



Prices for Premium Real Estate up 3.1% in **Berlin**

Globally the lockdowns due to Corona resulted in decreasing prices for premium real estate in several metropolises. This does not apply to Berlin, though. Berlin performed well in the first half of 2020.

Those markets which have proven to be the most resilient during the crisis are those which combine a limited offer with a strong demand in their own country, according to the international realtor Savills. Premium real estate prices went up by 1.4% in Paris, 3% in Amsterdam and 3.1% in Berlin.

This price increase puts Berlin in third place, if you compare the global markets. The highest increase was recorded in Moscow and Seoul with 5.5% each. Due to the crisis, prices went down mainly in the Asian markets. The highest decrease was evident in Mumbai, where premium real estate fell by 5.8%. Australia was also affected by this development, as prices in Sydney decreased by 4.5%.

Savills prognosis for the next five years: Globally the loss in value of real estate is not going to be as significant as it was during the financial crisis in 2008. Prices for premium real estate will continue to decrease in New York and Los Angeles though, as there is an oversupply on the premium market. On the other hand, Berlin is expected to be part of the emerging markets when it comes to premium real estate. Prices are expected to rise over the next years.

MILIEUSCHUTZ

New Empirica study
reveals weaknesses

Berlin

Hamburg

NEW EMPIRICA STUDY REVEALS SERIOUS METHODOLOGICAL WEAKNESSES IN "MILIEUSCHUTZ" (SOCIAL ENVIRONMENTS CONSERVATION) REPORTS

Empirica has studied whether the methods used for the reports on the "Milieuschutz" in Berlin and Hamburg are scientifically adequate. The "Milieuschutz" as a tool of the special town construction has often been applied in Berlin during the last ten years. The purpose is the conservation of the social environment in an area, to decide for such area; a "Milieuschutz" report is needed, but there are no legal specifications for the criteria that shall be implied.

Empirica examined 51 reports from Berlin and Hamburg. The results of the reports were in many cases not stringent regarding the analysis and the survey methods. The applied methodology shows great weaknesses in the survey and in the validity of the indicators, even a scientific discussion on the methodology is missing. Thus, the study reveals that the "Milieuschutz" reports have little expressiveness, as a solid scientific basis is missing. It looks like the reports contain illogical and unproven results. The applied methods used for the reports have to become clearer. Taking the results of the Empirica study into account, also the old reports should be reviewed.

LESS APARTMENTS IN OLD BUILDINGS available than one year ago

Since last year the apartments on offer to rent in existing buildings shrunk by 25%, according to "Wirtschaftswoche". They analysed the numbers of the apartment seeking platform "Immoscout". When it comes to apartments built before 2014 the supply/ offering is 47% less than a year ago. Those are the apartments to which the Mietendeckel applies. In other German big cities, the offer of rental apartments increased. **In Berlin owners prefer to sell, as the offer of condominiums increased by almost 40%.**

RESIDENTIAL PROPERTIES IN BERLIN CAN BE SOLD FASTER

Apartments and houses for self-users that are put on the market these days in Berlin can be sold faster than before the lockdown. In the past, it took three to six months to sell houses and apartments in Berlin. Nowadays it takes a maximum of 2.5 months to sell a property.

A possible reason for this development may have been the lockdown. It made people focus more on their housing conditions. Residential property is also a great retirement security.

The demand for residential property in Berlin is still high.



URBANIZATION CONTINUES IN GERMAN BIG CITIES

In all German big cities the population rose significantly during the last ten years and it keeps rising

Berlin's population in 2019 was 11% higher than in 2010. As the big cities grow bigger, so do their outskirts and commuter belts, the so called "Speckgürtel". The population of Potsdam went up 17% between 2010 and 2019.

High rents and increasing mobility are the main reasons for the growth of the big cities' commuter belts. As rents and real estate prices go up in the cities, people tend to move more frequently to the outskirts. At the same time, the infrastructure is getting better taking less time for the people to reach their workplace in the city.

Still, some groups prefer to live in the city centre. This applies especially for young grown ups between 18-29 years of age, they prefer to benefit more from the educational possibilities and job offers. Families however, prefer the outskirts and rural areas outside the "Speckgürtel", so do the elderly people.

It is not yet clear how the trend will develop due to the Covid 19 pandemic. It might become more attractive to people to own an apartment, especially on the outskirts of the city close to nature, and the population density in the commuter belts will continue to rise.





LIFESTYLE

City (un)limited – the dream of your own house *Exhibition*

The exhibition focuses on the district of Marzahn-Hellersdorf, which is the largest one-family house settlement area in Germany. It wants to find answers to the question whether the autonomy of individuals can be realized through residential ownership. The art shown in the exhibition takes stock, analyses political, economical and social aspects and shows possible future scenarios.

The event takes place in the Biesdorf Palace Gallery from August 23rd, 2020 until January 28th, 2021.

Schloss Biesdorf,
Alt-Biesdorf 55 A,
12683 Berlin.

Opening hours:
Daily 10 am – 6 pm
Fridays 12 pm – 9 pm.

The exhibition is closed on Tuesday.
For further information: <http://schlossbiesdorf.de>