

# A Budapest District Moves on From Its Bleak Past

By PALKO KARASZ JUNE 19, 2014

The Corvin Promenade project in Budapest, a mix of residential, retail and office space, has changed the image of the city's Eighth District.

BUDAPEST — There has been a change in Joseph Town, the Eighth District of Budapest, which stretches from the ornate 19th-century palaces in the city's center to the decaying dwellings and industrial sites of its eastern outskirts. For years, rundown streets and their low-income residents had colored opinions of the neighborhood. In 2004, a popular animated film called “Nyocker!” — as the district is known in local slang — showed it as a maze of neglected buildings and desolate parks, plagued by crime and poverty. Today, thanks to private and public investment, some of that blight is gone and the area is becoming popular among new residents.

“It is in its image that Joseph Town has made the biggest progress,” said Gyorgy Alfoldi, deputy head of the urban planning department at the Budapest University of Technology and Economics. But, “it is not Kreuzberg yet — for that, a lot of time still has to pass,” he added, referring to one of Berlin's gentrified areas, which some say would be a good model for Joseph Town.

The Corvin Promenade, Hungary's largest continuing development project, has had a lot to do with the change. Work started in 2006 on the site, then a derelict residential zone spread over 22 hectares, or 54 acres. The project was designed to include 2,300 apartments, mostly midrange units; 90,000 square meters, or nearly 970,000 square feet, of office space; and 49,000 square meters of retail space. The final development cost is expected to be 800 million euros, or \$1.1 billion, paid with public and private money. About half of the apartments and the retailing space as well as two-thirds of the office space are completed. Construction is continuing on 227 apartments and 6,200 square meters of office space.

According to Cordia, the developer and also the largest residential builder in Hungary, 92 percent of the finished apartments have been sold, with one in five going to foreign buyers interested in investments. (Cordia also offers rental and property management services.) Two furnished penthouse apartments were among the development's higher-end sales. One, with 150 square meters of living space, was listed by the developer at €270,000, while the second, also 150 square meters, was €320,000.

“Almost any of the Corvin Promenade flats are suitable for investment as they are easy to rent, well located and much more recent than the surrounding properties,” Attila Dery, an analyst at Otthon Centrum, a local real estate company, wrote in an email. Beyond the Corvin project, however, real estate sales in the district have continued to be flat — even in

the traditionally prestigious part of Joseph Town known as Palotanegyed, or the Palace District, only a few blocks away. Unlike the rest of the Eighth District, the area is only a short walk from the heart of the city and is within the large crescent formed by the Grand Boulevard, which borders Budapest's most prized neighborhoods.

Most of the Palace District was built in the 19th century, after a major flood by the Danube ravaged what had been a garden neighborhood dotted with clay houses. In rebuilding the area, a grid of new streets was created and brick buildings with ornate facades were constructed for a wealthy population. (The district once was the site of Hungary's Parliament and the national theater, and it still is home to the white, neo-Classical building of the national museum.)

Over the last decade, the streets at the district's center, around the Sacred Heart Church on Lorinc Pap Square, have undergone a complete refurbishment. Funding from the European Union and the Hungarian government has been used to improve them, while scaffolding has gone up on one classical building after the other.

To Mr. Alfoldi, of the technology university, the area's renewal is not a result of gentrification, because it always had been inhabited by the middle classes. There is, however, a kind of rebirth with new art galleries and sidewalk cafes. A 125-square-meter apartment with a garden view in an Art Nouveau building was listed for 59.9 million Hungarian forints, or \$264,000, by the Otthon Centrum agency. The ceilings are just over 13 feet high, and the building has covered corridors along the interior courtyard, a common feature in Budapest.

"There are beautiful buildings, that are in need of love and tender care," said Zoltan Szemes, head of Capital Real Estate, an agency that specializes in properties in Budapest's central districts. "If people are looking for bargains, the eighth is a bargain," Mr. Szemes said. But he warned that the area was still developing, and that an investment should be considered a long-term prospect.

In the Eighth District, buyers looking at units beyond the Corvin development can expect sale prices as low as €1,000 per square meter, and even €800, Mr. Szemes said. Rental yields in the district are also higher, he said, at up to 18 percent compared with 5 to 8 percent elsewhere in the city.

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