



**BERLIN** **REAL ESTATE**  
**INVESTMENT** **MARKET**  
**IS** **WAKING UP**

The Berlin market for residential and commercial properties picked up significantly in the fourth quarter of 2024. This is the conclusion drawn by the Berlin apartment building market report, which is based on figures from the Berlin expert committee and calculations by Berlin-based real estate agency Schick Immobilien. In particular, the transaction volume for apartment buildings as well as residential and commercial properties in Germany's largest apartment building market reached almost €2 billion in the fourth quarter. According to the experts, there are signs of a long-term positive trend on the Berlin apartment building market: On average, properties worth a total of € 1,082.6 million have been sold per quarter of 2024, meaning a good € 4.3 billion in total. In the previous year, the figure was just under € 3 billion. A total of 663 sales were registered in Berlin in 2024. This is an increase of around 9.6% compared to 2023 (605 sales).

## MARZAHN-HELLERSDORF



Marzahn-Hellersdorf took first place in the list of Berlin districts with the highest turnover in the fourth quarter with a record value of € 676.3 million. A single transaction with a volume of € 550 million contributed significantly to this result. Berlin-Mitte follows at a considerable distance in second place with € 246.7 million. The surveyors observed significantly more transactions in Mitte.

The number of transactions rose to 225 in the fourth quarter of 2024, compared to 207 transactions in the same quarter of the previous year. In the final quarter of 2024, 28 transactions took place in the Charlottenburg-Wilmersdorf district, followed by Berlin-Mitte with 24 transactions and Reinickendorf with 23. Compared to the fourth quarter of 2023, prices per square meter for apartment buildings fell slightly by around 0.5% on average.

For residential and commercial properties, prices per square meter fell by 10% year-on-year in the last quarter of 2024. The most recent annual average purchase price for the two property categories together was € 2,169/sqm - 8% less than in 2023 (€ 2,358/sqm).



*€6 bn Withdrawn:*

## **HEAVY OUTFLOW IN GERMAN OPEN-ENDED REAL ESTATE FUNDS**

**Retail investors in open-ended real estate funds withdrew almost €6 billion last year. According to the analysis firm Barkow Consulting, there are two reasons why this will continue in 2025.**

In December, open-ended funds suffered net outflows for the seventeenth month in a row. According to Bundesbank figures, these amounted to € 611 million. In total, around €5.9 billion have been withdrawn by investors in 2024. Since August 2023, the total net outflow has amounted to € 6.7 billion. The largest outflow was recorded by small investor vehicles in 2006, when investors withdrew € 9 billion in a single calendar year. The redemption of fund units, i.e. essentially the redemptions from twelve months ago, rose significantly again in December to € 965 million. In 2024 as a whole, investors redeemed units for € 9.4 billion. At € 354 million, fund sales in December were better than in the previous months. However, according to analyst Peter Barkow, this is due to a higher volume of automatic reinvestments from distributions. Barkow does not expect to see a turnaround in the net outflow of funds any time soon. As the news situation has deteriorated significantly towards the end of 2023 due to prominent insolvencies such as Signa, there is every indication that this will be the case. The majority of such terminations would take effect with a delay of twelve months, i.e. from the beginning of 2025.



## EUROPEAN RESIDENTIAL INVESTMENT MARKET IS BACK ON TRACK

The European residential investment market has received a new boost. According to figures from analysts at JLL, the transaction volume grew by 19% year-on-year to around € 53 billion in 2024. Germany is the second strongest market after the UK.

The lively final quarter of 2024 in particular stimulated the European transaction market in the residential segment. According to JLL, transactions worth € 16.8 billion were concluded in the fourth quarter. This is an increase of 31% compared to the same period last year. Despite this positive development, the market activity for the year 2024 as a whole is well below the usual level of sales. The annual figure of € 53 billion is nowhere near the five-year average (€ 93 billion) (-43%).

According to the report, the strong fourth quarter is the result of several major deals. Transactions with a volume of more than € 100 million accounted for 58% of the total volume. This is the highest share since the fourth quarter of 2021. According to the JLL analysis, these larger deals, which are predominantly for apartment buildings, reflect “a revival of established markets such as Germany and Sweden”. Germany is one of the submarkets with the highest turnover in 2024, behind the UK and ahead of the Netherlands, relegating Sweden, France and Switzerland to fourth to sixth place.



## GROWING TURNOVER IN FORWARD DEALS

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According to the JLL analysis, European residential investors are increasingly focusing on forward deals again. In 2024, the forward deal volume grew by 39% year-on-year. Germany and Spain in particular recorded rising deal numbers. **The multi-family house segment recorded the strongest growth across Europe, exceeding the previous year's figure by 43% at € 32.6 billion.** Deals in Germany were the driving force.

## GERMAN REAL ESTATE INDEX STILL BELOW INFLATION RATE IN 2024

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The Bulwiengesa real estate index has returned to positive territory in 2024 - but only in nominal terms. After deducting inflation, both residential and commercial properties are back in the red.

Last year, the Bulwiengesa index managed a slight nominal increase of 0.8%. As a reminder: in 2023, after 18 years in positive territory, it will be zero. The real estate index stabilized at a low level in 2024. The residential sub-index rose slightly in 2024, from 0.9% to 1%. The commercial index even turned slightly positive from -2.1% in the previous year (2024: 0.2%).

## GERMAN REAL ESTATE INDEX STILL BELOW INFLATION RATE IN 2024



However, the return to nominal growth is only half the story. Inflation averaging 2.2% in 2024 (source: Federal Statistical Office) cannot compensate for the small growth. For now, the inflation is at least declining, the spread between the real estate index and inflation has at least narrowed to -1.4% and is therefore lower than in 2022 and 2023. For residential properties, the spread is now -1.2 percentage points, while for commercial properties it is -2 percentage points.