion



Employer Branding Programme

Elements at BSCs

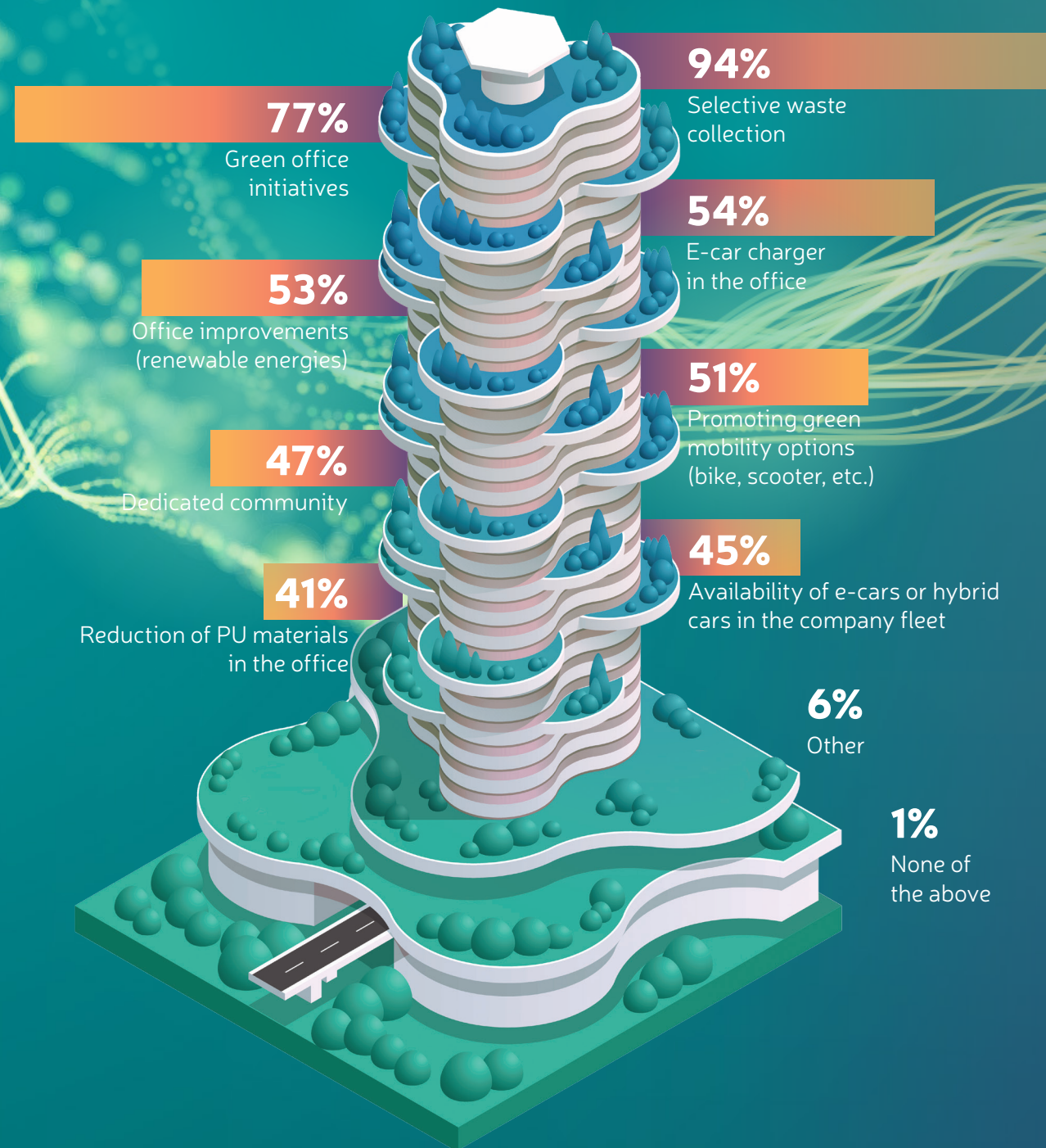


In the competitive world of service centres, employer branding plays a crucial role in talent attraction. Respondents' top five elements to attract and retain talent are organising company events, performing various employee trainings supporting and providing career path mentoring, communicating on social media platforms, and participating in various job fairs.



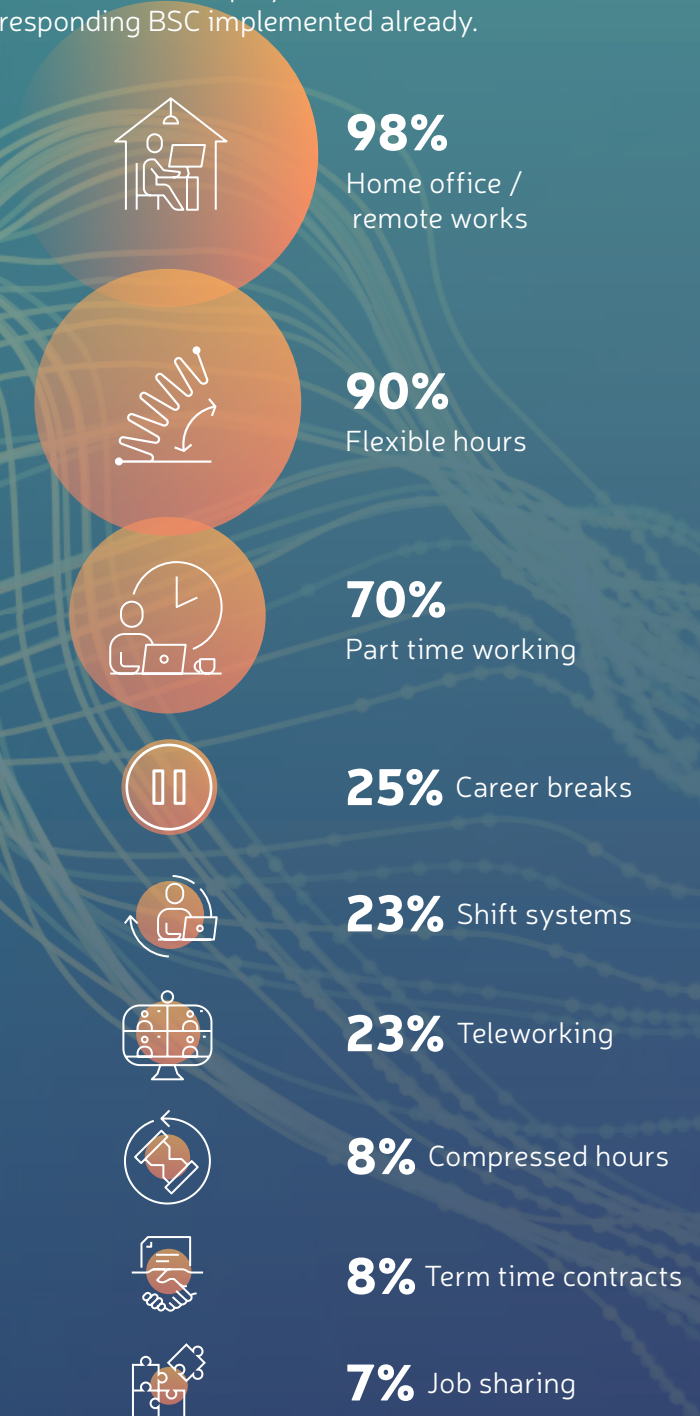
Programs for sustainability

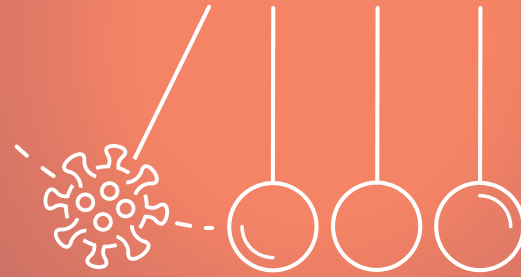
Programs for sustainability are vital for business services because they promote resource conservation, cost savings, environmental responsibility, compliance with regulations, talent attraction, risk mitigation, efficiency improvement, long-term viability, meeting stakeholder expectations, and fostering innovation. Implementing sustainable practices in shared service operations can bring environmental and business benefits. Organisations have a growing responsibility to minimise their ecological impact. Sustainability programs demonstrate a commitment to reducing carbon emissions, conserving natural resources, and protecting ecosystems, which can enhance an organization's reputation and brand.



Plans for flexible work arrangements

Flexible working arrangements contribute to a more adaptable, inclusive, and resilient workforce while aligning with the evolving expectations of employees in the modern workplace. It's important for organisations to carefully consider and implement flexible work policies that suit their unique needs and the preferences of their employees. Offering flexibility can create a sense of loyalty among employees who appreciate their employer's commitment to work-life balance, potentially leading to longer tenures and reduced turnover. As the workforce evolves, with different generations having varying expectations, flexible work arrangements demonstrate an organization's commitment to adapt to changing needs. Flexible work options, such as remote work or flexible hours, allow employees better to balance their work responsibilities with their personal lives. This can reduce stress and burnout, leading to happier and healthier employees. Home office and flexible hours are top work arrangements almost every responding BSC implemented already.





BSC labour market by HAYS

Looking back at 2023, the year has transpired as a period of relative stability within the Hungarian shared service sector, marked by an absence of significant transformative shifts.

The phenomenon of the “candidate driven” market has evolved into an established norm within which organizations operate, most of them quite successfully. Those who wanted to stay on top of the game and attract the best talent already adopted salary hikes, paired with benefit packages including, but not limited to private healthcare, cafeteria packages, half-year or end-of-the-year bonus and commute support. Remote working only is still not a catch: the possibility to work from home at least three times a week is rather an expectation of candidates nowadays. Having a strong value proposition is inevitable for a company to differentiate itself from its competitors. Candidates not only look for a robust benefit package and salary but focus on work-life balance and flexibility, and look at whether an organization aligns with their values and gives them opportunity to develop. Those companies that show something unique have a better chance to mobilize even the passive candidates on the market. For this reason, they need to implement and apply strong employer branding strategies that highlight their mission and culture.

It is also key to investigate how candidates get to the point of joining a company. Streamlining the recruitment process and enhancing the candidate experience have never been more crucial. While technology cannot replace the human touch, it is beneficial for companies to familiarize themselves and utilize technology within the recruitment process. Such tool can be the speeding up of the process as the most in-demand candidates will usually have multiple offers within just two weeks after starting the application. Organizations can also elevate the candidate experience by treating applicants as individuals, giving

prompt feedback, and using inclusive language to attract a more diverse pool of talents. Inclusive thinking and hiring a wide range of individuals can be beneficial from the financial perspective too, as the Hungarian government provides social tax allowances for several groups of employees: those under the age of 25, jobseeker mothers, and vulnerable individuals with special needs as well. However, while a portion of the shared services companies continue to expand their operations in Hungary, some of them opted to focus more on retaining their employees that are already on payroll.

The Hungarian Shared Service Center market is on the verge of a notable trend of expansion in rural cities. While this trend is slightly picking up steam, the sector is still highly Budapest focused, mostly due to the changes in home office policies and more flexibility on part of companies. As a result, the suburban areas of the capital have become more sought-after by both investors and candidates in the past years.

Furthermore, large cities with well-established universities such as Debrecen, Pécs and Szeged are constantly developing their infrastructure and therefore are getting ever more attractive to investors looking to establish a regional hub in the country. Hungary is still one of the few states that can provide lower operating costs whilst having access to skilled, cost-effective workforce. Moreover, companies can simultaneously benefit from a regional aid intensity that is one of the highest within the EU. The government's dedicated support, a favorable corporate income tax rate of 9% and lucrative incentives for rural development are additional factors that can sweeten a deal for investors.

This growing decentralization of the SSC market has not only boosted economic development in these areas but has also helped to alleviate the concentration of jobs in Hungary's capital, Budapest. In the future, rural cities are expected to play an ever-larger role in the sector's landscape, providing a viable alternative for investors to set up their businesses or for market players to expand further.

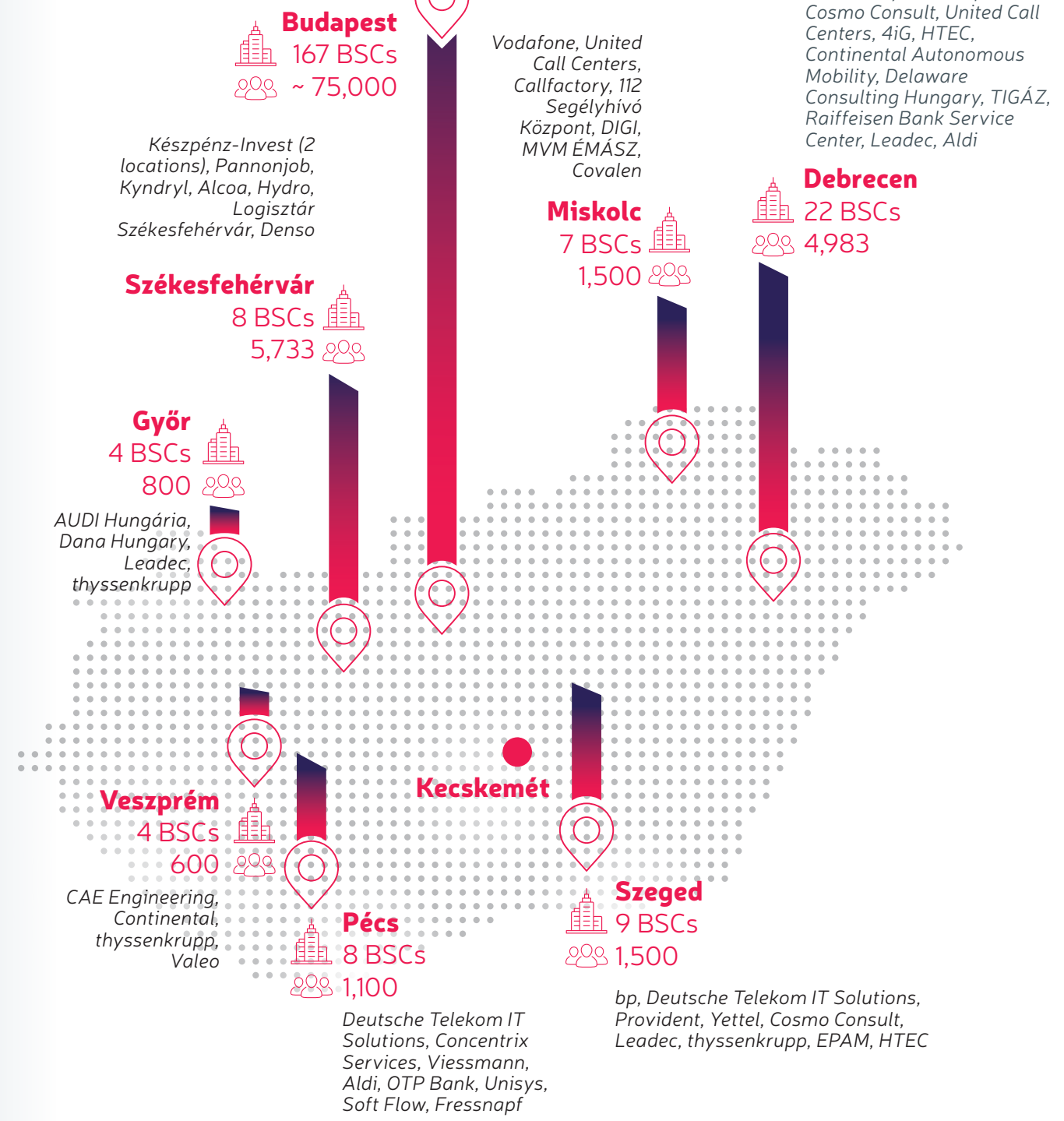


Business Services Locations in Hungary

Office Market Overview




AGCO, Albemarle, ALDI, Arm Hungary, Avis Budget Group, Bayer, bp, BPiON, BT, CAE Engineering, Celanese, Citi, Cognizant, Computacenter, Corning, Cosmo Consult, Covalen (CPL Jobs), CRH, Cushman & Wakefield Portfolio Services Center, Deutsche Telekom IT Solutions, DHL, Diageo, Diligent, DOQSYS, Eaton, Emirates, Epam, ESAB, ExxonMobil, EY GDS, Flowserve, Ford, Formlabs, Fressnapf, FrieslandCampina, GE, Genpact, Givaudan, Howden, KLM, Hydro, IBM, IFF, Itron, Jaguar Land Rover, KOSTAL, KPMG, KUKA, Kyndryl, Lexmark, MOL GBS, Morgan Stanley, MSCI, MSX, NI, NIO, Nissan, Nokia, Oracle, Process Solutions, Randstad Sourceright, Roche, Sanofi, SONY, Tata Consultancy Services, Tesco, Thermo Fisher Scientific, thyssenkrupp, TK Elevator, Trivium Packaging, Unisys, VOIS, Xellia*

Major Hungarian BSC Locations



*list of company names participated in the survey

Váci Corridor



 Current stock 1,140,000 m²	 Pipeline under construction 64,000 m²	 Annual office take-up 152,000 m² (2019) ~ 70,000 m² (2022)
Current vacancy 11.3%	Availability in the pipeline 89%	Main occupiers' profile Manufacturing & Industrial (SSC)

 **Largest BSC occupiers:** Avis / British Petroleum / Citibank / Diageo / Ernst & Young / ExxonMobil / General Electrics / Givaudan / KPMG / Raiffeisen Bank / Roche / Sanofi


Budapest office submarkets

Statistics

Ring Road Area

 Current stock 590,000 m²	 Pipeline under construction 129,000 m²
Current vacancy 12.8%	Availability in the pipeline 29%

 Annual office take-up
28,000 m² (2019)
~34,000 m² (2022)
Main occupiers' profile
IT & Telecom

 Bosch / Citi / Docler Services / K&H / ThyssenKrupp / TÜV Rheinland /

Budapest / BSCs


167
Major BSCs in the city


Population
3,034,000
(greater area)


~75,000
Employees of the sector

Budapest is the largest city, and the only metropolitan area in Hungary with 1.7 million people in the city and further 1.3 million living in the agglomeration (Central-Hungary, Pest County). The economic importance of the city is reflected in the fact that this metropolitan area is responsible for generating 45% of the national GDP. Budapest is not only a good place to work but also convenient for living: the city has been quoted as the most liveable city in CEE (by Economist Intelligence Unit) for over a decade now, and hence attracts further direct investment into the service industry, boosting office and residential demand in the city.

AGCO, Albemarle, ALDI, Arm Hungary, Avis Budget Group, Bayer, bp, BPiON, BT, CAE Engineering, Celanese, Citi, Cognizant, Computacenter, Corning, Cosmo Consult, Covalen (CPL Jobs), CRH, Cushman & Wakefield Portfolio Services Center, Deutsche Telekom IT Solutions, DHL, Diageo, Diligent, DOQSYS, Eaton, Emirates, Epam, ESAB, ExxonMobil, EY GDS, Flowserve, Ford, Formlabs, Fressnapf, FrieslandCampina, GE, Genpact, Givaudan, Howden, KLM, Hydro, IBM, IFF, Itron, Jaguar Land Rover, KOSTAL, KPMG, KUKA, Kyndryl, Lexmark, MOL GBS, Morgan Stanley, MSCI, MSX, NI, NIO, Nissan, Nokia, Oracle, Process Solutions, Randstad Sourceright, Roche, Sanofi, SONY, Tata Consultancy Services, Tesco, Thermo Fisher Scientific, thyssenkrupp, TK Elevator, Trivium Packaging, Unisys, VOIS, Xellia*


* companies represented in the survey

Higher education




43 
Institutions


156,220
Students


46,679
University graduates


19,672
Foreign students

South Buda

 Current stock 650,000 m²	 Pipeline under construction 60,000 m²	 Annual office take-up 81,000 m² (2019) ~49,000 m² (2022)
Current vacancy 14.8%	Availability in the pipeline 0%	Main occupiers' profile IT & Telecom

 Agco / Bayer / British Telecom / Colas / Ericsson / Estée Lauder / evosoft / IBM / TATA / Thyssenkrupp / Viacom /

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



Budapest / Office Market

Office Stock: 4.5 M m²

The total modern office stock in the city increases to over 4.5 million m² by the end of 2023, making Budapest the largest office market in the Central-Eastern European region, second only to Warsaw. Annual office completion increased following the temporary setback after the pandemic and has reached 267,000 m² in 2022 and 180,000 m² this year. The most office space was developed in highly sought-after areas like South-Buda (Budapest 11) and Váci Corridor (Budapest 13). Going further, however, there is less construction activity forecasted – in line with a general slowdown of the industry across whole Europe.



Development pipeline: 330,000 m²

The volume of offices under construction increased by 14% in the last six months; however, we foresee a slowdown in new commencements as we move into 2024. Having said that, Budapest still has a sizeable office pipeline under development to keep constructors busy – compared to other capital cities in the region. For 2024, we expect delivery of 114,000 m² of new office space. In 2025, further 67,000 m² of office space is expected to come to the market.

Most of the construction is taking place around the Ring Road (39%), followed by the Váci Corridor (19%) and South Buda (18%) – all strategically important locations for business service provider companies. In addition to this space being under construction, we monitor further fifteen projects where planning is as advanced that they can kick off any time based on occupier's request. These have a combined volume of 310,000 m² and might be completed by 2026/27. Current high financing costs and risk-averse climate do not favour new commencements on a speculative basis; therefore, we expect these projects to start following reasonable volume of pre-leases or based on a built-to-suit agreement.



Office demand: +5% Year-on-Year

Total office demand slightly weakened in 2023 and was down by 5% in the first half, discontinuing the year-on-year increase we were witnessing following the pandemic. Significant portion (up to 40%) of the office demand is usually lease renewals as the typical lease length is relatively short (3-5 years). Excluding renewals, take-up stood at 102,900 m² in H1, 15% lower than a year earlier. To put this figure in context, office take-up peaked at 362,000 m² in 2019 and plummeted by 48% in 2020. Last year the annual figure reached again 247,000 m², and we expect that annual volume can be 13% up by end of this year.

As a reflection to the new office work culture, large corporates tend to sign a built-to-suit agreement, or they develop their owner occupied headquarter. Since the pandemic, there is a clear decline in pre-leases signed by multinational companies with a headcount above 1,000 employees but mid-size companies increased their activity on the leasing market. Largest leases have reached 8-10,000 m² in recent years, as opposed to owner occupied projects up to 20-30,000 m². We expect these deal sizes to remain more typical for our market going forward.



Occupiers' Profile (2023 H1)

The sectoral breakdown of take-up in 2023 so far was topped by office requirements of companies with core business in manufacturing (29%), while Tech/Telecom companies (11%) clearly reduced their office needs. Between 2020 and 2022, the Manufacturing and Tech/Telecom sectors dominated with 20-20% followed by Business Services with 12%. This clearly shows the strength and importance of the shared service companies in Hungary. In recent years, several companies have appeared on the market or expanded their SSC centres, such as Sanofi, E.ON or British Telecom.



Vacancy Rate: 12.6% and expected to increase further

Vacancy rate increased to 12.6% by mid-2023, up by almost 3 percentage points in a year. While this level of immediate availability is not unusual in the CEE region, it is clearly a different picture than back in 2019 with average vacancy down at 5%. Currently there is 547,000 m² of vacant stock, relatively evenly distributed across the key submarkets. Out of this volume, 339,000 m² is in 'A' category buildings with relevant green certification. The lowest vacancy rates were registered in Central Buda (5.0%), North Buda (7.0%) and Váci Corridor (11.3%), following another quarter of stronger demand in these submarkets. As earlier, the biggest vacancy was measured in Periphery submarket (34.8%).

We expect vacancy to increase further during the year and surpass 14% by the end of 2023. Going further, weak new supply will help moderate vacancy; however, large consolidations will trigger vacancy increase in second-hand stock. In general, we expect stronger demand for 2024 as the economy starts to grow again following the recession this year. Therefore, vacancy should decline from late 2024 onwards.

It is important to note that the quoted vacancy levels reflect the market and submarkets on an aggregate level, hence real instant availability from an occupier's standpoint is far more limited as the vacant areas are fragmented across buildings and floor. On top of unleased premises, there is a marginal volume of vacant units, where the lessee tries to sub-lease the space. We are aware of ca. 30,000 m² of space actively marketed for sub-lease across a dozen of buildings, same volume as earlier this year. We estimate the total office availability to be ca. 0.5 percentage point above the actual vacancy registered as of mid-2023



Grade "A" Rent: 16.5 €/m² /month

The average asking rent in the vacant premises was 14.2 EUR/ m² /month as of Q2 2023, showing a slight increase (1.7%) y/y. In case of ongoing developments, typical range is between 18-20 EUR/ m² /month, moving slightly up y/y. Among 'A' category assets, the asking rent stands at 16.5 EUR/ m² /month (+1% y/y). Prime rent is edging up for centrally located, best-in-class premises. Currently we quote prime office rent at 24.5 EUR/ m² /month, (up by 2% y/y). Comparing the average asking rents with Q2 2022, we saw a significant increase in North Buda (14.3 EUR; +8% y/y), in Central Pest (14.8 EUR; +7% y/y) and Central Buda (15.0 EUR) and Non- Central Pest (11.8 EUR), each showed 4-4% increase y/y. Rental increase in other submarkets was more moderate. We quoted a slight decrease in Central Business District 18.6 EUR (-0.5% y/y), mostly driven by less availability in the prime end. Average asking rents in South Buda and in Váci Corridor are at 13.8 EUR and 14.8 EUR, respectively.

Debrecen



Population

960,000

(greater area)



22

Major BSCs
in the city



4,983

Employees
of the sector

Deutsche Telekom IT Solutions, BT, Transcosmos, NI, Flowserve, EPAM, Diehl Aviation, NSC Global, Capgemini, T-Systems, Callfactory, DataExpert, Cosmo Consult, United Call Centers, 4iG, HTEC, Continental Autonomous Mobility, Delaware Consulting Hungary, TIGÁZ, Raiffeisen Bank Service Center, Leadec, Aldi

Debrecen is the second largest city in Hungary and has a significant role in the nation's business services industry. Although the city has recently excelled rather with investments related to the electric car industry, the city is the major cultural, educational and economic center of Eastern Hungary with a service sector of considerable size. The city offers excellent accessibility by road and rail, and the international airport operates regular flights to various destinations with growing passenger flow every year. 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

€/m²/month

Average rental fee

'category A'



Transportation

Direct railway and highway connection to Budapest



22

3*+ Hotels

The modern office stock in the city is estimated to be close to 115,000 m² – making Debrecen the largest office market among the regional cities in Hungary. The stock consists of several newly built and refurbished projects. The completions in recent years account for a third of the current stock therefore Debrecen has not only the largest but also the most modern stock in the regional cities. The immediate availability reaches 32,600 m² as of late 2023 and awaits tenants wishing to expand in the city, or set up operation in 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 10-13.5 EUR/m²/month, whereas category "B" offices can be found from 6-8 EUR/m²/month.

In 2022, Debrecen became one of the best investment destination in the TOP small and medium-sized cities category in Europe. 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.

Higher
education

2
Institutions



26,813
Students



7,281
University graduates



6,756
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. 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 m² GLA with current availability around 2,000 m² across four 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 25,000 m² across various buildings). Office space is available if the city for a rental rate of 9-12 EUR/m²/month.



Population

780,000

(greater area)



4

Major BSCs
in the city



800

Employees
of the sector

AUDI Hungária,
Dana Hungary,
Leadec, thyssenkrupp



9-12 €/m²/month
Average rental fee
'category A'



26

3*+ Hotels



Transportation

Direct railway and
highway connection to
Budapest

Higher
education



4

Institution



11,786

Students



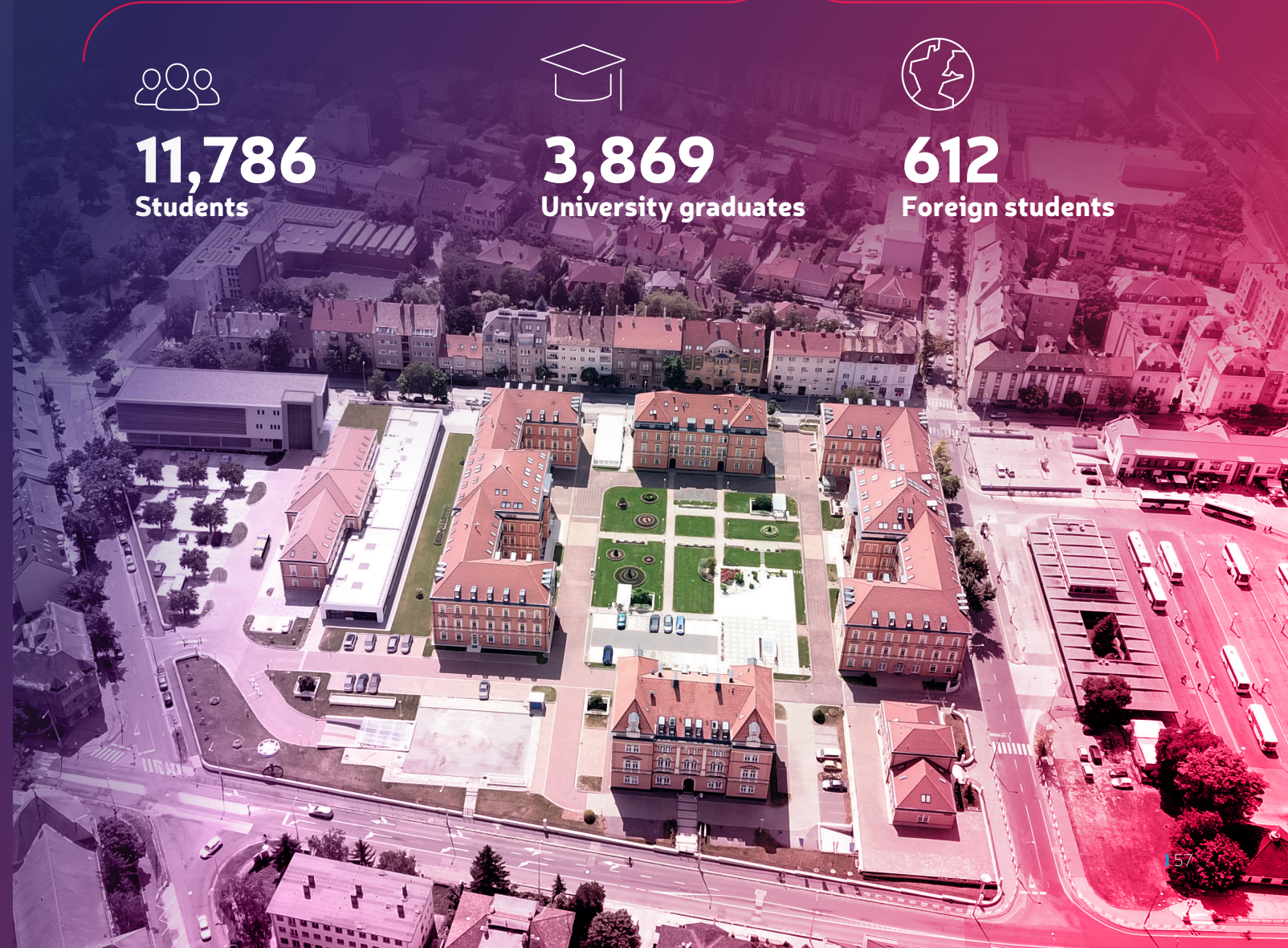
3,869

University graduates



612

Foreign students





Kecskemét



Population

711,000

(greater area)



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. Offices are available in modern facilities across the industrial parks close to the motorway and also in historical buildings in the city centre. Rates start from 6 EUR/m². The municipality has a clear aim to further enhance the profile of the city and has developed a mixed-use campus on ca. 14,000 m² combining educational, business and leisure functions on the back of close cooperation with business and engineering companies in the wider region of Kecskemét. The expansion of this campus is currently ongoing and a new office building on ca. 5,300 m² will be developed for lease.



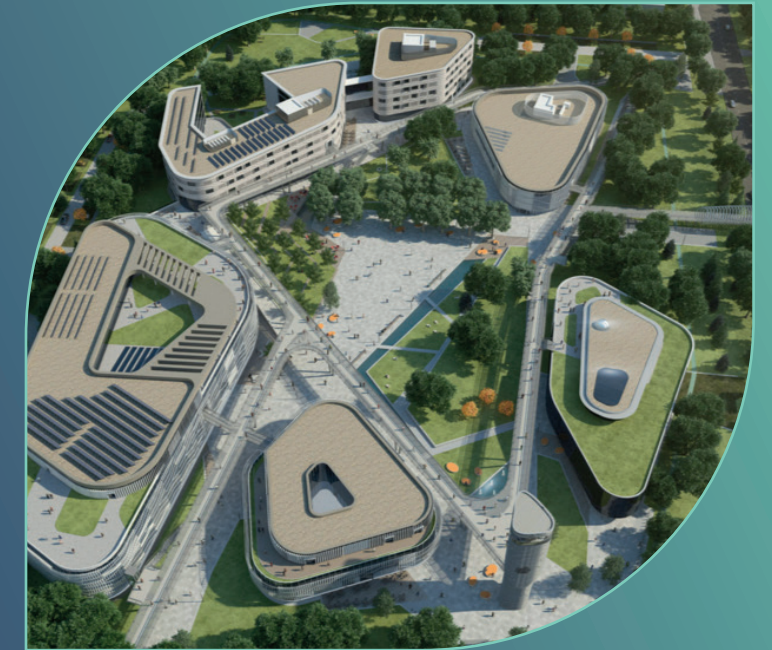
8-11 € /m² /month
Average rental fee
'category A'



Transportation
Direct railway and
highway connection to
Budapest



12
3*+ Hotels



**Higher
education**

4
Institution



3,437
Students



1,091
University graduates



95
Foreign students

Miskolc



Population

640,000

(greater area)



7
Major BSCs
in the city



1,500
Employees
of the sector

Vodafone, United Call Centers,
Callfactory, 112 Segélyhívó Központ,
DIGI, MVM ÉMÁSZ, Covalen

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. 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. Following a recent retrofit of an old office building downtown, the modern

stock reached 26,500 m². The vacant volume is significant as half of the overall stock is available to tenants - offering great opportunities for new service centres. Miskolc is a reasonable choice for cost-sensitive companies as rents start from 6-8 EUR/m²/month for "B" grade properties, while modern "A" category office space available at 9-12 EUR/m²/month.



9-13 € /m²/month
Average rental fee
'category A'



Transportation

Direct railway and highway
connection to Budapest



17
3*+ Hotels

Business Services Hungary | 2023

Higher education

1 
Institutions



8,870
Students



2,967
University graduates



462
Foreign students



Pécs



Population

450,000

(greater area)



8
Major BSCs
in the city



1,100
Employees
of the sector

*Deutsche Telekom IT Solutions,
Concentrix Services, Viessmann,
Aldi, OTP Bank, Unisys, Soft Flow,
Fressnapf*

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). Current modern office stock is estimated to reach 36,500 m² - including many buildings with full occupation. The stock consists mostly of smaller floor plates in refurbished historical buildings or in 'B' category facilities but there are good examples for recent

developments: Cubicfox, a software developer moved in to their newly built HQ office earlier this year. Newcomer companies can choose among several office buildings of various quality with a total immediate availability of ca. 9,700 m². The headline rents vary from 5-6 EUR/m²/month in 'B' category properties up to 12-13 EUR/m²/month in 'A' category stock.



10-12 € /m²/month
Average rental fee
'category A'



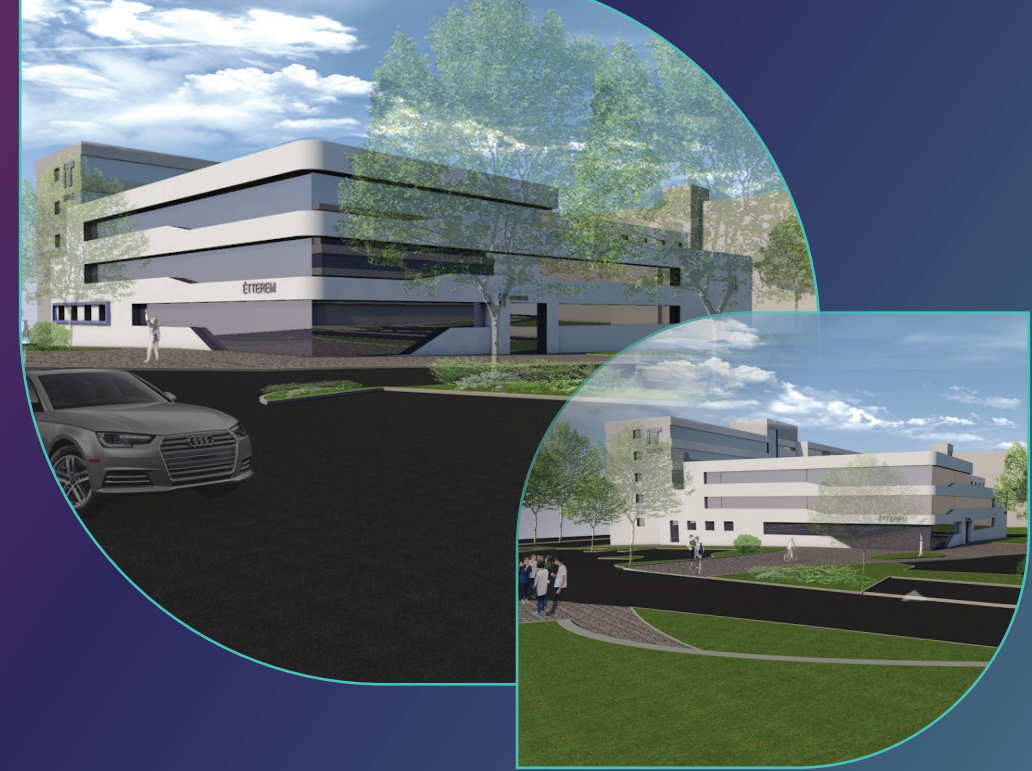
Transportation

Direct railway and highway connection to Budapest



20
3*+ Hotels

Business Services Hungary | 2023



Higher education

3
Institutions



20,327
Students



5,015
University graduates



4,507
Foreign students



Szeged



Population

452,000

(greater area)



9
Major BSCs
in the city



1,500
Employees
of the sector

bp, Deutsche Telekom IT Solutions, Provident, Yettel, Cosmo Consult, Leadec, thyssenkrupp, EPAM, HTEC

Szeged is not only the seat of the South-Great Plain region but also the EU's gateway city to Southeast Europe. 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. Szeged gives home to service centres operated for EPAM, Deutsche Telekom and Lufthansa Technik. The city has proved to be attractive to a number of IT companies recently to locate here their core functions.



10-12 €/m²/month
Average rental fee
'category A'



Transportation

Direct railway and highway connection to Budapest



16
3*+ Hotels

Higher
education

3
Institutions



21,595
Students



5,540
University graduates



4,037
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.



8

Major BSCs
in the city



5,733

Employees
of the sector

*Kézipérez-Invest (2 locations),
Pannonjob, Kyndryl, Alcoa, Hydro,
Logisztár Székesfehérvár, Denso*



9-12 € /m² /month

Average rental fee
'category A'



Transportation

Direct railway and
highway connection to
Budapest



7
3*+ Hotels

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 ca. 5,700 people. The modern office stock is mostly concentrated in the industrial parks in mixed-use premises; however, there is ca. 10,000 m² office availability in city centre for rental rates starting from 8 EUR/m²/month.



**Higher
education**

3 
Institutions



1,623
Students



477
University graduates



83
Foreign students



Veszprém



Population

200,000

(greater area)



4

Major BSCs
in the city



600

Employees
of the sector

CAE Engineering, Continental,
thyssenkrupp, Valeo

Veszprém is located in the Central-Transdanubian Region, close to the Lake Balaton, a primary domestic leisure destination. The importance of the city in the field of industry and logistics is increasing - taking advantage of the expressway and railway connection with the capital. At the same time, in Veszprém, as one of Hungary's oldest cities and Europe's 2023 Capital of Culture, economic activity is increasingly shifting towards the service sector. The city was chosen

by many as a second or new home since the pandemic, thanks to its natural environment and built heritage, its proximity to Lake Balaton and its excellent infrastructure. The business importance of Veszprém is therefore greater than what its small population would suggest.



6-9 € /m² /month

Average rental fee

'category A'



Transportation

Direct railway and
highway connection to
Budapest



5

3*+ Hotels

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Office lease opportunities are available in the industrial park and in the historic city centre - including newly built premises. A new development with ca 600 m² office space of excellent energy efficiency will be handed in 2024 and is waiting for tenants. Asking rents start from 6 EUR/m²/month in the older premises and from 9 EUR/m²/month in newly built projects.



**Higher
education**

2

Institutions



4,551

Students



1,714

University graduates



329

Foreign students





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

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 decision. 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.

Before you make a decision, in the framework of our **one-stop-shop management consultancy** model we offer You the following services to address your business needs:



Information packages on the business environment, labour market, tax regulations, etc.



Meeting with HR and real estate agencies, law firms and other consultants based on your needs.



Location search, evaluation and site visits.



Reference visits at companies that are already established in Hungary.



Tailor-made incentive offers and assistance with your incentive application.

After You have successfully established your business in Hungary, we are **open for your feedback** to enhance business environment, also we offer **mediation between government and business** based on your inputs.

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ABSL Hungary stands as the professional outsourcing industry business association of Hungary, dedicated to the interests of the Business Services and Outsourcing Sector and its Members. The purpose of the Association is to inspire the collaboration in regional industry, to achieve international knowledge sharing among companies in the business services sector, to exchange best practices, to inspire the company communities in the sector for the continuous strive for excellence and finally to promote the constant growth and strengthening the position of the sector in the region.

ABSL Hungary offers an array of membership benefits and partner advantages. As a member, you can tap into diverse networking opportunities, connect with industry experts, and gain access to exclusive research and insights. You will collaborate within a thriving community, share experiences, and have a voice in advocating industry best practices. Partners benefit from increased brand visibility, access to a wealth of knowledge for innovative projects, and opportunities to forge strategic alliances. By joining, you will be recognized as a company committed to shaping the future of the business services sector and contributing to meaningful initiatives. Whether you are seeking networking, international insights, or impactful collaborations, ABSL Hungary provides the platform to unlock value in the business services landscape.

www.absl.hu

The American Chamber of Commerce in Hungary (AmCham) is one of the most influential and trusted business organizations in Hungary, representing local and international business interests since 1989. A member-funded, politically independent platform consisting of over 300 companies from a wide variety of sectors who share a firm commitment to the ideas of partnership, cooperation, and the exchange of best practices. In this sentiment, AmCham, together with 20+ member companies and in partnership with the Hungarian Service and Outsourcing Association launched the BSS working group in 2019, a very first industry cooperation on sector branding. Its mission is to jointly raise awareness for the sector, increase its attractiveness in Hungary, eventually be amongst the top 3 most attractive sectors in Hungary, and the number one choice for career starters.

Since the foundation, participating companies have been working together in an inspiring cooperation towards the common goal of attracting talent by creating a joint branding strategy, building a website and social media channels to provide relevant information about the sector. Through various educational partnerships, such as university guest lectures, trainings, joint job fair participation and our very own career event the BSS Open Days, members help students make more informed decisions about their future and career.

www.amcham.hu www.bsshungary.com



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)

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.

2023

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Survey Respondents, thank you for your co-operation!

