



## BERLIN INVESTMENT MARKET SHOWS SLIGHT RECOVERY IN Q2 2024

In the second quarter of 2024, 144 apartment blocks changed hands in Berlin, representing a 5% increase compared to the previous quarter, where 137 sales were registered. However, the number of transactions remained almost unchanged from the same quarter of 2023, which saw 145 sales. According to the apartment block market report by Schick Immobilien, an estate agent, the market is experiencing a slight recovery, continuing the trend observed at the start of the year.

The southwestern, middle-class district of Steglitz-Zehlendorf led in sales, with 22 transactions. Steglitz-Zehlendorf also recorded the highest sales in the first quarter of this year. Trailing behind were Mitte with 18 transactions and Treptow-Köpenick with 16.

Conversely, the eastern districts of Lichtenberg and Marzahn-Hellersdorf, characterized by large GDR-era housing estates, saw very few sales, with just five and four cases respectively—echoing trends from Q1 2024.



Sales turnover also increased in Q2 2024, with **€863.9 million** realized in Berlin. This marks a 13% increase compared to the previous quarter when **€762.8 million** in sales was recorded. Compared to the same quarter of the last year, with a total turnover of **€733.9 million**, this represents an increase of approximately 18%. The sales figures indicate a third consecutive increase compared to the same quarter of the previous year.

Pankow led the districts in turnover, registering **€314.1 million** in major transactions. Mitte followed with **€120.4 million**. In contrast, turnover was notably lower in Friedrichshain-Kreuzberg (**€26.3 million**), Lichtenberg (**€23.2 million**), and Reinickendorf (**€19.3 million**).

Compared to the first quarter of 2024, purchase prices for rental apartment buildings in Berlin increased by 22%, reaching **€2,358 per square meter**. Residential and commercial property

prices recorded a 20% increase, landing at **€2,401 per square meter**. Compared to the second quarter of 2023, there was a **14% decrease** in prices for rental apartment buildings and a **4% increase** for residential and commercial buildings.

Average purchase prices reached **€12.04 million** in the peripheral district of Marzahn-Hellersdorf and **€6.69 million** in the central district of Mitte, compared to **€2.52 million** in Steglitz-Zehlendorf.



EUROPACE:

## THE PRICE TREND FOR GERMAN RESIDENTIAL PROPERTY POINTS UPWARD



“We are currently still seeing a sideways movement in prices, but after the summer there will most likely be a significant upturn”

comments Einar Skjerven, Managing Director of the Skjerven Group.

*Based on transaction data from Europace, Germany's largest transaction property financing platform, the house price index indicates an increase in condominium prices. In July, they rose by **0.65%**. This number equaled **1.96%** in the same period last year. The overall index recorded a slight increase of **0.23%**, indicating a **1.34%** increase compared to the same period in 2023, doubling the observed rise in June.*

The asking prices analyzed by Value AG, part of the Hypoport Group, showed a continued sideways movement in July. Condominium prices increased slightly (**+0.12%**), while initial yields for apartment blocks remained stable at the previous month's level (**4.75%**). New contract rents, however, saw a significant increase of **1.6%** compared to the last month.



GERMAN REAL ESTATE INDEX (GREIX):

## HOUSE PRICES PAID ARE ON THE RISE

The **GREIX** (German Real Estate Index), based on data from 20 expert committees, confirms an upward trend in residential property. In the second quarter of 2024, all residential segments saw an increase across the board for the first time in two years

According to the GREIX, prices for multi-family homes increased by **4.4%** compared to Q1 2024. However, the low number of transactions slightly limits the significance of these values. Condominium prices rose by an average of **2.4%**. Among the top 7 cities, prices for owner-occupied apartments increased most significantly in Hamburg (**+4.3%**) and Frankfurt (**+3.7%**). Düsseldorf's growth (**+2.2%**) was just below the national average, Stuttgart saw a slight increase (**+0.6%**), and Cologne recorded a minimal decline (**-0.6%**). Despite these differences, the overall trend points upward across the other cities analyzed.

The GREIX index, which tracks purchase prices in 20 major cities, is compiled by economists from the Universities of Bonn and Cologne and the Kiel Institute for the World Economy (IfW).



A tall building under construction with many balconies and scaffolding. The building is covered in green safety netting and has several cranes attached to its exterior. The sky is clear and blue.

## HIGH CONSTRUCTION COSTS:

# APARTMENTS ARE BECOMING A SCARCE COMMODITY IN GERMANY

Good news for anyone who already owns property in Germany:

The Munich-based Ifo Institute expects an unstoppable downturn in residential construction in Germany over the next few years. The lack of supply will lead to higher rents and prices. According to the study, the number of newly built apartments could fall to just 175,000 in 2026.



This represents a drop of more than 40% compared to the completions of around 300,000 flats in 2022 and 2023, with the figure expected to fall below 200,000 by 2026, according to the Ifo Institute. One decisive factor is the excessively high construction costs in Germany. According to Ifo, the outlook for the rest of Europe remains uncertain.

The European construction sector is expected to contract overall. Construction volume is likely to fall by 4% in 2023 and 2024. The residential sector, once again, is expected to be hit harder than average: Investment in new residential buildings is projected to fall by 18.2% over the period, while civil engineering is expected to grow by 6.1%. Euroconstruct forecasts moderate growth from 2026 onward, including in residential construction





# MICRO-APARTMENTS ARE STILL RARE IN GERMANY

The percentage of micro-apartments on the regional housing markets has increased slightly in most German metropolises from 2021 to 2022. This was reported by Catella, citing the latest figures from the federal and state statistical offices.



Across Germany, the proportion of micro-apartments rose from 3.2% to 3.6%. Growth was particularly strong in Berlin, where the proportion rose from 3.9% to 5.3%, in Cologne from 7.5% to 8.4% and in Frankfurt from 7.2% to 8.1%. Düsseldorf, on the other hand, recorded a fall of 0.9%. The proportion of micro-apartments there was now 6.6%. The decline in Hamburg was drastic: the proportion fell from 6.1% to 3.3%. The vacancy rate showed little change in most cities during the same period. Across Germany, it rose from 4.4% to 4.5%. In Berlin, however, it fell from 3.5% to 2%.