



#staysafe



Mietendeckel First Effects

The Berlin Rental Cover Act freezes rents to the status of June 18, 2019 for a period of five years. [Social housing and stocks built after 2014 are excluded.](#)

The rent cover which has been in effect since the end of February 2020 is reacting. The asking rents for capped existing apartments have fallen on average by 8% within a year while the prices for new buildings not subject to the regulations has risen by 17%.

An analysis by the online portal Immowelt, compares the values from January to May 2020 to the same period of the previous year. A year ago, an average of €11/ m² was required for apartments built prior to 2014, currently apartments are being advertised for an average of €10.10/ m². However, this value is still above the upper limit of the rent table which has been in force since February this year and marks the end for apartment buildings at a price of €9.80/ m².

The old, but progressively chic district of Wedding, presents the greatest declines in apartment rents of 18%. A year ago, the average rent was €12/ m². However due to the rental cover, this value dropped to €9.80/ m². Whilst the district of Schöneberg, registered a decline of 16%, Neukölln a decrease of 15% followed by Reinickendorf with a decline of 11% and Tempelhof with 10%. Overall, rents dropped in 19 of the 23 districts analysed, with only landlords in nine districts not going below the bar in the rent limit. Competitor Immoscount24 advised 9 out of the 10 existing Berlin apartments on the market were above the requested rents.

Meanwhile the asking rents for non-regulated apartments that are on the

**MARKET AFTER 2014, CLIMBED
FROM €13.50/ M² TO €15.80/ M²
ACCORDING TO THE ANALYSIS
BY IMMOWELT**



House Prices

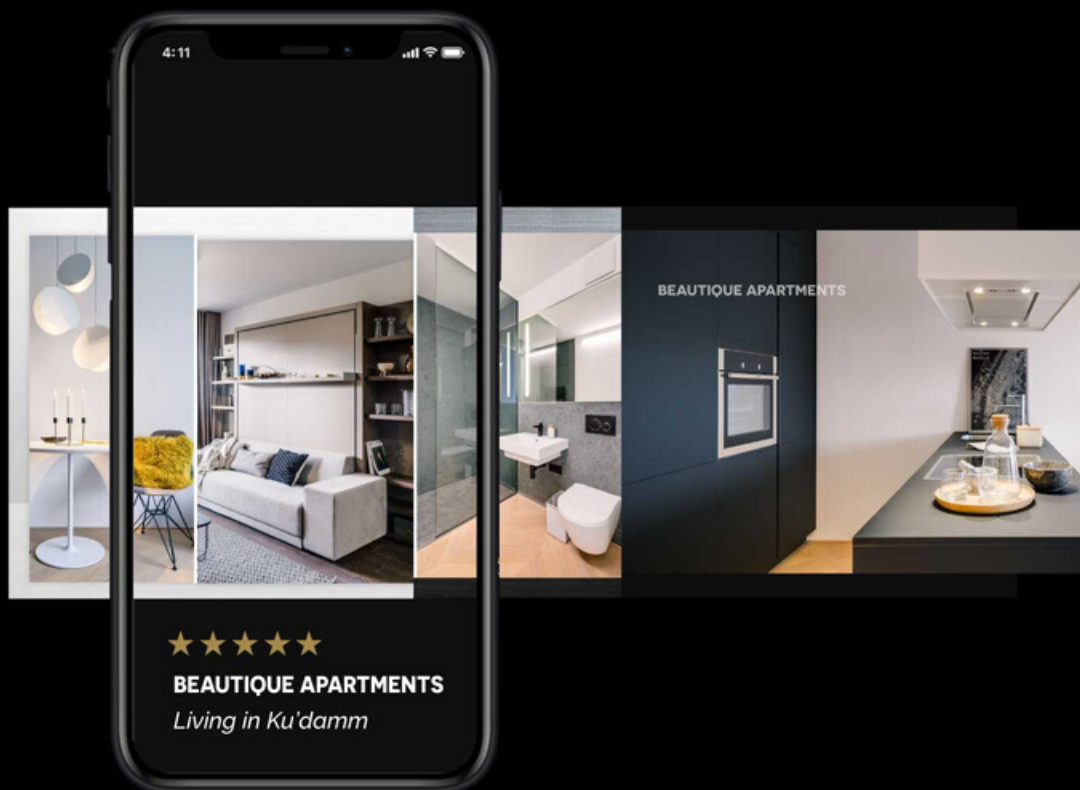
INCREASING IN GERMAN CITIES

Residential property prices in Germany have risen by 6.8% in the first quarter of this year compared to the same period in the previous year, which represented an increase of only 0.3%. The Federal Statistical Office reports price increases in both the big cities and rural areas.

In the seven most populous cities of Berlin, Munich, Hamburg, Cologne, as well as Frankfurt, Stuttgart, and Düsseldorf, prices for single- and two-family housing has increased by 9.5% compared to the same quarter of the previous year with prices for condominiums increasing by 7.4%. An increase of 8.3% for house prices corresponded with the other major cities (with a population of 100,000 or more) and a 9.3% increase for condominiums. In terms of rural areas, price increases of 6.1% for houses and 4.9% for condominiums.

Micro-Living

REMAINS IN DEMAND

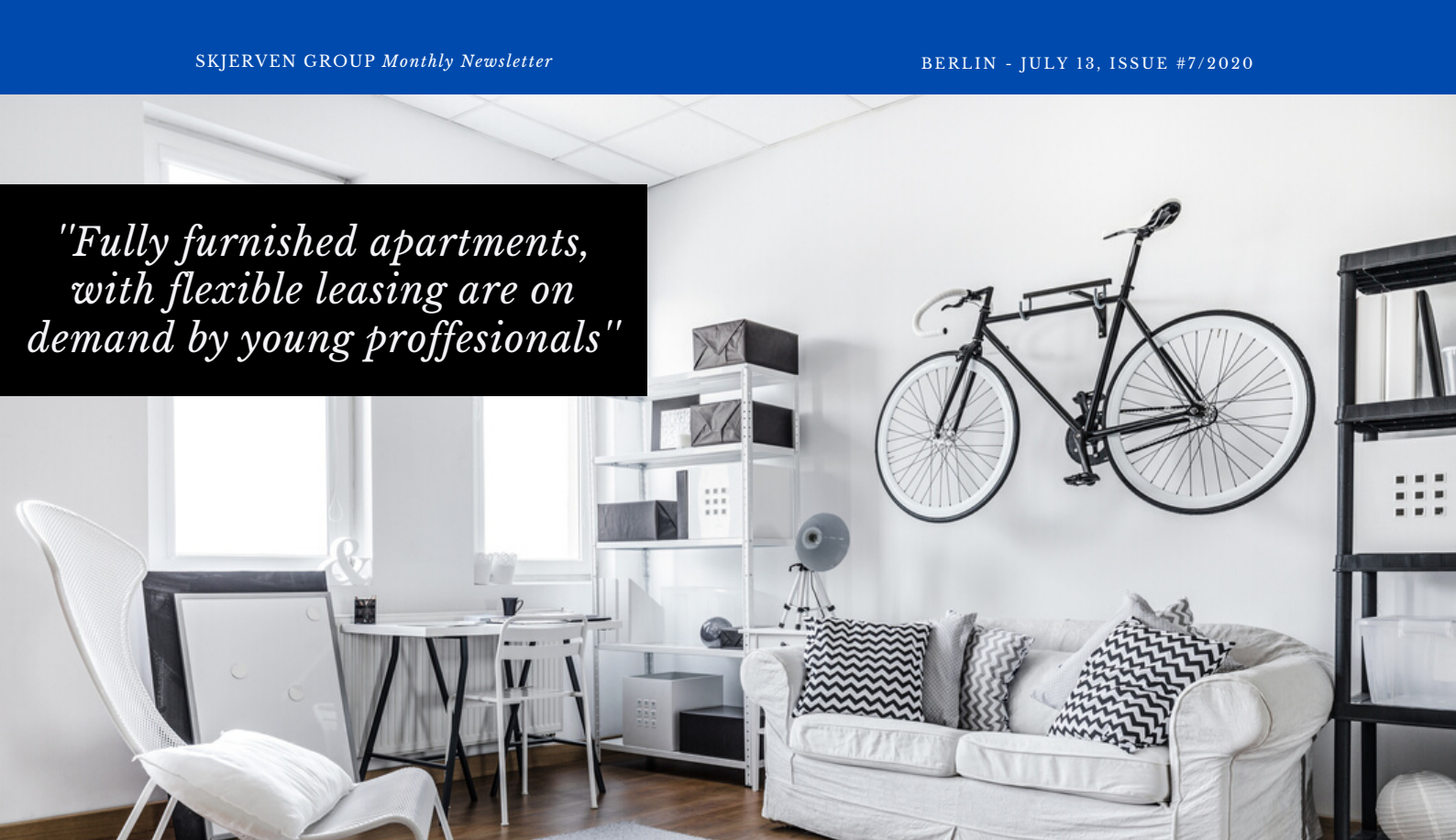


“The young segment of micro-apartments cuts a surprisingly good figure in the corona crisis, compared to other asset classes.”

- Filipe de Sá Pessoa

Head of Acquisition &
Development at MPC Capital

The consulting company Bulwiengesa created a market report with the Federal Association of Micro Living and Data from eleven providers of Micro Living units, which still reflects the boom times before the corona crisis; thus, being high occupancy and a significant expansion to target groups beyond the student body.



*"Fully furnished apartments,
with flexible leasing are on
demand by young professionals"*

The market report included an analysis of almost 96 properties with over 20,000 residential units. The focal point was on furnished units which are used for residential purposes (rental period from six months). The period between October 2019 and March 2020 was examined.

The study found that small furnished apartments are no longer only rented to students. The report reflected 54% of the apartments being rented by university students and 46% by young professionals, commuters or others.

Furthermore, the recession does not pose an immediate threat to micro-apartments and the main target group being students has always risen during economic crisis' in the past. This in turn is due to graduates continuing their studies due to increased hurdles faced when entering the job market and also due to people who have lost their jobs due to the crisis who have taken the opportunity to continue their individual training to increase their job prospects with greater academic qualifications post crisis. These developments were visible in the dot-com crisis in 2000 and the financial crisis in 2007/2008.

For more information on micro-apartments visit: www.maison-frederic.de

Real Estate

Investors

still active
despite Corona

”The current price levels continue to allow for purchases at reasonable long-term returns. As a consequence, the Berlin housing market should further continue to gain in importance as a safe haven for investors over the coming months and years”

- Einar Skjerven
CEO of Skjerven Group

The international real estate consultancy Cushman & Wakefield conducted a survey amongst its 100 international investor clients in May 2020. The results found that despite the COVID-19 pandemic, the majority of international investors in the German real estate market are still in a spending mood.

The purchase of relevant real estate is largely intact: 53% of those surveyed advised that they are still looking for new investment opportunities and are also making acquisitions. 32% of them are also looking for new properties and are currently signing letters of intent (LOI) with their negotiating partners. While only 6% of investors indicated that they are currently pausing with acquisitions. The remaining 8% are looking for new investment opportunities though the LOI process is currently paused. Subsequently, 71% of the investors surveyed made no changes to their acquisition targets for 2020.



LIVING needs of the future

In the past ten years, life in the German metropolises has changed rapidly with globalization, digitization, flexibility and sustainable thinking increasingly saturating work and private life. But does this development also affect the prerequisites people have when they are looking for a new city apartment?

GfK, Germany's largest market research institute surveyed 2,000 people aged 18-74 in Germany. Of the 2000 respondents, 351 can imagine buying a condominium in a German city in the next one to five years.

The top 4 of the living wishes in order: **Mobility offers** (43.8% of the survey participants stated that e-charging stations for cars are "very important" or "important" to them and car and **bike sharing** coming

in second place with 43.3%), **roof terrace** (40.1% of those surveyed see this as an offer as an additional plus for shared use) and **urban gardening** (39.5% would like a communal garden where residents can grow fruit and vegetables).

The next 5-8 living wishes in order: **Sharing services** (35.5% of the survey participants would like a large well-equipped bicycle and DIY workshop), **family offers** (34.9% would like a family room equipped with furniture and toys and a communal kitchen for celebrating with family and friends) and a **neighbourhood app** (29% would like an app that can be used to book all the services offered in the neighbourhood).

The questionnaire is based on the residential and commercial project "Kupa - Quartier Kuvertfabrik Pasing" by Bauwerk, which is currently being built in Munich so that future residents can combine work, leisure, family and living as best as possible and save valuable square meters.



LIFESTYLE

Travel to Rostock

Rostock is a Hanseatic town in North Germany, less than 10km (6.2 miles) from the Baltic Sea coast. Even though this majestic town boasts historic city gates and churches, wonderful seafood restaurants and beach activities, it often falls under the radar.

There are many sights and landmarks in Rostock. Old town houses a variety of cafes and landmarks including the Hausbaumhaus (House Tree House). St Mary Church is the largest church in Rostock which dates back to the 13th century and preserves many treasures behind its ancient brick walls. Kröpeliner Straße is Rostock's main shopping street and is basking with chain and speciality shops with boutiques and cafes all residing in colourful and reconstructed gabled houses. Warnemünde Beach is located a short 15min drive or train ride from Rostock and typical activities can include relaxing in a canopy wicker beach chair, swimming, kite surfing, sailing and long walks along the Am Strom waterfront promenade. The 92 ft high Warnemünde Leuchtturm (Lighthouse) from 1897 is also located along this promenade as well as many shops, boutiques stocking cute maritime souvenirs and beachwear, countless bars, cafés and restaurants serving everything from cold beer and French fries to cocktails and seafood platters.