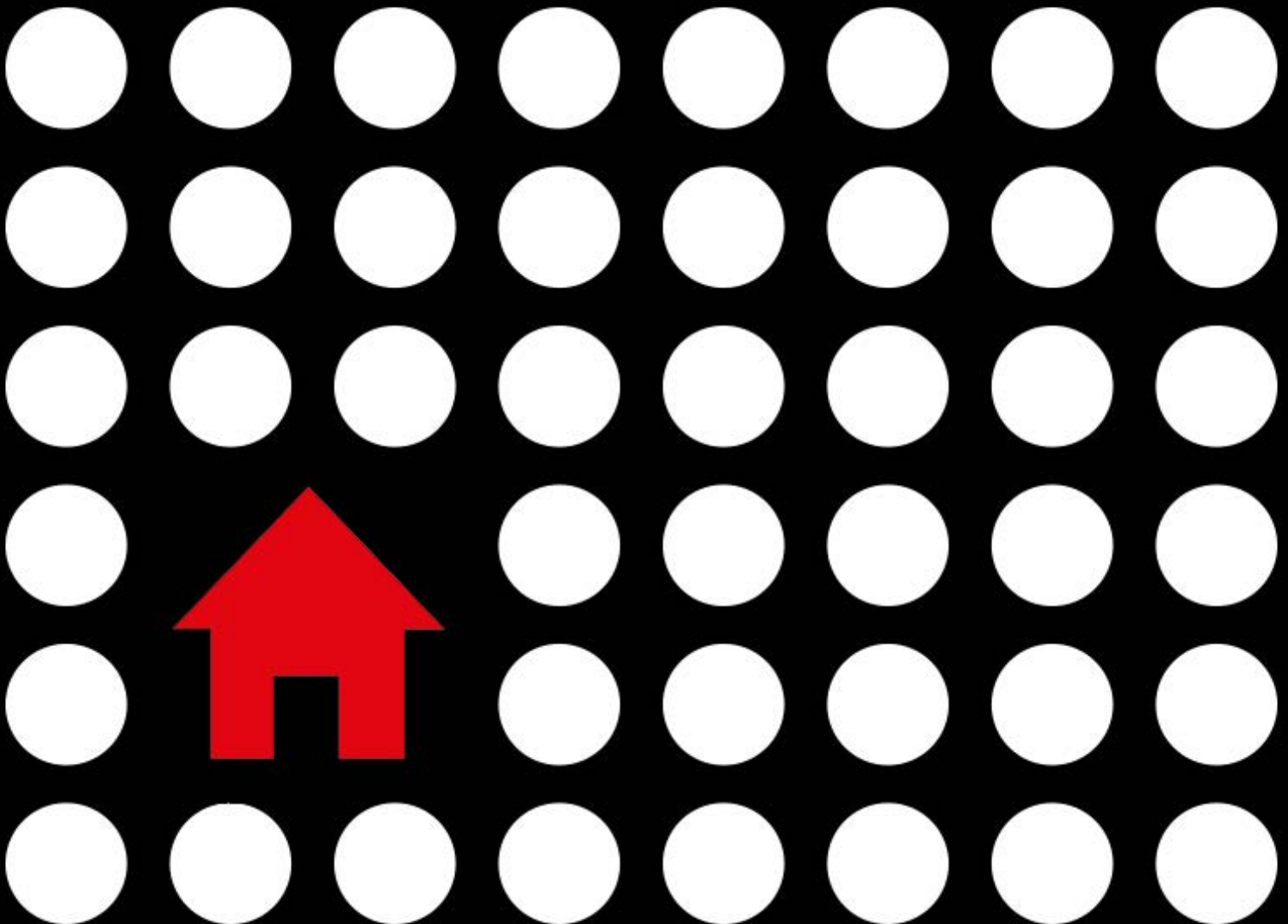


Research

Housing Market Overview

H2 2023

**Housing markets under pressure:
significant rise in asking rents**



Population at record high due to immigration now driving demand for residential space

Housing demand in Germany remains characterised by dynamic demographic trends and shifts in demand between the owner-occupier and rental housing markets.

Demand for residential space in Germany in 2023 was characterised by further population growth and immigration, particularly in the major conurbations. Earlier population forecasts had indicated that the German population would shrink to below 75 million by 2050. Following recent high net immigration of around one million, there are currently more than 84 million people living in Germany, resulting in a significant strengthening of demand for housing.

In addition to the overall population, the change in population structure is of particular relevance for the demographically related development of housing demand in Germany. There has been a continuous reduction in household size, i.e. the number of persons per household, observed over the last few decades. In recent years, the reduction in household size due to the increasing number of single-person households has resulted in an accelerated increase in the number of households and therefore in the demand for housing. This trend is particularly linked to an ageing population. Also, housing is not always developed where demand is greatest. This has resulted in a noticeable regional imbalance in population growth, particularly affecting the major agglomerations, as this is where population influx is strongest. For example, Leipzig's population has grown by almost 20% over the last ten years. Cities are not only growing much faster, but also have a lower old-age ratio due to the significant influx of younger households. The city states, for example, have a significantly lower old-age ratio (ratio of over 65s to the 20–65-year-old age group) of around 30 compared to western German states (36) and eastern German states (48). The federal states of Hamburg and Berlin have the lowest ratios at 28 and 30, respectively.

Due to these developments, the trend in housing demand is also very uneven, and a further widening of the gap between current housing demand and the existing supply of residential space now appears likely.

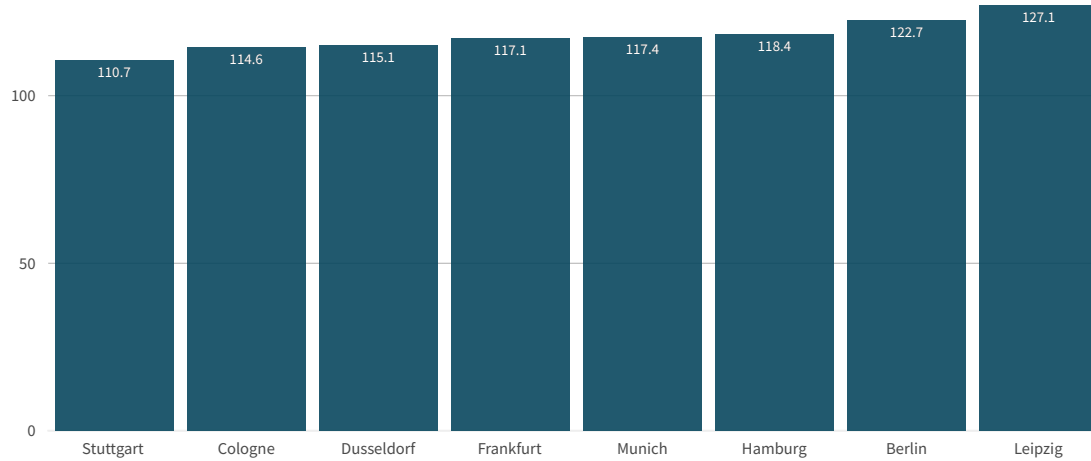
In addition to demographic trends, demand is also characterised by shifts between the owner-occupier and rental housing markets. The ratio of rental to purchase costs will continue to shift in favour of renting for the time being and is therefore expected to result in an additional upswing in demand in the rental housing market for some time to come, even if financing conditions for the purchase of housing improved slightly at the end of 2023 and a slight revival in activity in the owner-occupier market occurs in 2024. Nonetheless, there are fears that the existing imbalance between supply and demand in the rental housing market will continue to deteriorate in the short term.

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Singlehouseholds 2022 Household size 2022 (persons/household) Population growth (2015-2022)

Singlehouseholds 2022

Index (DE=100)



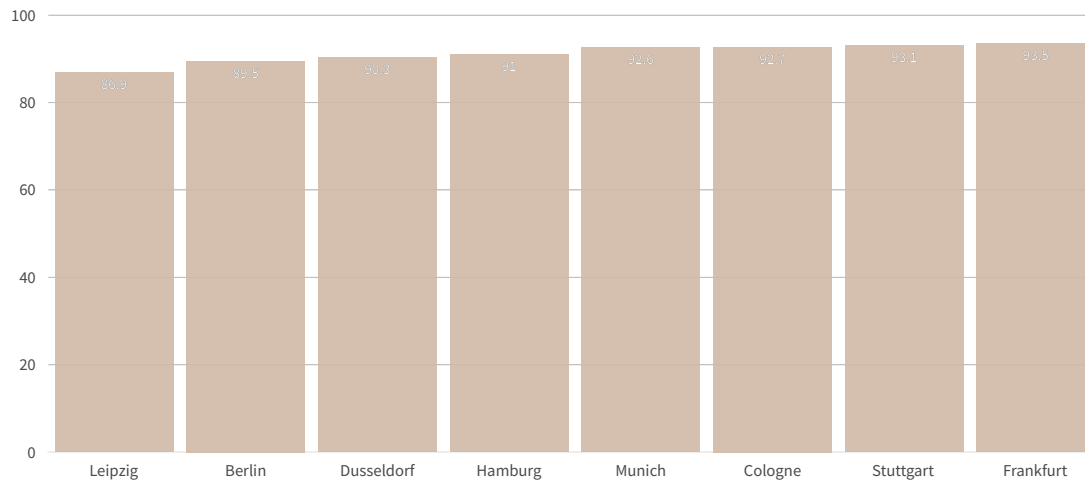
*Estimate, extrapolation
Status: Januar 2024 Source: GfK, Einwohnermelderegister, Statistische Ämter der Kommunen, JLL

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Singlehouseholds 2022 Household size 2022 (persons/household) Population growth (2015-2022)

Household size 2022 (persons/household)

Index (DE=100)



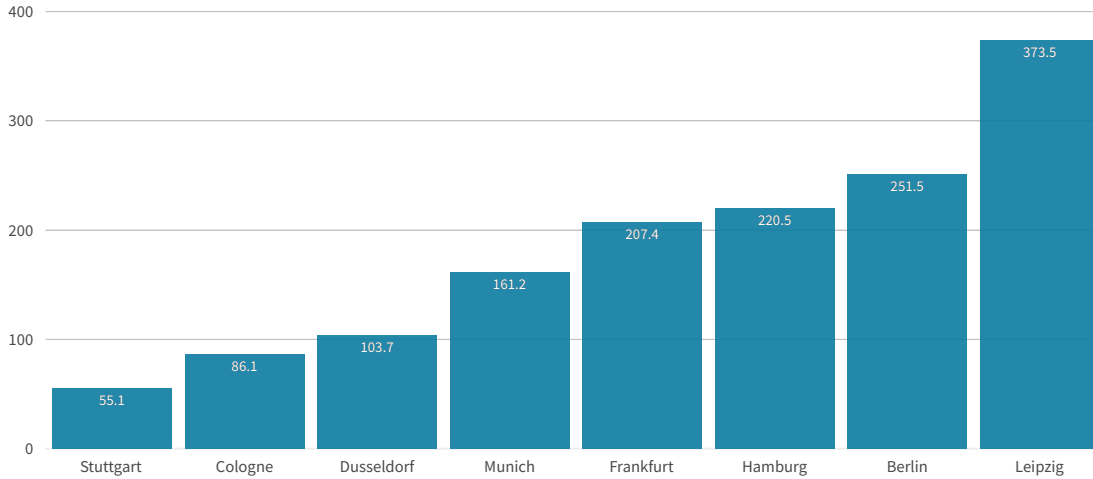
*Estimate, extrapolation
Status: Januar 2024 Source: GfK, Einwohnermelderegister, Statistische Ämter der Kommunen, JLL

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Singlehouseholds 2022 Household size 2022 (persons/household) Population growth (2015-2022)

Population growth (2015-2022)

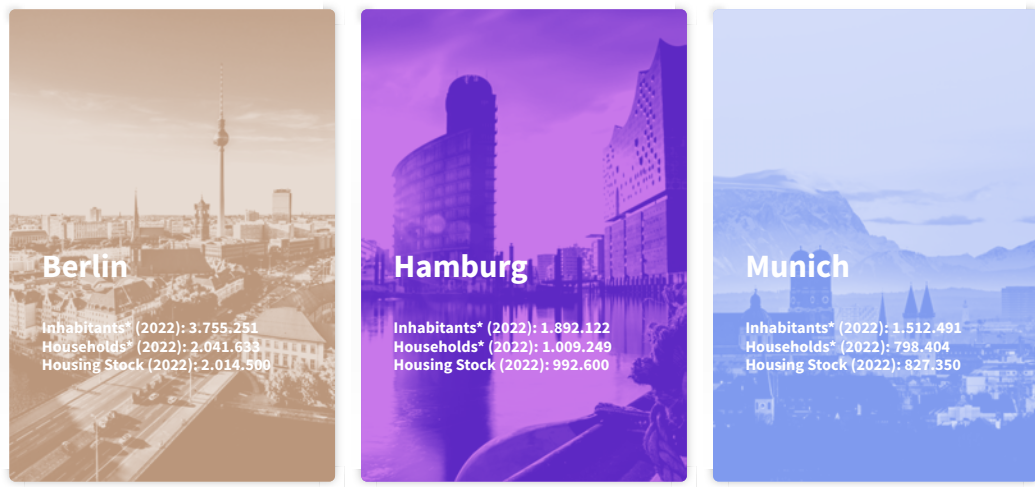
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*Estimate, extrapolation
Status: Januar 2024 Source: GfK, Einwohnermelderegister, Statistische Ämter der Kommunen, JLL

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Demography and Housing Market



*Estimation
Status: January 2024 Source: GfK, Einwohnermelderegister, Statistische Ämter der Kommunen, JLL

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Demography and Housing Market



*Estimation
Status: January 2024 Source: GfK, Einwohnermelderegister, Statistische Ämter der Kommunen, JLL

Demography and Housing Market



*Estimation
Status: January 2024 Source: GfK, Einwohnermelderegister, Statistische Ämter der Kommunen, JLL

Project postponements and delays are hampering new housing construction

The crisis in residential new-build construction and the high level of uncertainty in terms of housing policy regarding the promotion of new-build activity are likely to bring about a significant decline in the number of completions in the housing market, and thereby further exacerbate the supply and demand situation in the regional housing markets.

The situation is coming to a head, particularly on the supply side. Residential new-build construction is going through a prolonged crisis with far-reaching consequences for the rental housing market. In the residential new-build segment, project postponements and order cancellations are currently approaching record levels, leading to a shortage of new orders received by companies specialising in housing construction. Over 50% of companies were complaining of a significant shortfall in orders at the end of 2023. This has been caused by the continuing unfavourable combination of high financing costs and only a moderate reduction in construction costs. The latter are affected mainly by a shortage of skilled workers and a further inflationary rise in labour costs, even if capacities are freed up overall. An increase in project insolvencies has contributed to a widespread decline in the availability of capital. As a result, the volume of newly-commenced housing construction projects in Germany has continued to plummet.

Added to this is the uncertainty relating to housing policy caused by the 2024 Federal Budget which was declared unlawful by the Federal Constitutional Court at the end of last year. The compromise that was reached envisages closing the resulting financial gap through the use of savings. These savings affect the Growth Opportunities Act (Wachstumschancengesetz) which was still in the mediation phase between the Federal Council (Bundesrat) and German parliament (Bundestag) at the beginning of 2024. Adjustments were made to the planned degressive special depreciation for new housing construction. This was one of the most promising topics discussed at the construction summit held in Berlin at the end of September 2023. Instead of the proposed 6%, this will now start at 5%. Overall, a persistently high level of political uncertainty and little room for manoeuvre in terms of creating impulses for new housing construction are to be expected in 2024. This means additional planning uncertainty which is associated with further costs.

Against this backdrop and in view of the significant decline in the number of new building permits and the continuing restraint amongst developers, under current conditions, the volume of new-build completions is expected to continue to fall over the next few years and could drop below 200,000 p.a. by 2025. For the rental housing markets in particular, this means a further exacerbation of the existing excess demand.

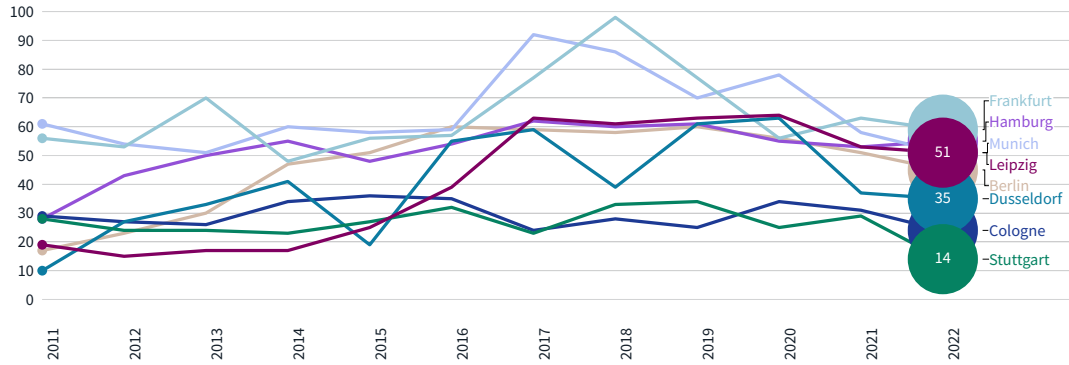
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Building permission

Big 8

Replay

Number of building permissions per 10.000 inhabitants



Status: January 2024; Source: JLL, Destatis

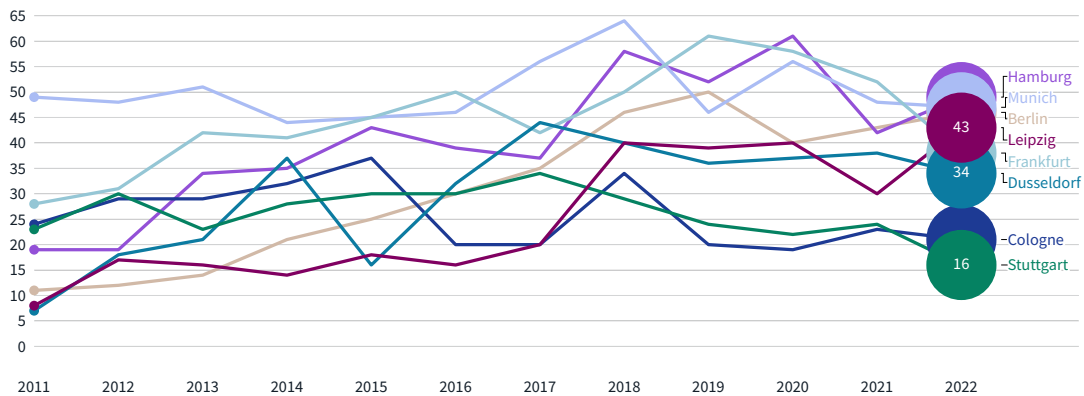
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Completions

Big 8

Replay

Completions per 10,000 inhabitants



Status: January 2024; Source: JLL, Destatis

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New-build project	City	Year of completion	Units
Entwicklungsgebiet Blankenburger Süden	Berlin	Q4-2030	8.000
Stadtteil Oberbillwerder	Hamburg	2038	6.650
Siemensstadt ²	Berlin	Q4-2035	2.750
Quartier alter Güterbahnhof Grunewald	Berlin	Q3-2028	2.300
Glasmachervierte	Dusseldorf	Q4-2030	1.700
VAI Campus	Stuttgart	Q4-2028	1.480
Hochhaussiedlung Stockholmer Allee	Cologne	Q2-2026	1.200
Clouth-Quartier	Cologne	Q4-2026	1.200
Friedenauer Höhe	Berlin	Q4-2026	1.060
Marienhöfe	Berlin	Q4-2026	900

Status: January 2024; Source: JLL, THOMAS DAILY

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New-build project	City	Year of completion	Units
Die Welle	Cologne	Q3-2027	752
Cité Foch	Berlin	Q4-2024	715
Quartier Böhmisches Viertel	Berlin	Q4-2026	672
Wohnquartier Lyoner Straße 27	Frankfurt am Main	Q1-2027	620
Cologneo II	Cologne	Q4-2024	600
Quartier der Vielfalt	Berlin	Q4-2027	520
Neubaugebiet Mariengärten	Munich	Q4-2029	500
Cologneo I	Cologne	Q4-2028	484
Quartier Böhmisches Viertel	Berlin	Q4-2026	480
Le Quartier Central, Düsseldorf	Dusseldorf	Q2-2024	450

Status: January 2024; Source: JLL, THOMAS DAILY



Tension in the housing markets now driving a significant hike in asking rents

Over the second half of 2023, average asking rents in the cities under review* rose by 8.2% compared to the previous year. This is a stronger increase than the five-year average (5.0% p.a.).

One of the principal causes of the price increases is the Berlin housing market, where asking rents rose by 21.4% year-on-year. Looking at the existing housing stock alone, asking prices soared by 31.0% year-on-year. Adjusted for differences in quality to reflect property specification and micro location, the increase is much more moderate at 11.9%. In Leipzig, asking rents also rose at an above-average rate of 10.6%. In the other six cities, the increase was between 4.8% and 7.1%.

Despite the rapid hike in rents in Berlin, Munich remains the most expensive place to live. Housing in the city was offered at an average rent of around €22.50/sqm p.m. over the last six months. This is followed by Berlin at €19.42/sqm p.m., Frankfurt (€16.88/sqm p.m.) and Stuttgart (€16.00/sqm p.m.). Leipzig remains by far the cheapest market with an asking rent of €9.51/sqm p.m.

A similar trend can be observed in prime rental prices, which have risen by an average of 8.3% across the cities under review. The highest prime rents of €32.70/sqm p.m. are commanded in Munich, but Berlin is not far behind with €31.00/sqm p.m. However, prime rents in Frankfurt and Stuttgart also showed above-average year-on-year growth of 8.8% and 9.3% respectively.

Outside the major cities, rents rose rather more slowly. In the independent cities, asking rents rose by 4.8% over the last twelve months. In the rural districts, the increase was 5.5%. However, it is worth noting that the figures are lower compared to the previous year. In the second half of 2022, there was an increase of 5.3% recorded in the independent cities and 6.7% in the rural districts.

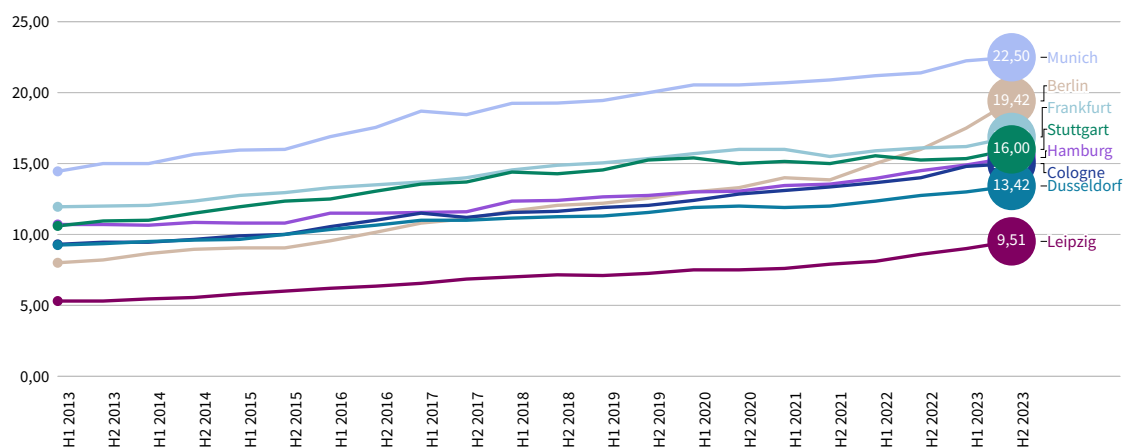
*Berlin, Hamburg, Munich, Cologne, Frankfurt, Düsseldorf, Stuttgart, Leipzig

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Development of asking rents

Big 8

Replay

€/sqm²/month


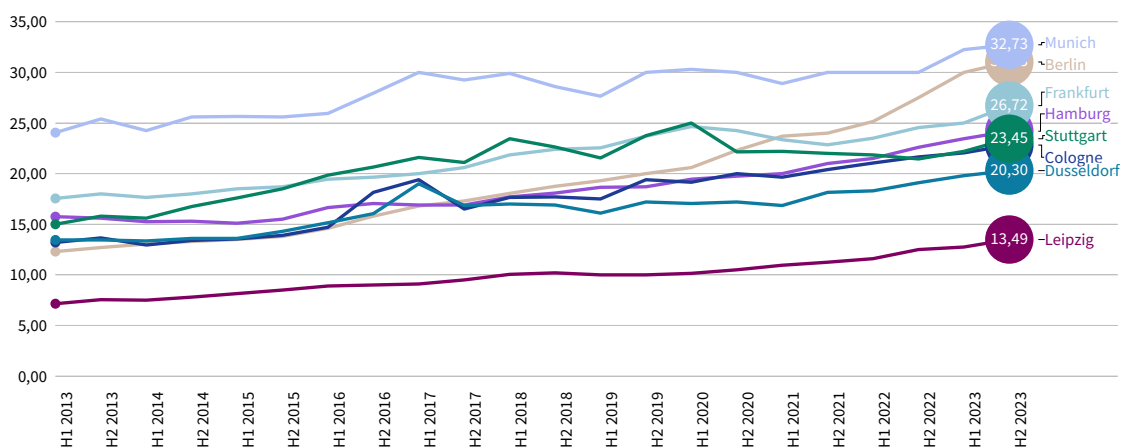
Status: January 2024; Source: JLL, VALUE MARKTDATEN

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Development of prime rents

Big 8

Replay

€/sqm²/month


Status: January 2024; Source: JLL, VALUE MARKTDATEN

Fall in purchase prices of owner-occupier homes across most submarkets

Asking prices for owner-occupier homes in Germany continued to fall over the second half of the year. This decline in asking prices was seen across the board, affecting not only the Big 8 cities but also all owner-occupier markets in other urban and rural districts.

In the second half of 2023, average asking prices (for new-build and existing owner-occupier homes) in the eight major cities* fell by an average of -7.4% year-on-year. A year earlier, the decline was -1.6%. In the urban districts outside the Big 8, the year-on-year fall in asking prices was even greater at -10.4%, while prices in the rural districts fell less sharply at -3.2%. The main reason for these price corrections continues to be the rise in interest rates. The rise in capital costs has made the purchase of residential property less affordable for private households, resulting in a significant downturn in demand.

The overall downward trend in prices in the cities under review was more homogeneous than expected, although the sharpest price reduction was recorded in Stuttgart (-11.6%) while the least significant downturn was in Berlin (-3.6%). There was an average fall in prices for existing owner-occupier homes of -8.1%, while new-build housing recorded a smaller decline with an average price fall of -2.3% compared to the previous year. One exception was the price of new-builds in Stuttgart, where prices rose by 9.9%, mainly influenced by individual higher-quality new developments. Conversely, all other major cities recorded a decline in prices in the new-build segment. In Düsseldorf, prices fell by an above-average rate of -12.1%.

Munich remains the most expensive city, with owner-occupier homes offered at an average price of €8,720/sqm residential area in the second half of 2023. New-builds in the Bavarian state capital cost around €11,800/sqm. By comparison, prices in other German cities are much more moderate. In Frankfurt, the average price on offer is €6,240/sqm, with a premium price** of €10,000/sqm. In Hamburg, the prices are €5,930/sqm and €9,920/sqm respectively and in Berlin €5,710/sqm and €9,080/sqm. By comparison, prices in Leipzig are significantly lower, with average prices of just under €3,000/sqm and a comparatively favourable premium price of €5,310/sqm.

*Berlin, Hamburg, Munich, Cologne, Frankfurt, Düsseldorf, Stuttgart, Leipzig

**Top price: 90th percentile of all asking rents/purchase prices

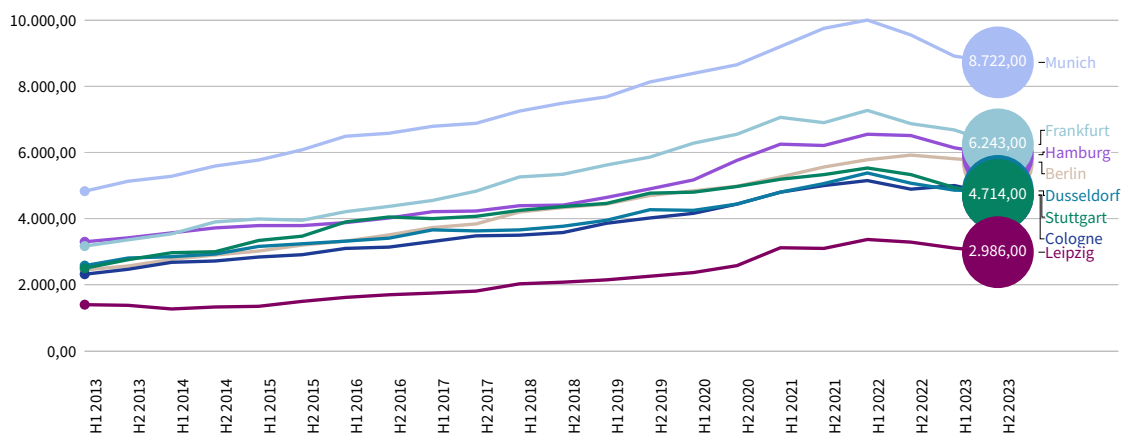
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Development of condo prices

Big 8

Replay

€/sqm



Status: January 2024; Source: JLL, VALUE MARKTDATEN

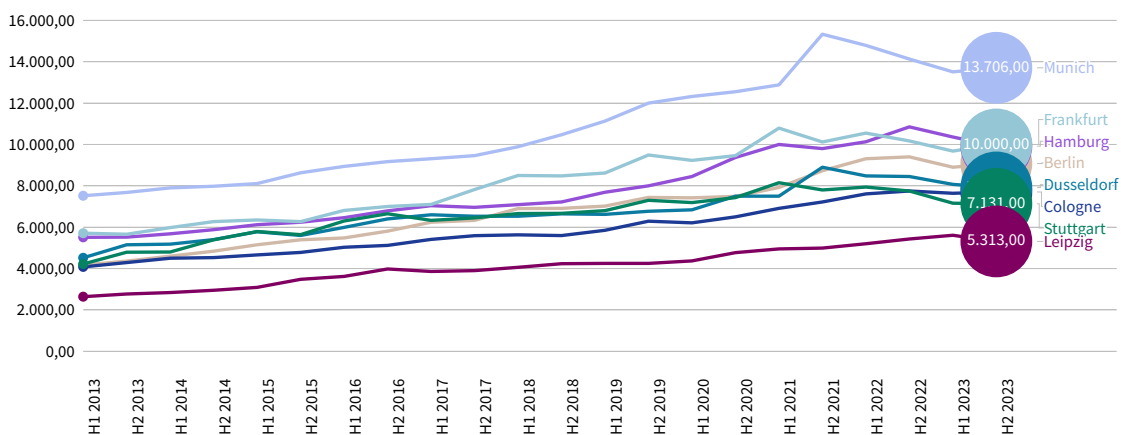
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Development of prime purchase prices

Big 8

Replay

€/sqm



Status: January 2024; Source: JLL, VALUE MARKTDATEN

Berlin

Rapid increase in rental prices continues

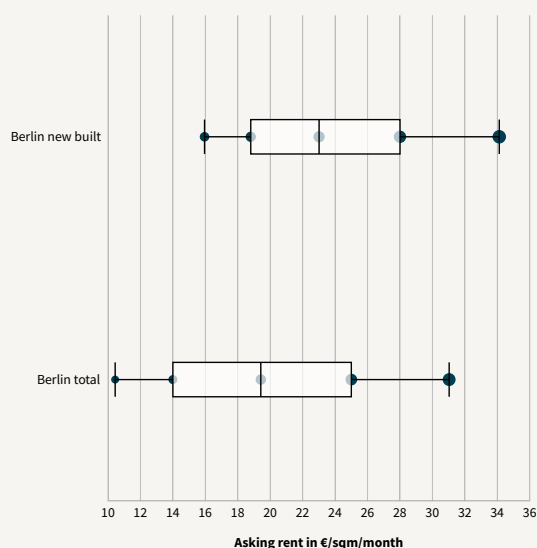
The trends observed in the Berlin housing market in the first half of 2023 also influenced developments in the second half of the year. Rents in Berlin's rental housing market in particular have risen significantly compared to other cities. The fall in demand for condominium ownership due to higher financing costs has put enormous pressure on the rental housing market.

Asking rents rose by 21.4% year-on-year to €19.42/sqm p.m. in the second half of 2023. Looking at existing housing alone, the increase was actually 31.0%. There was also a significant increase in rents of 9.6% observed in the new-build segment. The current prime rent (90th percentile) is now approaching Munich prices for the first time at €31.00/sqm p.m. In view of the continuing shortage of available housing and the decline in new-build activity, the increase in rents for new leases is hardly surprising.

There were further price corrections in the Berlin owner-occupier market in 2023, where a clear distinction must be made between price trends for existing and new-build homes. In contrast to rents, prices have been falling on the owner-occupier market. There were further price corrections in the second half of 2023 and a continuous decline in asking prices across all segments. The purchase price across the overall owner-occupier market was around €5,700/sqm, a fall of -3.6% year-on-year. There were similar price falls observed in the market for existing homes (-3.4%) and in the premium segment (-3.4%). Only in the new-build segment was the decline in purchase prices less pronounced at -0.6% compared to the previous year.

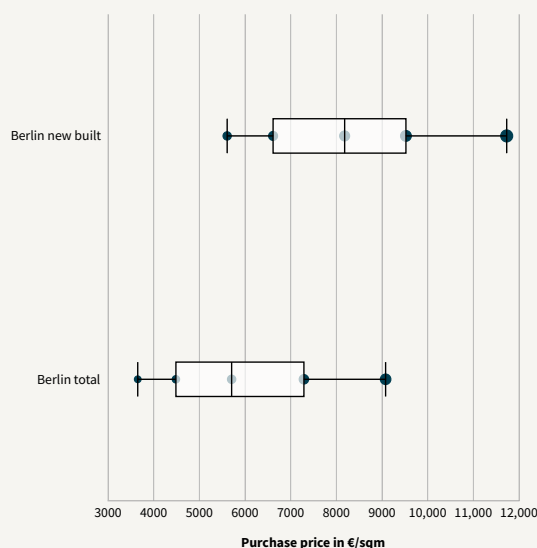
The amendment to the building control regulations passed by the Berlin House of Representatives in December 2023 is intended to make it easier to add further storeys and loft conversions and build in wood. This should make it much easier to create space in existing buildings to counteract the existing housing shortage. In addition, the Faster Construction Act (Schneller-Bauen-Gesetz) is intended to create further incentives for the construction of new housing. This envisages shorter time frames, accelerated procedures, the use of building permits in accordance with Section 34 German Building Code (BauGB) and the examination of an assumed authorisation by an authority which does not make a decision by a given deadline. Priority will also be given to the densification of urban areas.

Rental price bands for listed apartments
Berlin



Status: January 2023; Source: JLL, VALUE MARKTDATEN

Purchase price bands for condominiums
Berlin

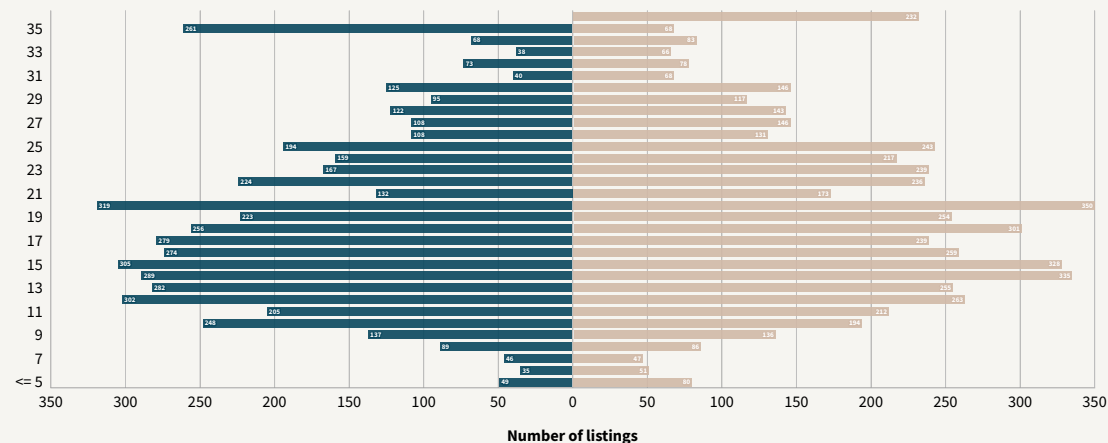


Status: January 2024; Source: JLL, VALUE MARKTDATEN

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Distribution of rental listings by price group Berlin

Price group in €/sqm/month



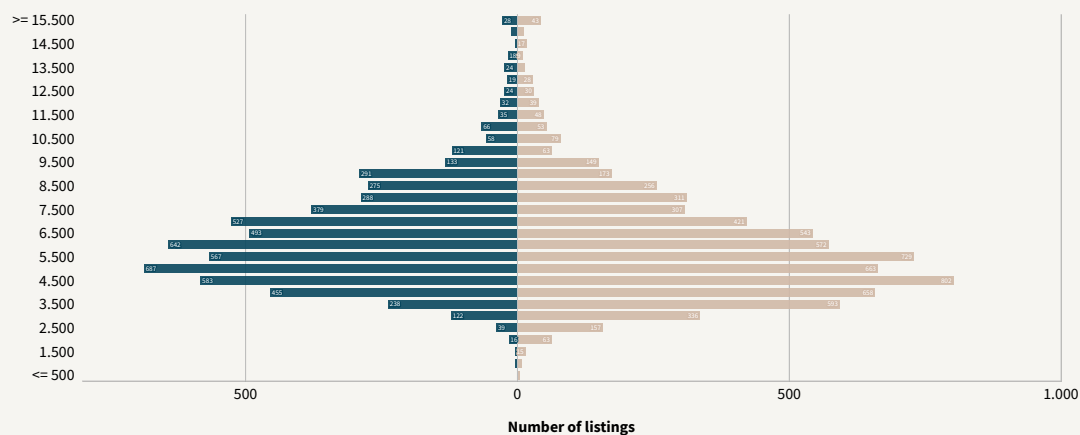
■ H1 2023 ■ H2 2023

Status: January 2023; Source: JLL, VALUE MARKTDATEN

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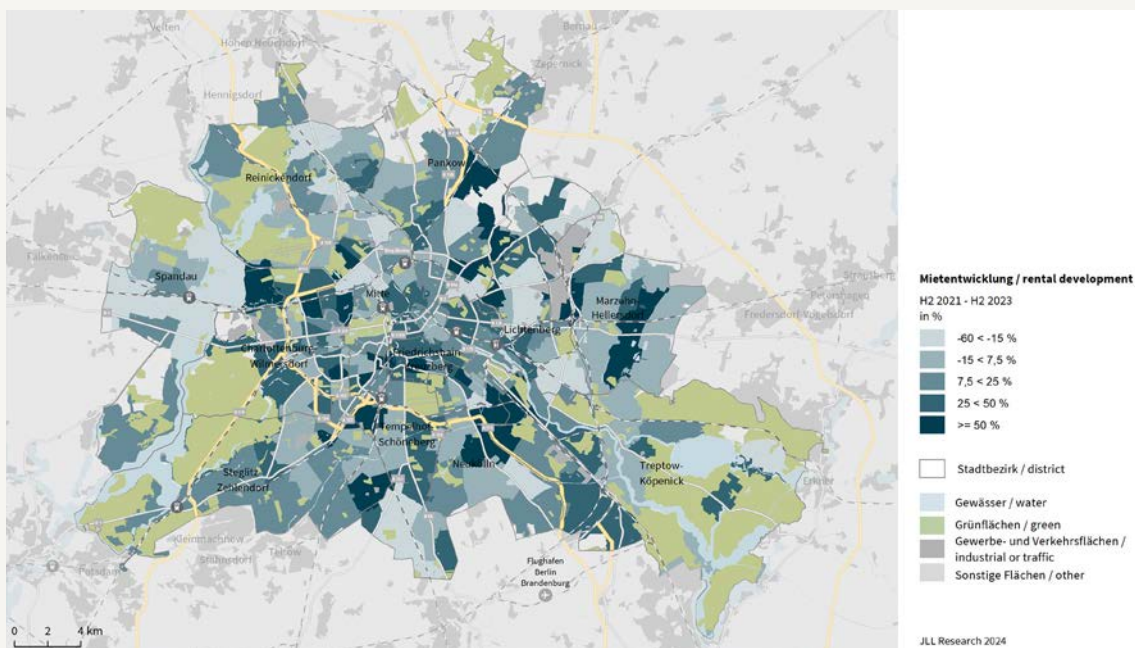
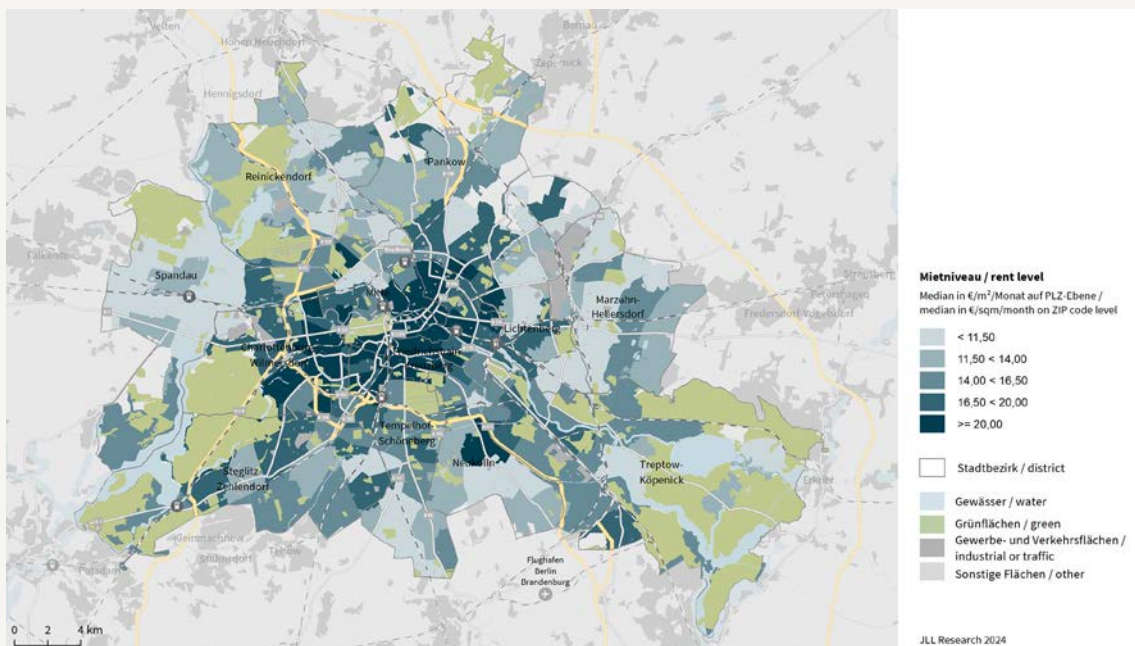
Distribution of condo listings by price group Berlin

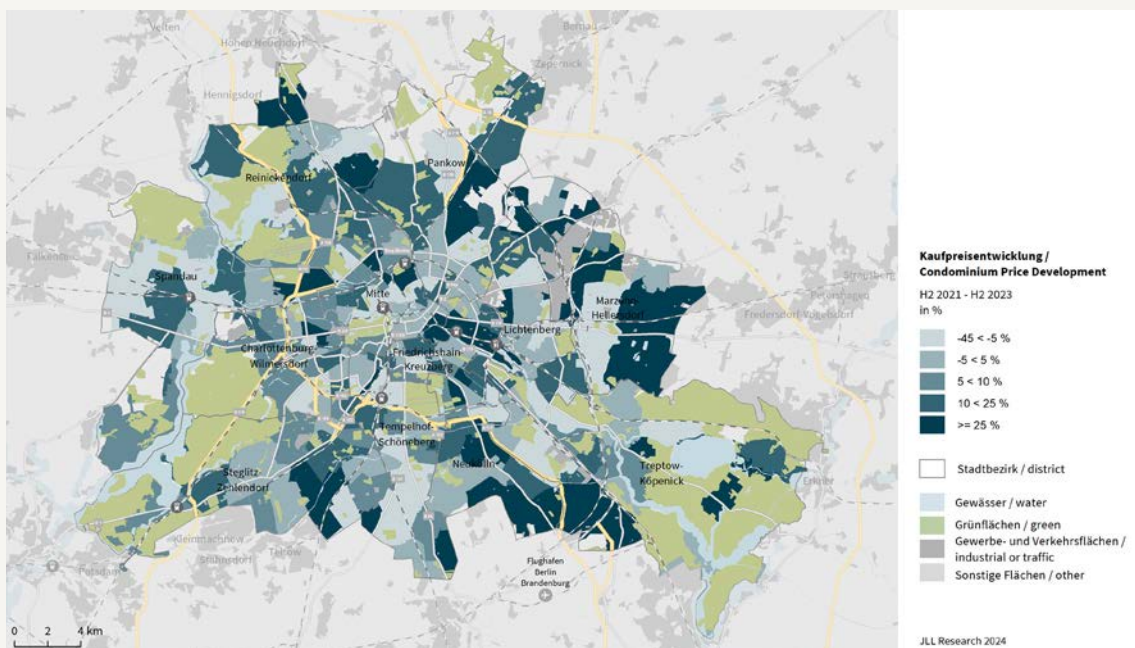
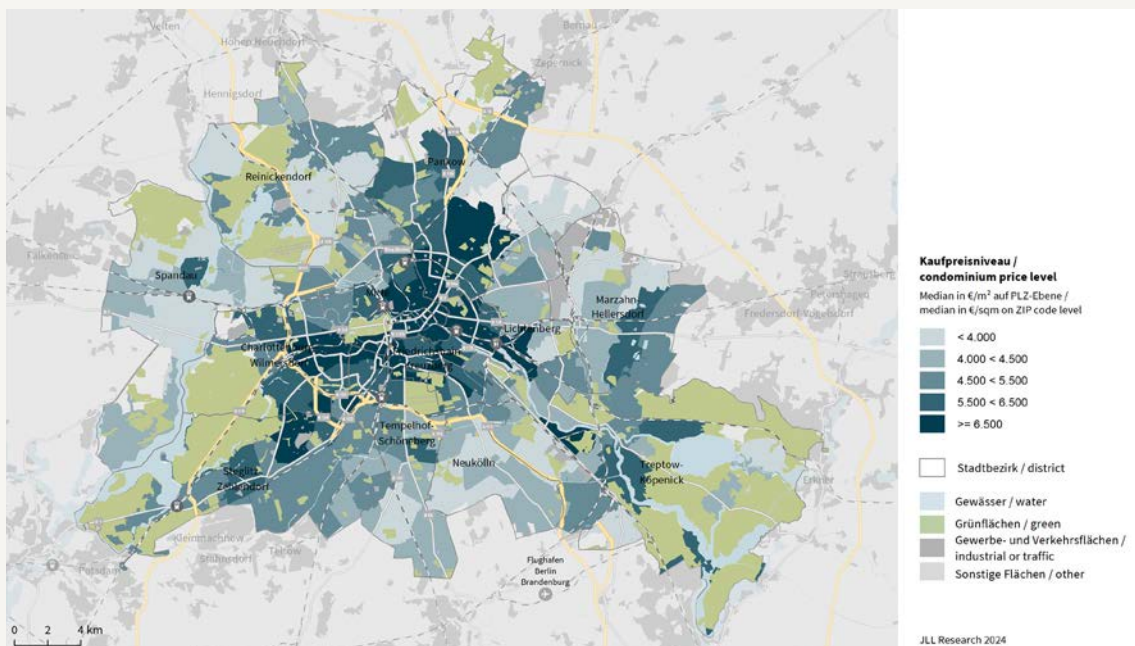
Purchase price group in €/sqm



■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN





Dusseldorf

Housing construction offensive plans to provide 8,000 new homes by 2030

The housing market in Düsseldorf continued the trends of the first half of 2023 into the second half of the year. The rental housing market is characterised by sharply rising rents, while falling prices have been observed in the owner-occupier market.

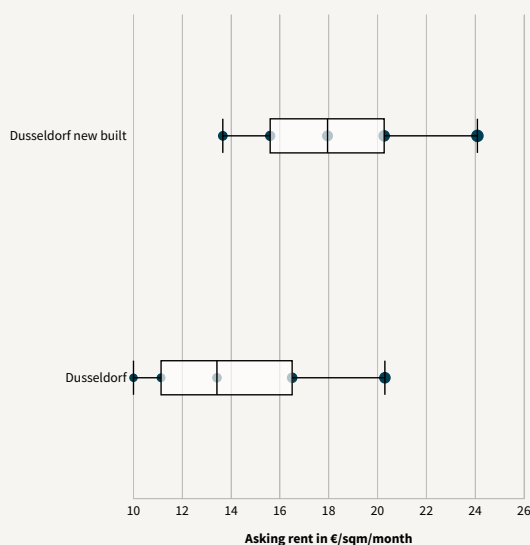
Asking rents in Düsseldorf have risen by 5.3% compared to the previous year to €13.42/sqm p.m. This increase is above the five-year average of 3.7% p.a. Rents for existing homes increased by 4.9% year-on-year and prime rents* rose by 6.3%, well above the five-year average of 3.5% p.a. Furthermore, an increase in rents was observed in the new-build segment over the second half of the year. With an increase of 11.5% compared to the previous year, rents are now at €18.50/sqm p.m. Compared to the other major cities, this trend puts Düsseldorf in second place behind Cologne with its year-on-year increase of 21.7%.

The situation in the owner-occupier market in Düsseldorf is rather different. All segments have been characterised by falling purchase prices. The asking price in the overall owner-occupier market fell by -4.6% compared to the previous year and was below €4,900/sqm in the second half of the year. Compared to other major cities, only Berlin (-3.6%) and Cologne (-3.7%) recorded less significant falls in prices. Prime purchase prices fell to €7,900/sqm over the second half of the year, which equates to a year-on-year fall of -6.3%. The new-build segment saw the biggest fall in purchase prices with a year-on-year decline of -12.1%. Düsseldorf therefore recorded the greatest fall in prices compared to the other major cities.

In common with the other major cities, the housing market in Düsseldorf is very tense. With the completion of 2,140 new homes in 2022, the future demand of around 55 homes per 10,000 population is impossible to achieve. The Düsseldorf 2023 housing construction offensive was launched to create a total of 8,000 new homes throughout the city by 2030. Despite the current challenges in the housing market, new residential space will be constructed through partnership-based projects and the co-operative activation of building land. The most important cornerstones of the construction campaign include the use of more land for housing construction and the municipal acquisition of land and its development by subsidiaries and non-profit organisations. The city will also create a pre-emptive right to purchase for (partially) unused speculative sites.

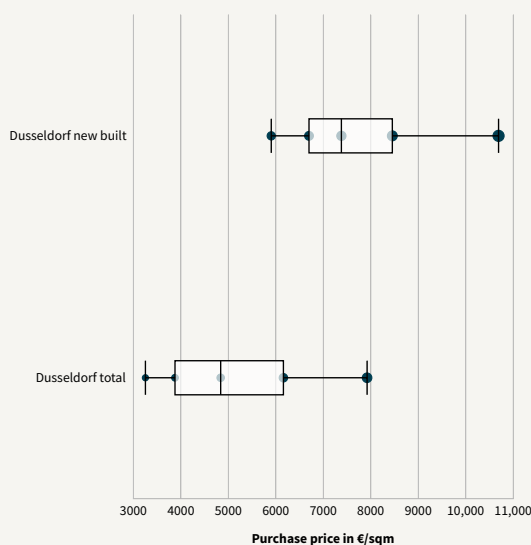
*Top price: 90th percentile of all asking rents/purchase prices

Rental price bands for listed apartments
Dusseldorf



Status: January 2024; Source: JLL, VALUE MARKTDATEN

Purchase price bands for condominiums
Dusseldorf

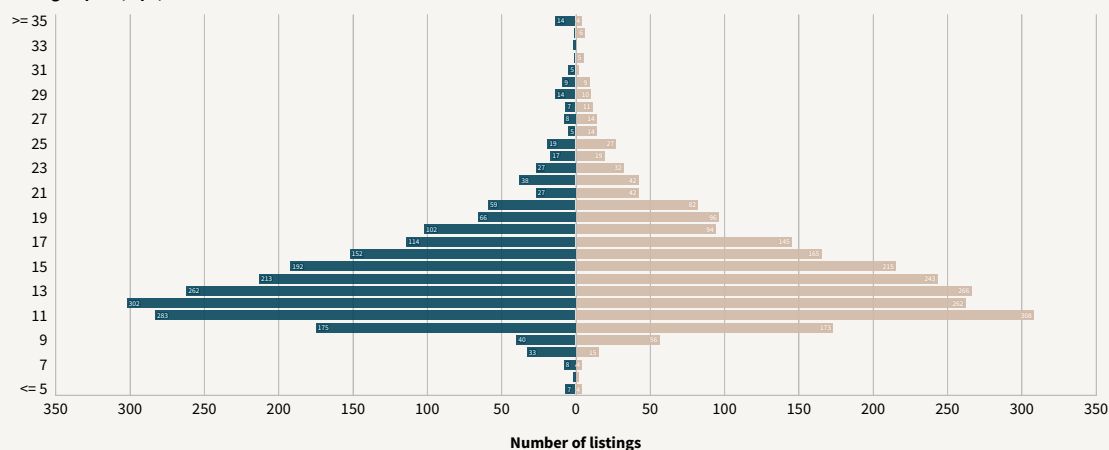


Status: January 2024; Source: JLL, VALUE MARKTDATEN

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Distribution of rental listings by price group Dusseldorf

Price group in €/sqm/month



■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN

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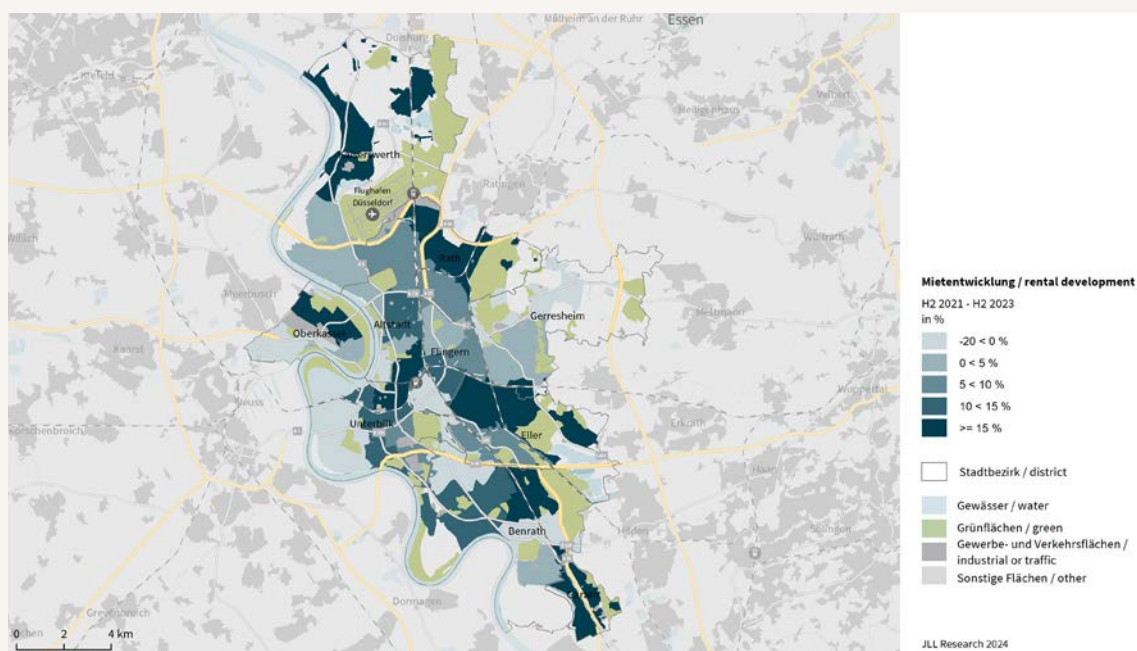
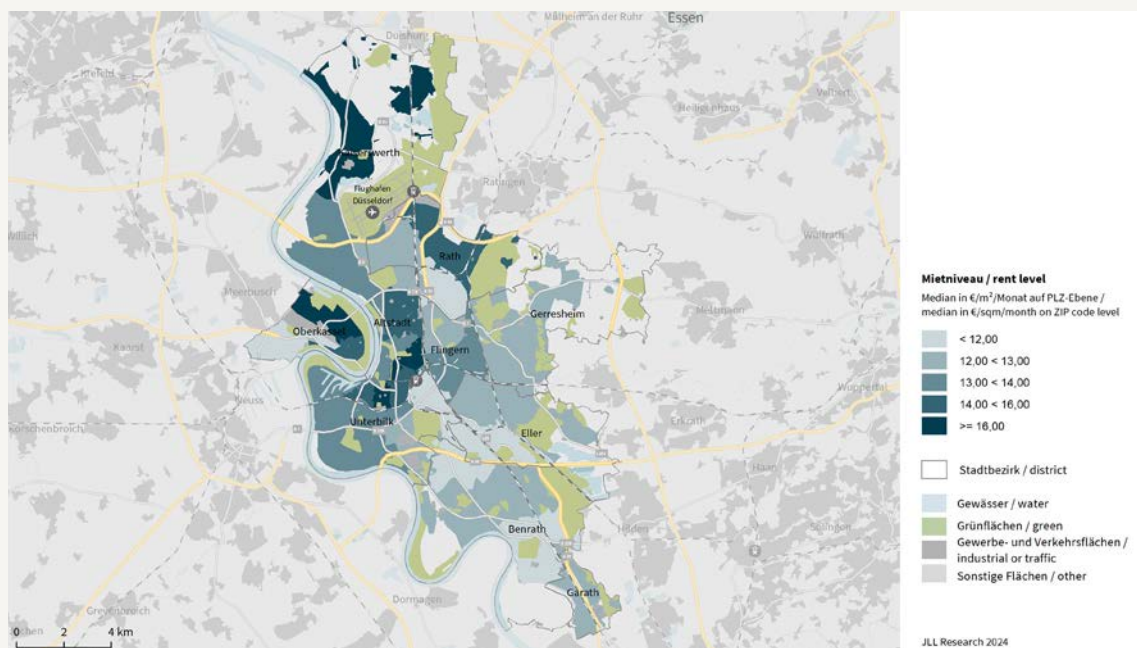
Distribution of condo listings by price group Dusseldorf

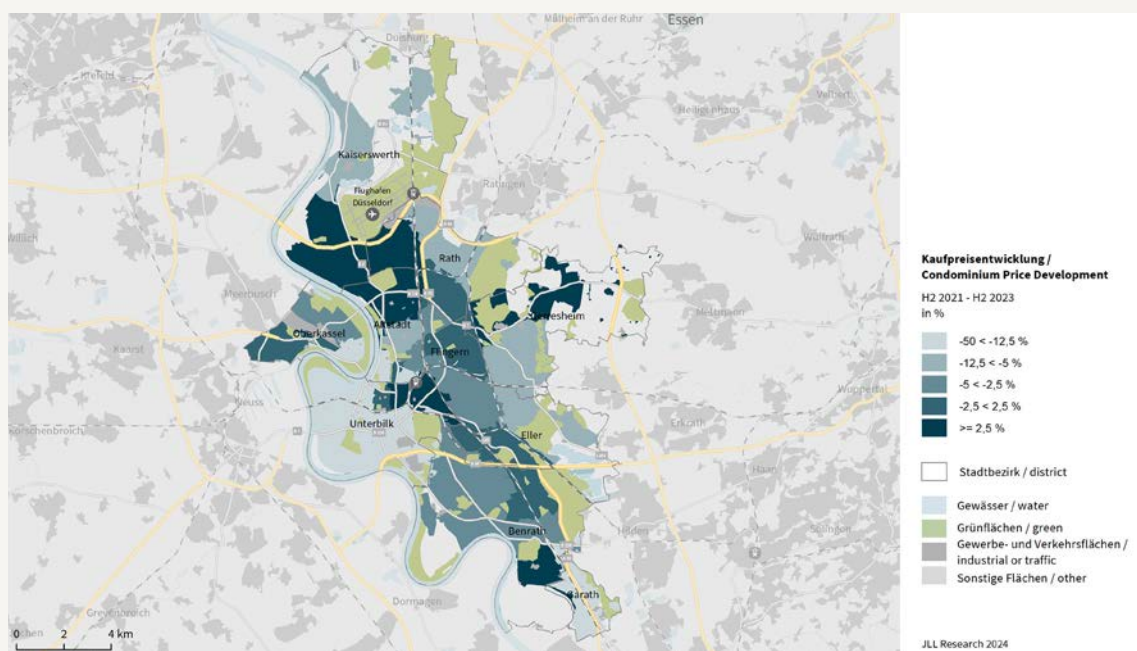
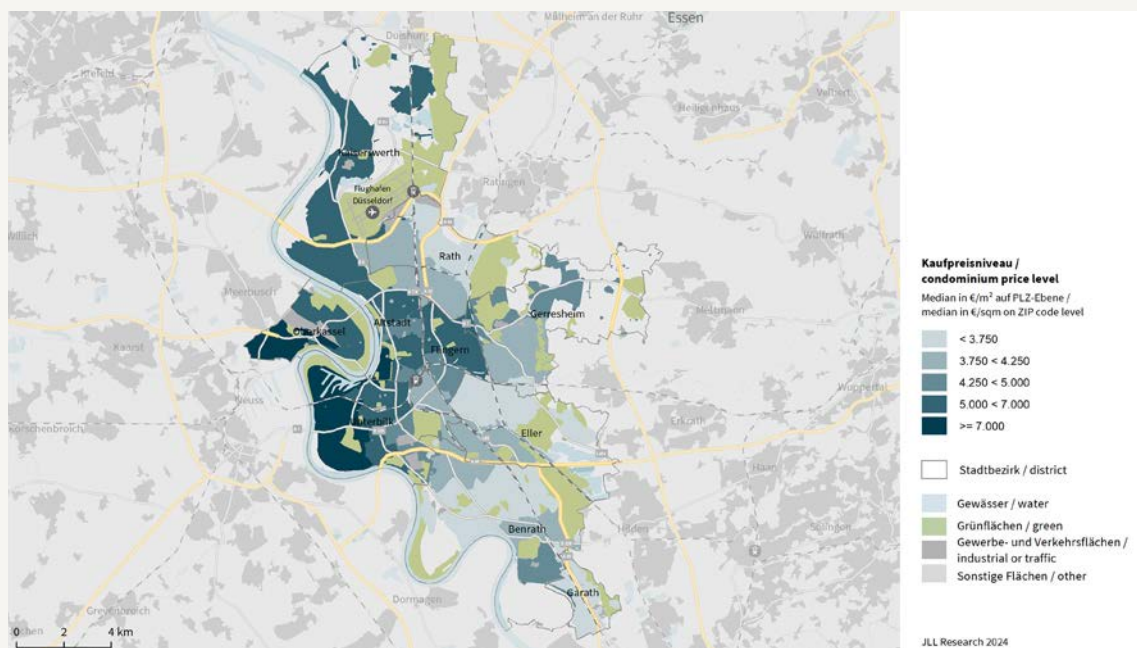
Purchase price in €/sqm



■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN





Frankfurt am Main

Moderate rise in rental prices over the second half of 2023

The Frankfurt housing market experienced a comparatively moderate increase in rental prices over the second half of 2023, while purchase prices continued to fall.

Asking rents in Frankfurt rose moderately over the second half of 2023 compared to the other Big 8 cities*. The year-on-year increase of 4.8% was above the five-year average of 3.6% p.a., but lagged behind the trend in the other major cities. The same trend can be observed in the asking rents for existing housing. Rents rose by only 2.5% compared to the previous year, below the five-year average of 5.0% p.a. There is a rather different picture in the prime rent** and new-build segments. Prime rents were around €26.90/sqm p.m. With a year-on-year increase of 8.8%, the only cities experiencing stronger prime rental price growth in the same period were Munich (+9.1%), Stuttgart (+9.3%) and Berlin (+12.8%). In the new-build segment, rents rose to a new record high of €18.50/sqm p.m. in the second half of 2023.

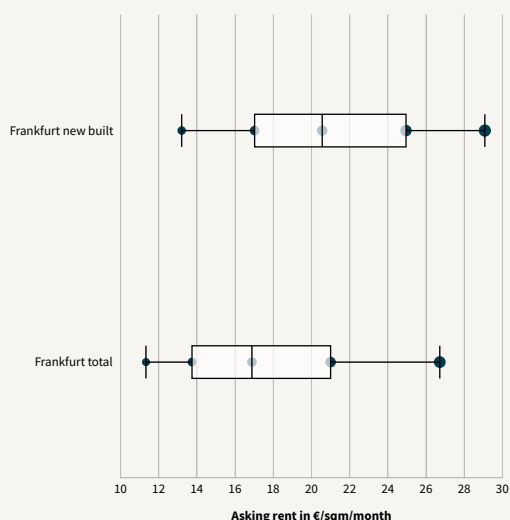
Asking prices in the Frankfurt owner-occupier market continue to fall. With a year-on-year downturn of -9.1%, the asking price in the second half of 2023 was around €6,200/sqm. Purchase prices for existing homes fell by -7.9% compared to the previous year. Only Hamburg (-11.8%), Munich (-11.6%) and Stuttgart (-11.4%) experienced a greater fall in prices. Prime purchase prices fell by only -1.7% to an average of €10,000/sqm. This is the second smallest fall in prices in the second half of 2023 after Cologne (-0.6%). In the new-build segment, there was a much sharper decline in purchase prices. The year-on-year fall of -9.4% to around €7,700/sqm at the end of the year was second only to the Düsseldorf market (-12.1%).

The housing market in Frankfurt remains tense, as the current overall conditions such as increased construction and land costs, rising interest rates and insufficient municipal subsidies are stalling housing construction. Investment in the property market has declined recently and new construction projects have been postponed or delayed. Measures such as the zoning of new development areas and housing construction subsidies for various target groups are intended to reduce the construction backlog. In addition, increased promotion of social housing construction is planned to enable the preservation and long-term commitment to subsidised housing through the acquisition of occupancy rights. In 2023, funds totalling €7.5 million were made available for the financial support of the seven different models.

*Berlin, Hamburg, Munich, Cologne, Frankfurt, Düsseldorf, Stuttgart, Leipzig

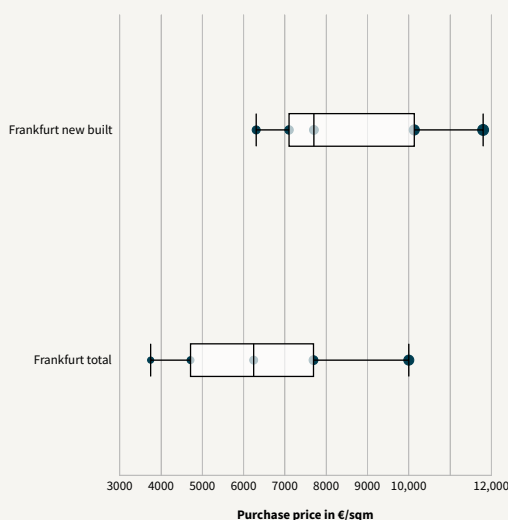
**Top price: 90th percentile of all asking rents/purchase prices

Rental price bands for listed apartments
Frankfurt am Main



Status: January 2024; Source: JLL, VALUE MARKTDATEN

Purchase price bands for condominiums
Frankfurt am Main

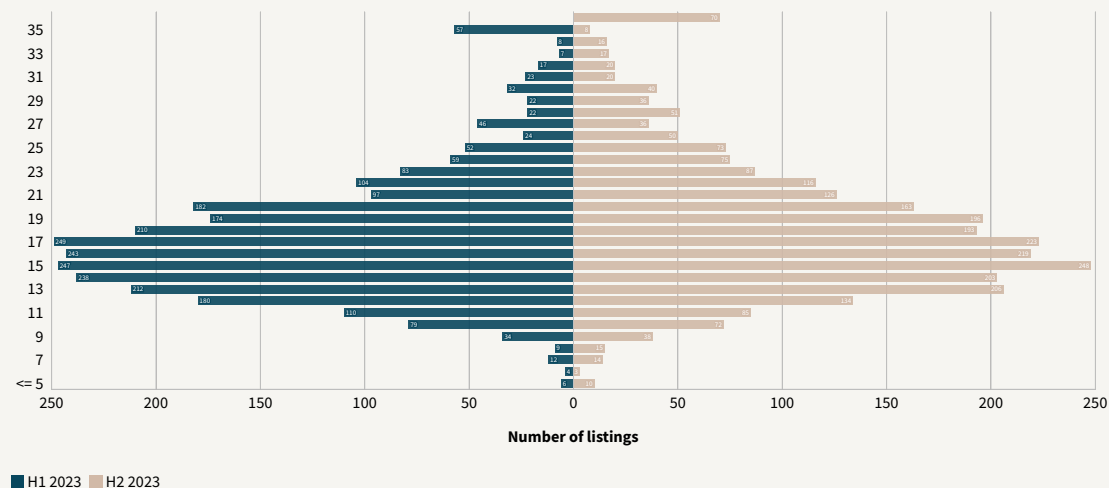


Status: January 2024; Source: JLL, VALUE MARKTDATEN

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Distribution of rental listings by price group Frankfurt am Main

Price group in €/sqm/month

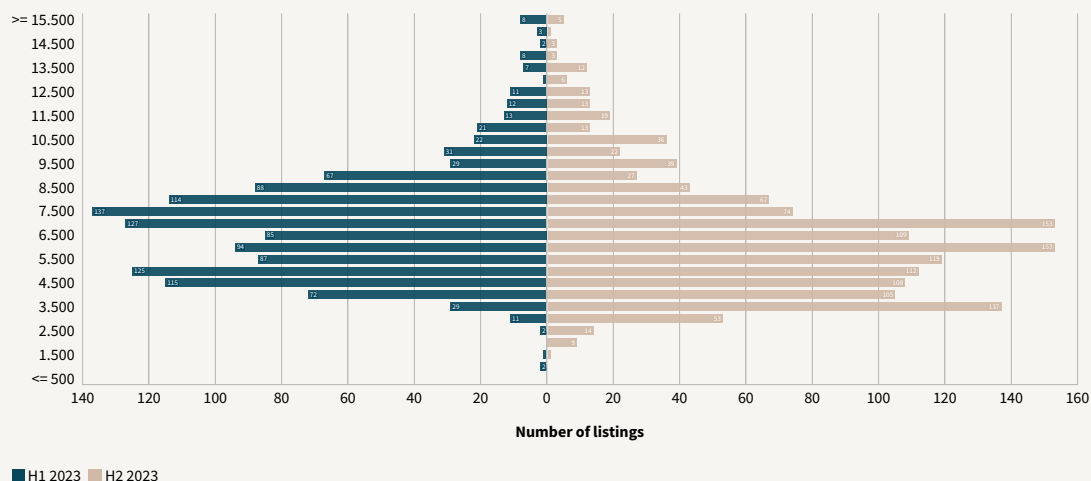


Status: January 2024; Source: JLL, VALUE MARKTDATEN

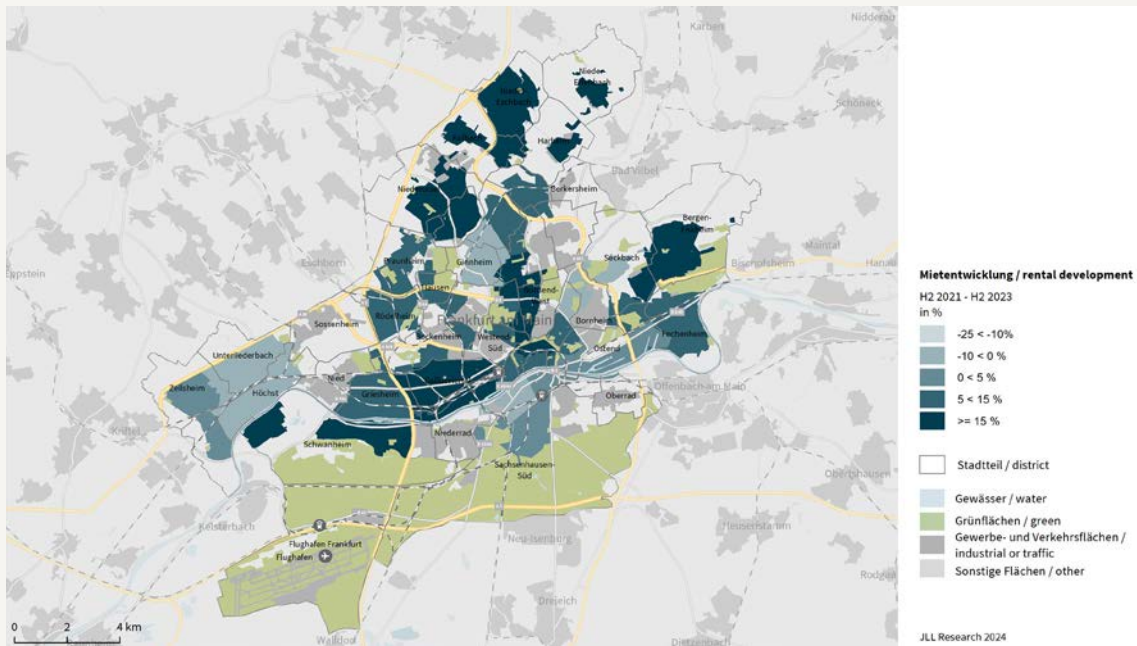
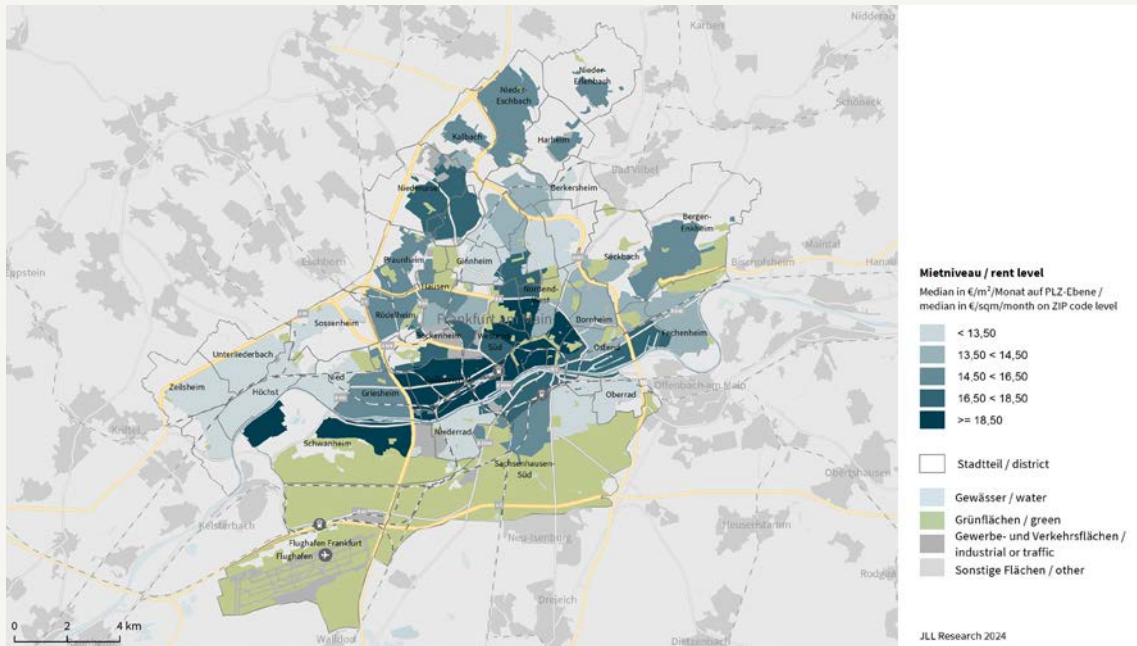
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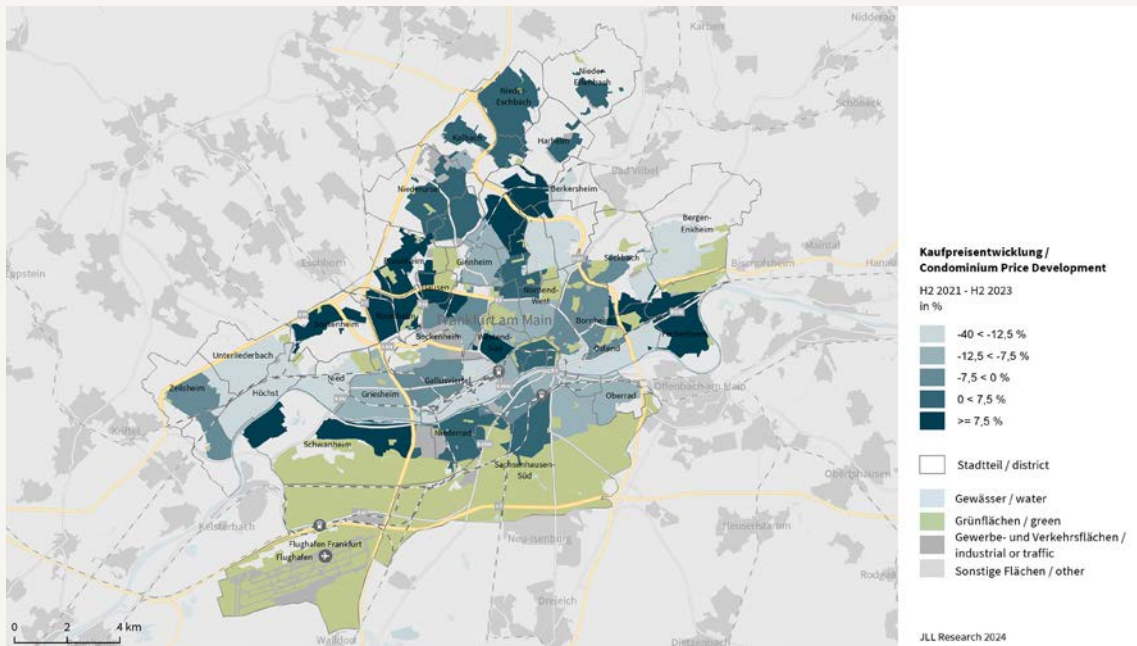
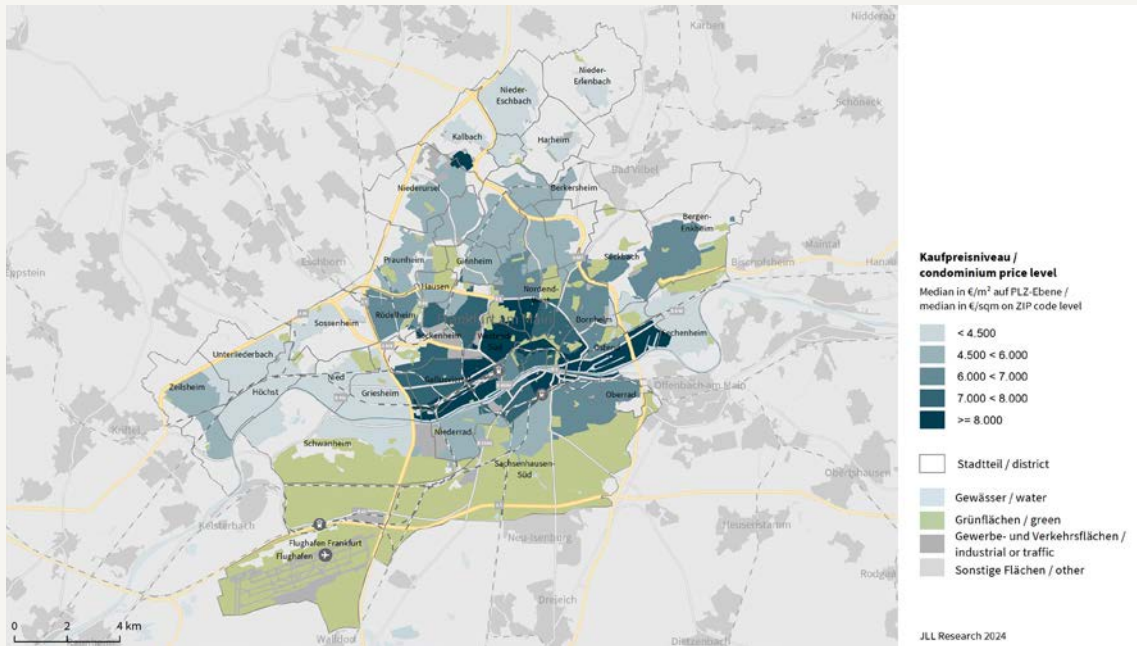
Distribution of condo listings by price group Frankfurt am Main

Purchase price group in €/sqm



Status: January 2024; Source: JLL, VALUE MARKTDATEN





Hamburg

Hamburg housing market characterised by a sharp fall in purchase prices and rising rents

The situation in the Hamburg housing market was rather differentiated in the second half of the year. Rents rose across all segments, while purchase prices fell.

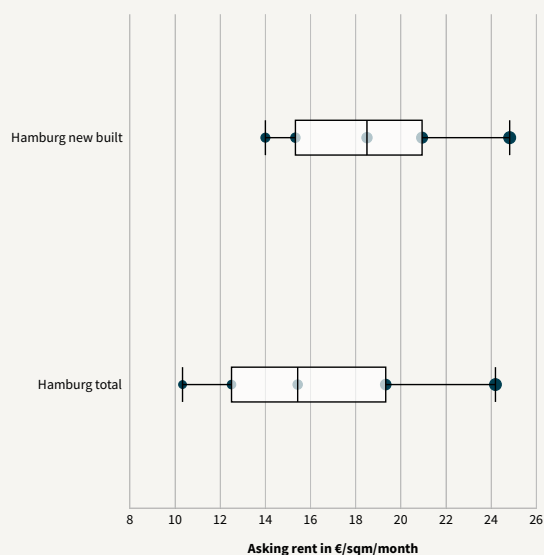
Asking rents increased by 6.4% compared to the previous year, rising to a new record high of €15.43/sqm p.m. Similar trends were also observed in other market segments. Rents for new-build housing rose by 7.6% year-on-year to €18.50/sqm p.m., well above the five-year average increase of 6.1% p.a. The second half of 2023 also saw rises in rental prices for existing dwellings and in the high-end segment (90th percentile). Prime rents rose by 7.0% to €24.19/sqm p.m., while rents for existing properties increased by 5.1% compared to the previous year.

There was a similar trend observed in the owner-occupier market, but in the opposite direction. Asking prices fell significantly across all segments in the second half of the year. The average purchase price fell by -8.9% year-on-year to €5,930/sqm. The year-on-year fall in average price of existing dwellings was even more pronounced at -11.8% down to €5,431/sqm. Compared to other cities, the most significant falls in prices were in Hamburg (-11.8%), Munich (-11.6%) and Stuttgart (-11.4%). In the new-build segment, the fall in prices was less than in other major German cities at just -1.7% compared to the previous year.

The Hamburg Senate's target of approving 10,000 new homes annually was missed with only 5,400 new homes approved in 2023. High interest rates and construction costs made investors hesitant, resulting in a decline in housing construction. To reinvigorate housing new-build, the Senate has initiated an investment programme of €780 million specifically for the construction of new social housing. In addition, the number of secured social housing units is to be increased to 5,000 annually through the purchase of housing and the extension of subsidised housing commitments. Furthermore, building control regulations are due to be reduced, promoting more efficient planning procedures and closer co-operation between the parties involved, and faster approval procedures will be introduced to get housing construction going again.

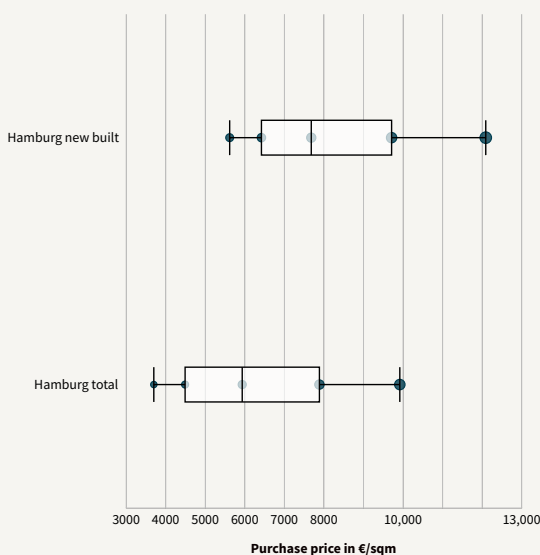
*Top price: 90th percentile of all asking rents/purchase prices

Rental price bands for listed apartments
Hamburg



Status: January 2024; Source: JLL, VALUE MARKTDATEN

Purchase price bands for condominiums
Hamburg

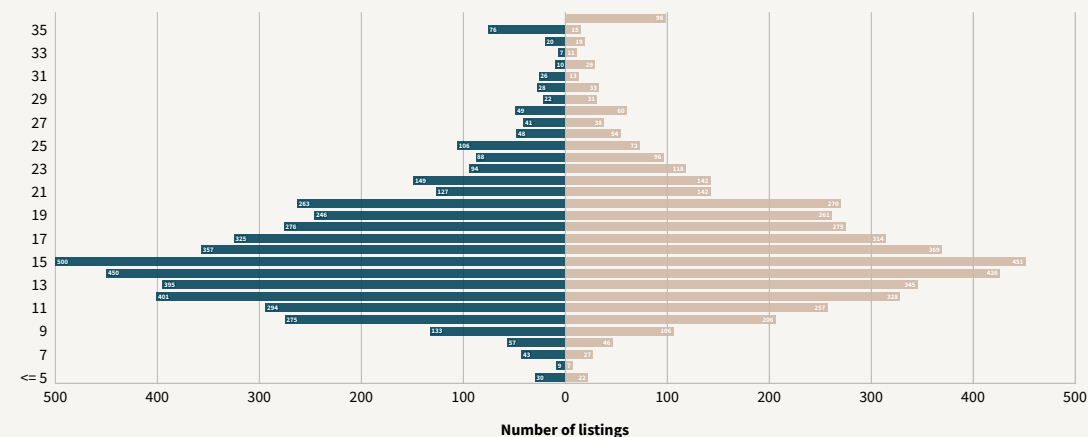


Status: January 2024; Source: JLL, VALUE MARKTDATEN

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Distribution of rental listings by price group Hamburg

Price group in €/sqm/month



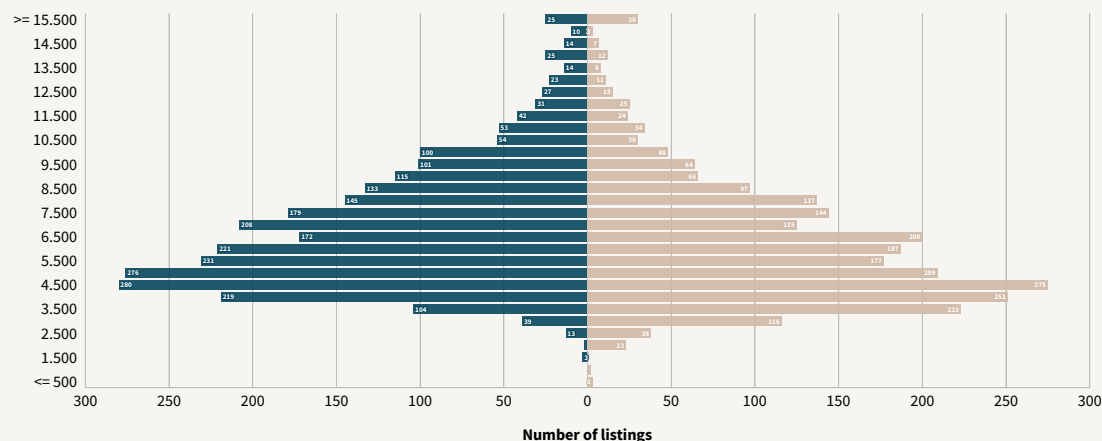
■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN

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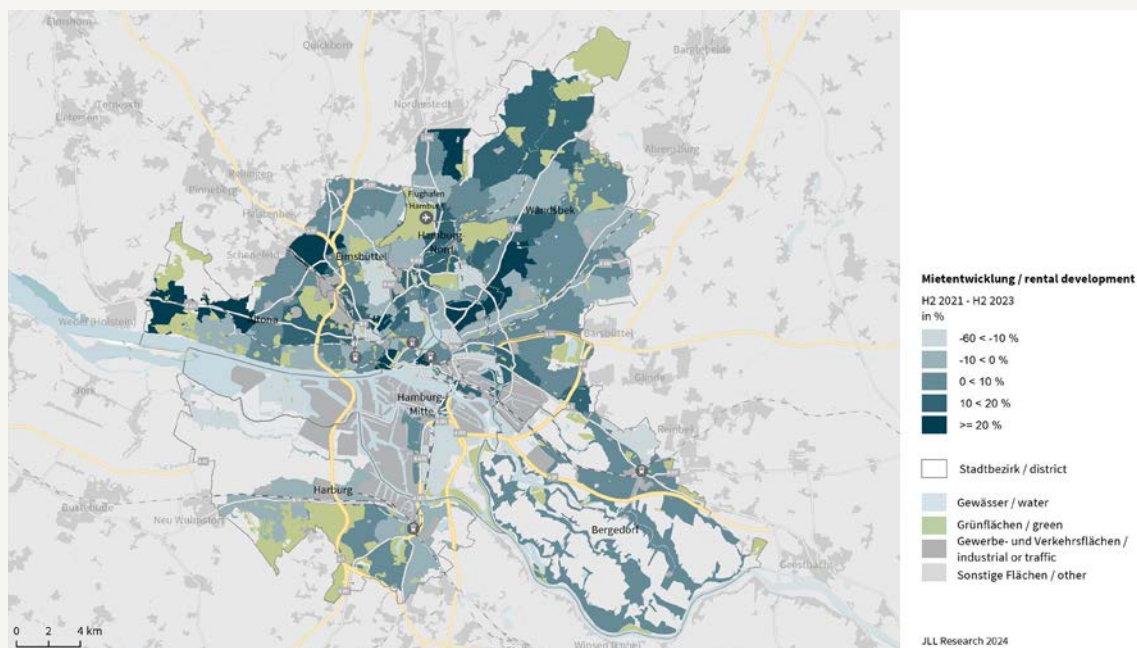
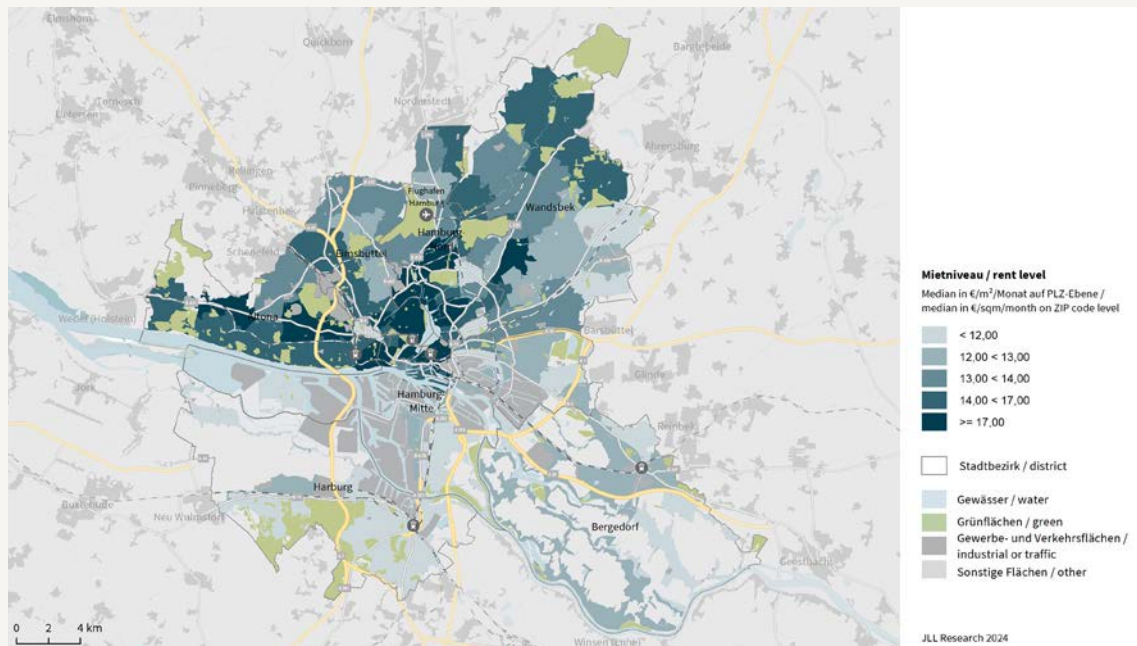
Distribution of condo listings by price group Hamburg

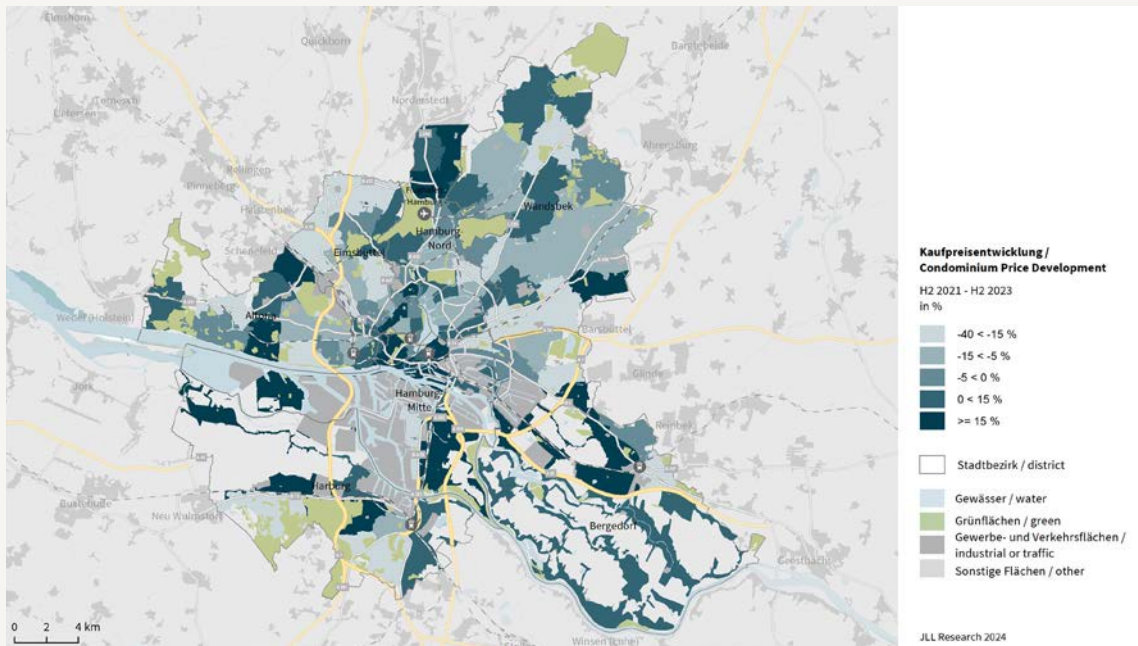
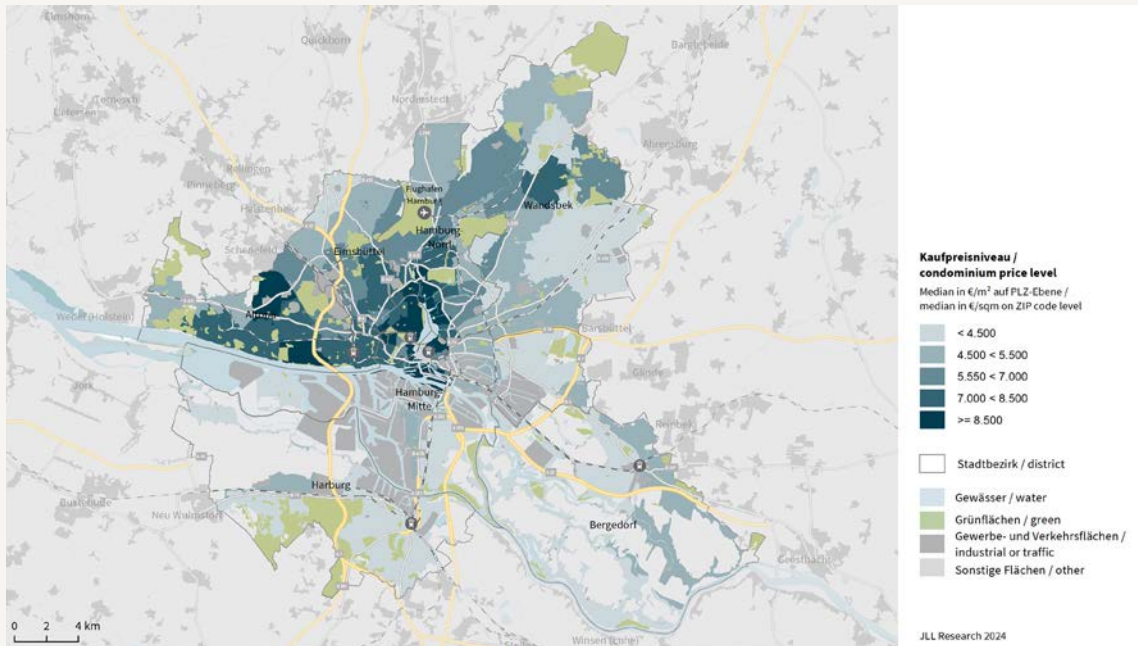
Purchase price group in €/sqm



■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN





Cologne

Cologne's housing market development determined by rental price trends over the second half of the year

Over the second half of 2023, Cologne's housing market was characterised by rising rents, while purchase prices fell.

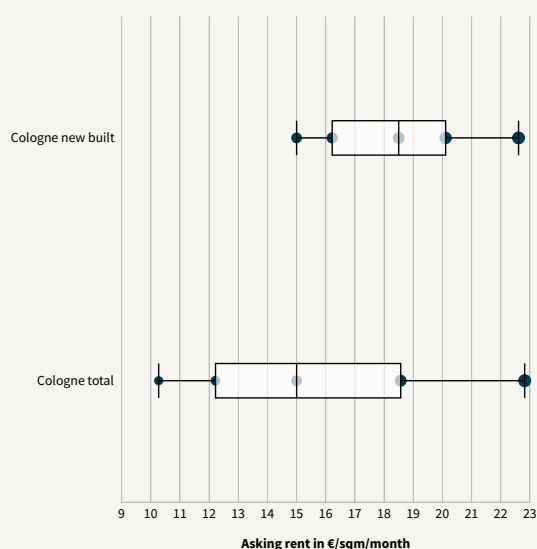
Asking rents in the Cologne housing market rose by 7.1% to a new record high of €15.00/sqm p.m. over the second half of 2023. Both existing rents and prime rents* rose significantly by 4.5% and 5.4% respectively compared to the previous year. Current prime rents are just under €22.80/sqm p.m., compared with €13.84/sqm p.m. for existing properties. In the new-build segment, the year-on-year increase in average rents was the highest of the eight largest German housing markets at 21.7%. However, considering the different qualities in terms of property specification and micro location, the increase was only moderate at 6.9%.

The negative trend in asking prices for owner-occupier homes continued across all segments. With a decline of -3.7% compared to the previous year, Cologne was just ahead of Berlin (-3.6%) which recorded the least significant decline in purchase prices on a city comparison in the second half of 2023. The average purchase price across existing and new homes was just under €4,700/sqm. There was a similar trend for the existing stock for which asking prices fell more sharply (-5.8%), but less drastically than in other Big 8 cities. In the new-build segment, at first glance asking prices appear to have risen by 1.2% compared to the previous year. However, a closer look at the quality-adjusted development reveals that purchase prices in the new-build segment also underwent a slight downward correction of -2.6% in the second half of 2023.

To create affordable housing, the City of Cologne has initiated a funding programme with a budget of up to €33 million to enable the construction of up to 20,000 new homes over the next ten years. In addition, municipally-owned plots of land will only be allocated on a leasehold basis and will no longer be sold outright. These measures are a reaction to the continually increasing shortage of housing in Cologne and the fact that new housing construction has almost come to a standstill due to high construction costs and interest rate rises. The target of 6,000 new homes every year was missed last year with only 2,327 new dwellings completed.

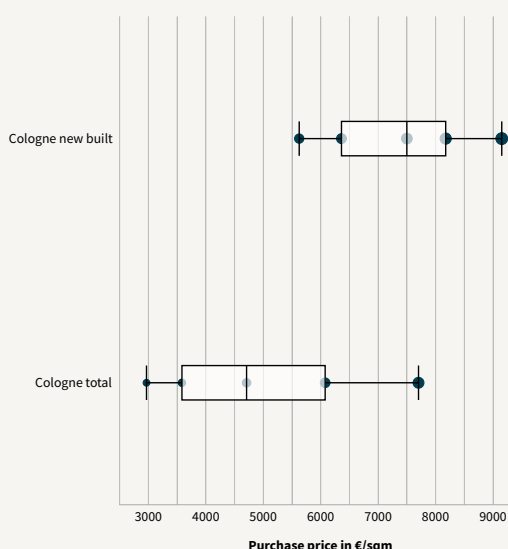
*Top price: 90th percentile of all asking rents/purchase prices

Rental price bands for listed apartments
Cologne



Status: January 2024; Source: JLL, VALUE MARKTDATEN

Purchase price bands for condominiums
Cologne

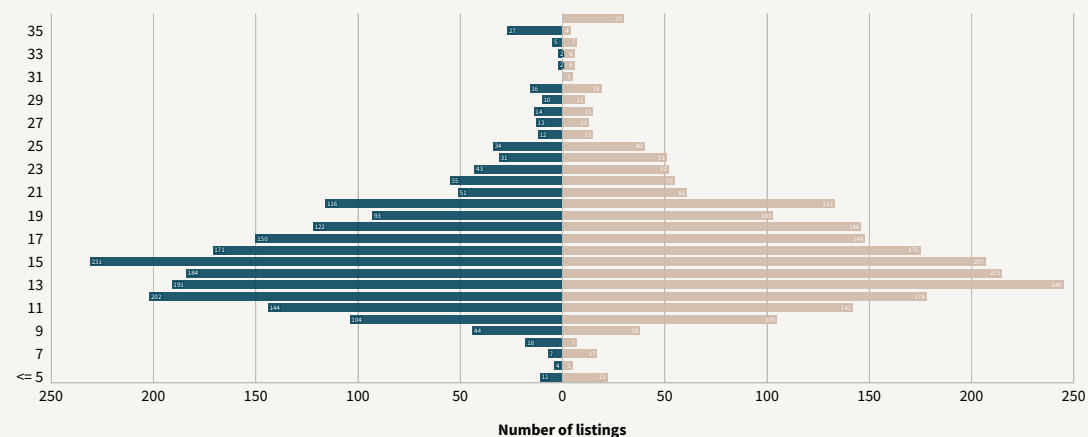


Status: January 2024; Source: JLL, VALUE MARKTDATEN

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Distribution of rental listings by price group Cologne

Price group in €/sqm/month



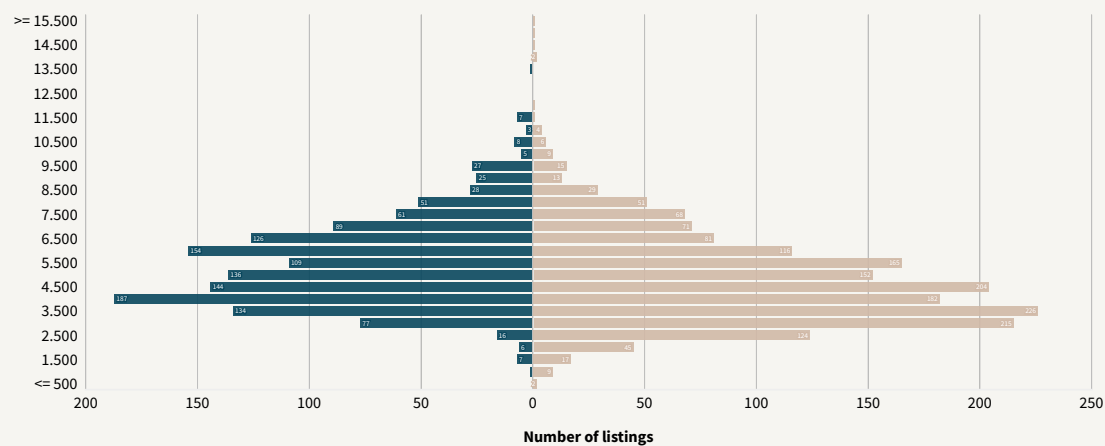
■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN

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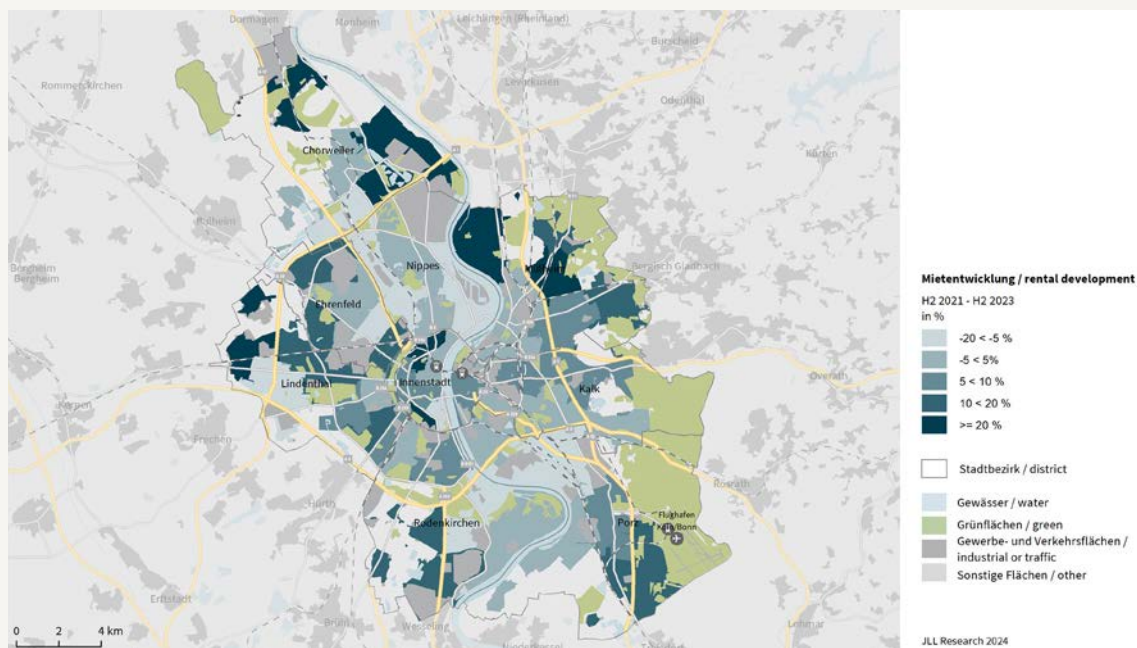
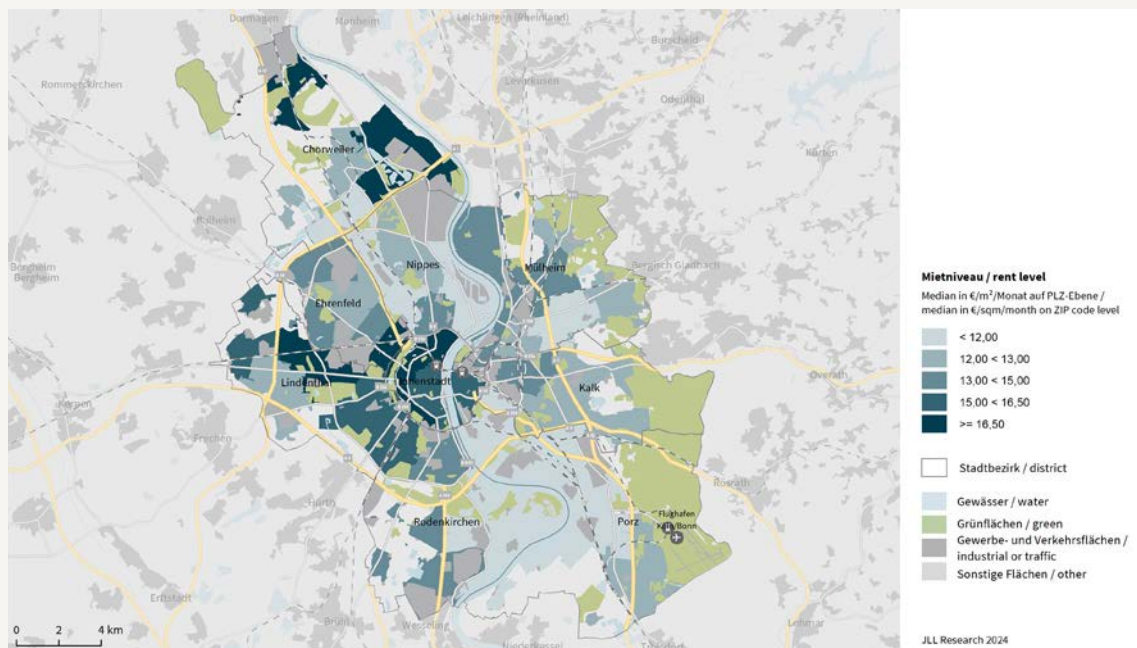
Distribution of condo listings by price group Cologne

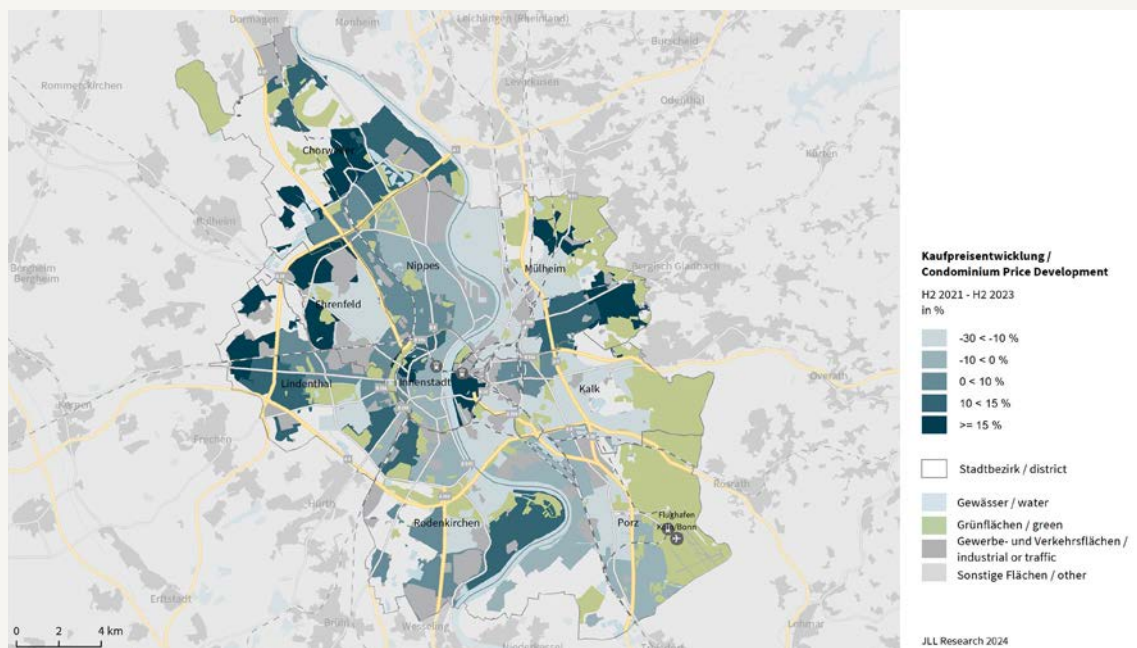
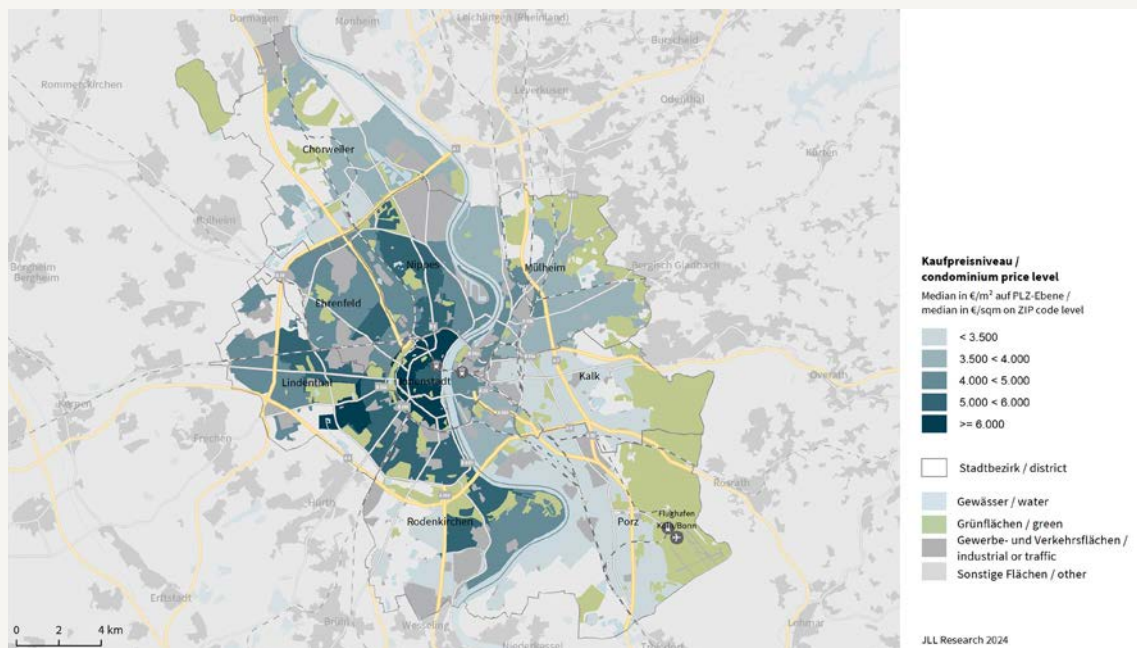
Purchase price group in €/sqm



■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN





Leipzig

Asking prices for housing in Leipzig continue to rise over the second half of the year

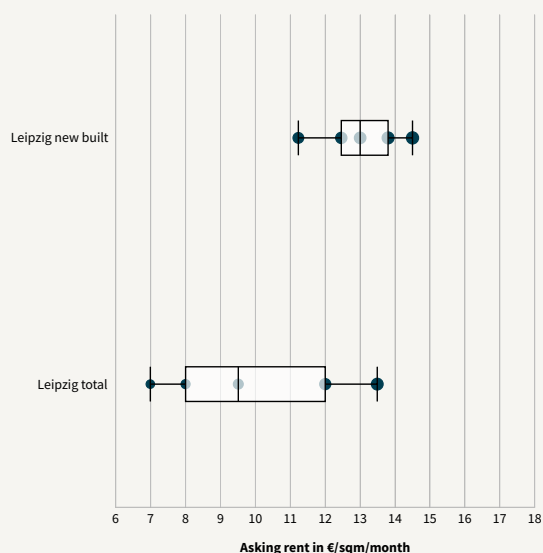
The second half of 2023 was characterised by a further price increase in the rental housing market in Leipzig, while the owner-occupier market experienced a significant downturn in prices.

Average asking rents for new-build and existing homes rose by 10.6% year-on-year in the second half of 2023 to €9.51/sqm p.m. This increase is not only well above the five-year average (6.3% p.a.), but also well above the average of most other Big 8 cities. Only Berlin recorded a sharper rise in rents, with an increase of 21.4%. A similar trend was observed for existing housing. Prices rose by 7.6% compared to the previous year. Here too, only the rental housing market in Berlin recorded a stronger increase in rental prices at 31.0%. In the new-build segment, however, average rents rose less sharply at 3.6%, but reached a new record high of €13.00/sqm p.m. in the second half of 2023.

Conversely, the owner-occupier market is somewhat different. Prices fell across all segments over the second half of the year. The average asking price fell by -9.2% year-on-year to below €3,000/sqm in the second half of 2023. This is not only the lowest square metre price amongst the major cities, but is the second greatest fall in purchase prices after Stuttgart (-11.6%). Purchase prices for existing properties also fell in the second half of the year, by -6.7% to below €2,800/sqm. In the new-build segment, the decline was less pronounced at -1.1% compared to the previous year. Only in Berlin was the price decline less significant at -0.6%.

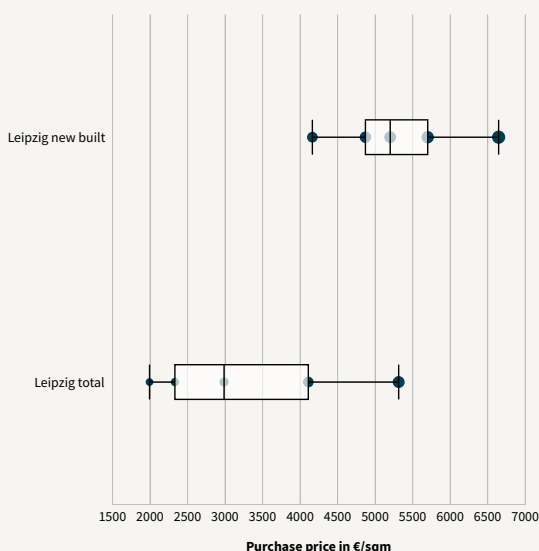
Rising interest rates, increased construction costs and building land speculation have exacerbated the situation in the Leipzig housing market. Affordable housing is also needed here and delays in completions are increasing the pressure. To counteract this and prevent vacancies, Saxony's state parliament passed a bill in January 2024 to ban the use of housing stock for purposes other than those intended; this came into force with immediate effect. This could result in the majority of the approximately 20,000 such dwellings in Leipzig being made available to the rental housing market again as soon as the City of Leipzig has passed the appropriate act.

Rental price bands for listed apartments
Leipzig



Status: January 2024; Source: JLL, VALUE MARKTDATEN

Purchase price bands for condominiums
Leipzig

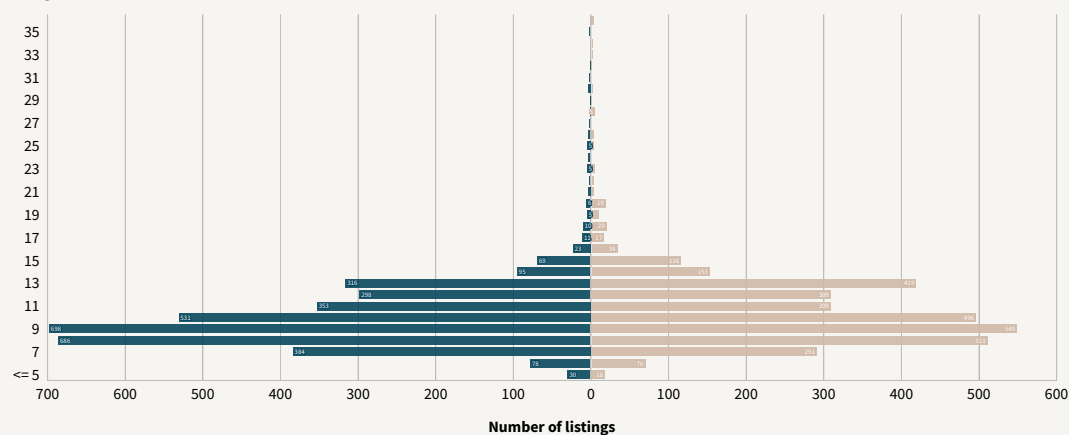


Status: January 2024; Source: JLL, VALUE MARKTDATEN

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Distribution of rental listings by price group Leipzig

Price group in €/sqm/month



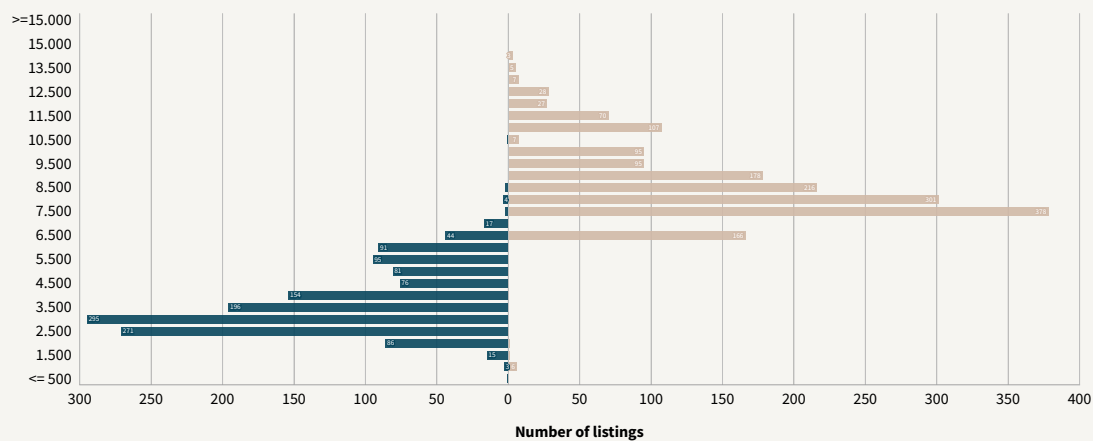
■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN

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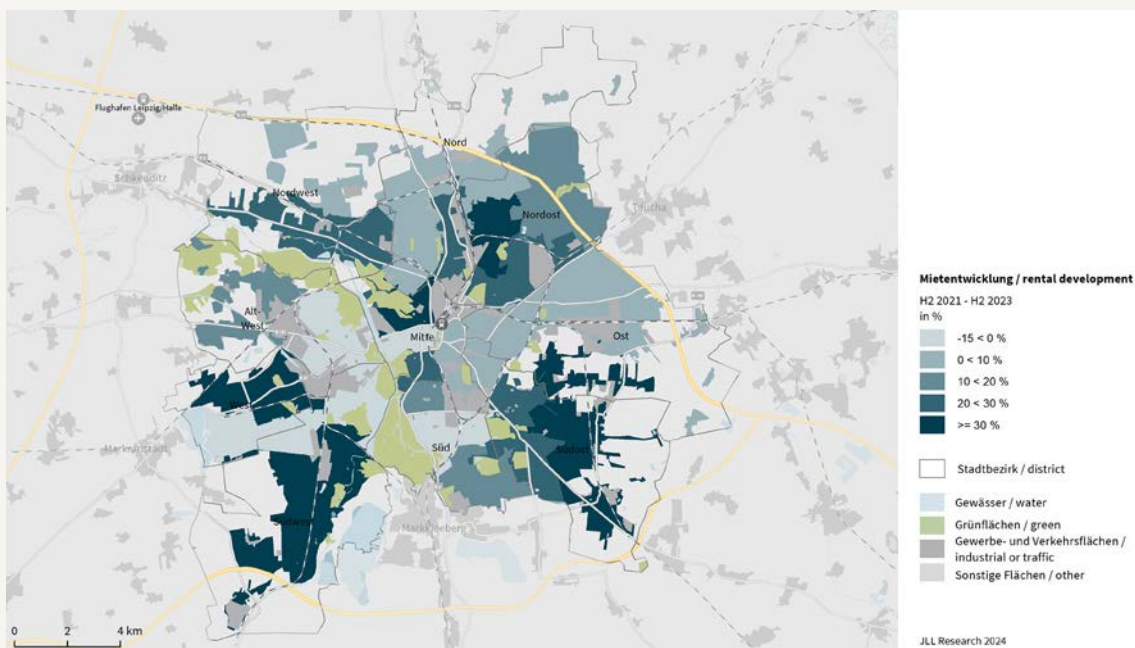
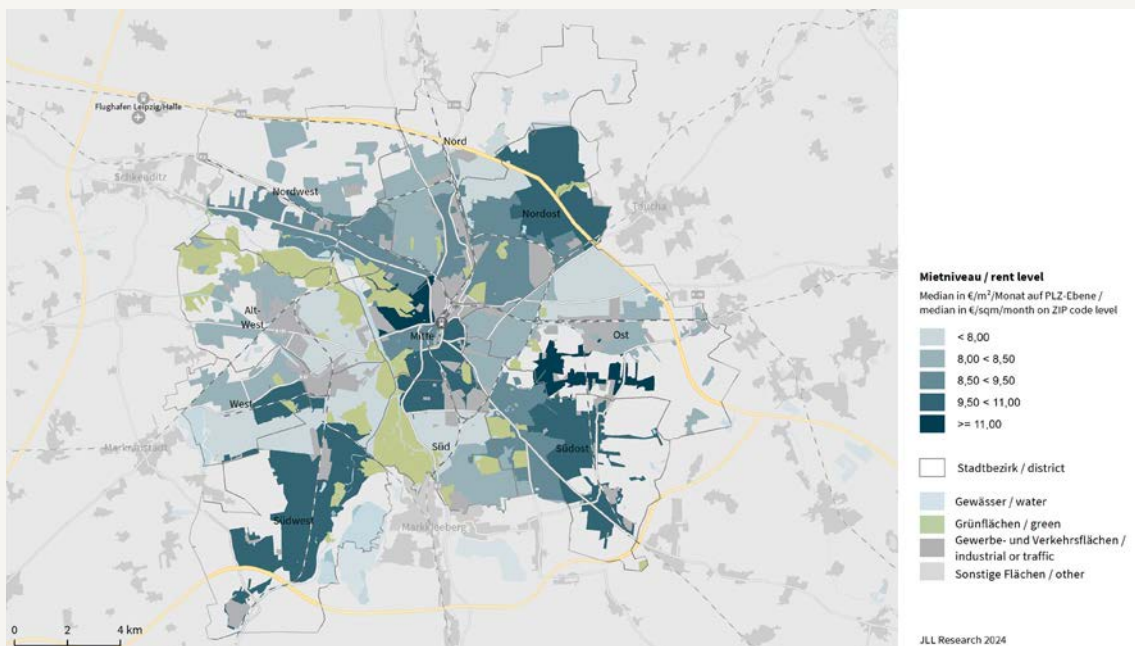
Distribution of condo listings by price group Leipzig

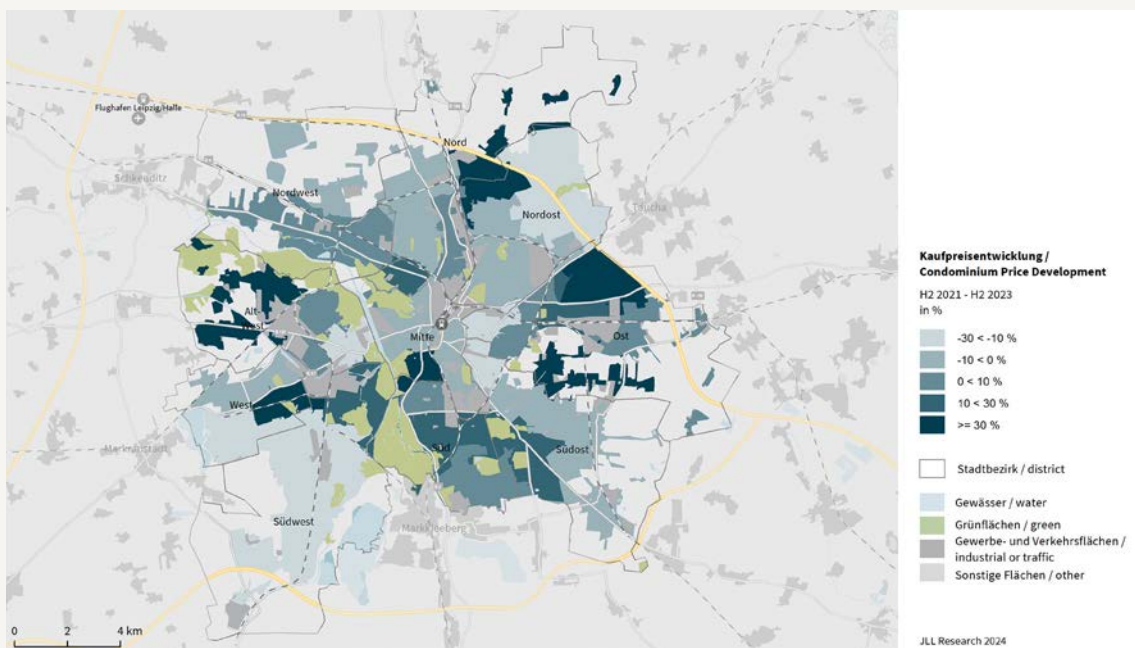
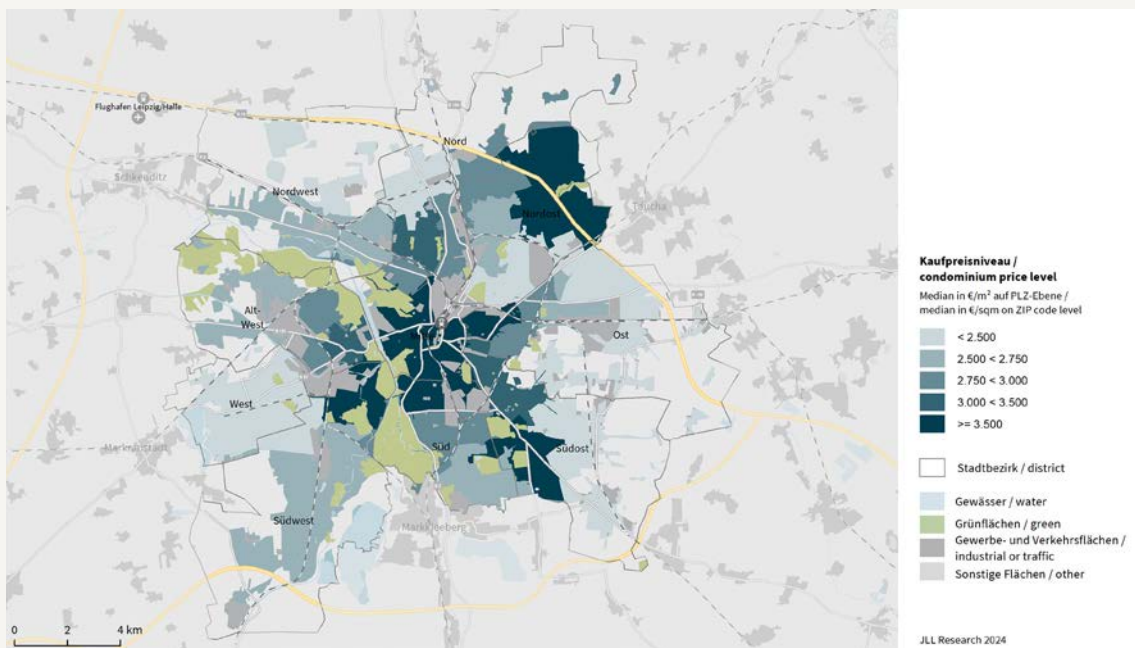
Purchase price group in €/sqm



■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN





Munich

Munich remains the most expensive housing market despite falling prices

In the second half of last year, the Munich housing market was characterised by falling purchase prices and a concurrent rise in rents. However, the increase in rents in Munich was more moderate compared to other major cities.

Asking rents rose by 5.1% year-on-year over the second half of 2023, to €22.50/sqm p.m. This means that Munich's rental housing market remains the most expensive of the eight largest German housing markets, even though Berlin drew close to Munich in the second half of the year. Rents in the new-build segment rose by 8.4% in the second half of the year, well above the five-year average of 4.2% p.a. There was even a significant increase in rents in the premium segment*. With a year-on-year increase of 9.1%, rental price growth in Munich lagged behind Stuttgart (+9.3%) and Berlin (+12.8%).

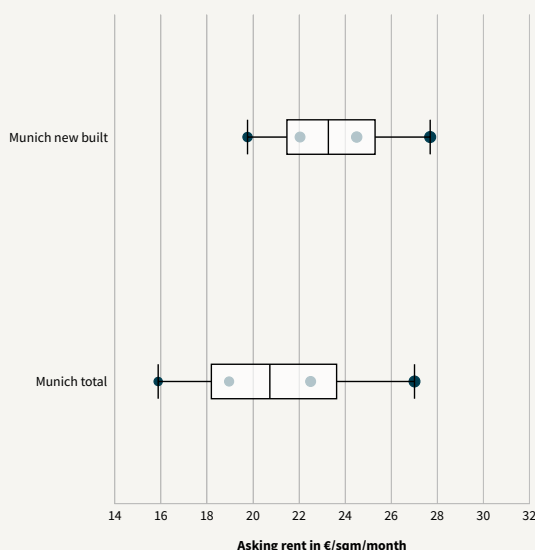
Conversely, prices in the owner-occupier market moved in a negative direction, with a sharp fall in prices observed over the second half of the year. Despite the decline across all segments, Munich's owner-occupier market remains the most expensive compared to other cities. The average asking price was around €8,700/sqm in the second half of 2023. Prices for existing dwellings have fallen significantly. With a fall of -11.6%, the downward price trend in Munich was just behind Hamburg (-11.8%) but ahead of Stuttgart (-11.4%). In the new-build segment, asking prices fell by -4.8% compared to the previous year, to around €11,800/sqm.

The continual rise in demand not only for apartments but for affordable homes is a major challenge in terms of housing policy, especially in Munich. In December 2023, Munich City Council decided to extend the rent freeze for municipal housing companies adopted in 2019 until the end of 2026. In addition, the tenant structure of the apartments will be evaluated to make legally compliant proposals for possible differentiations in rent increases in the portfolio and to differentiate rent increases better according to household income. After the 2026 deadline, a further rent freeze will be considered.

To counteract the current tension in the housing market, Munich has set itself the goal of completing 8,500 new homes every year. In the north of Munich, for example, the Eggarten-Siedlung neighbourhood is due to be built comprising around 1,850 dwellings, 50% of which are planned to be taken over by co-operatives and then rent-controlled. However, this project is still currently in the local development plan processing phase.

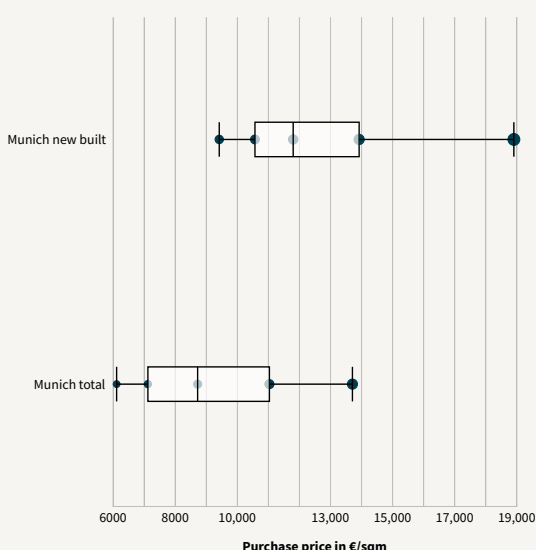
*Top price: 90th percentile of all asking rents/purchase prices

Rental price bands for listed apartments
Munich



Status: January 2024; Source: JLL, VALUE MARKTDATEN

Purchase price bands for condominiums
Munich

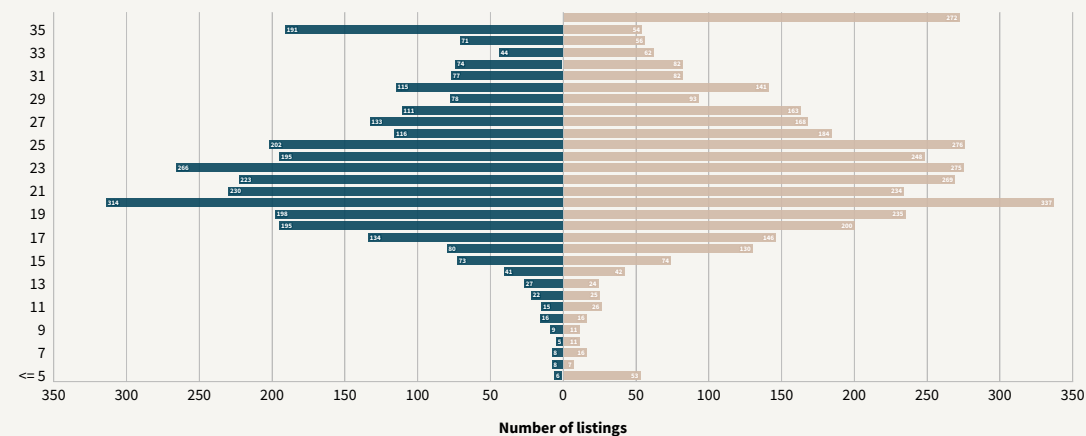


Status: January 2024; Source: JLL, VALUE MARKTDATEN

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Distribution of rental listings by price group Munich

Price group in €/sqm/month



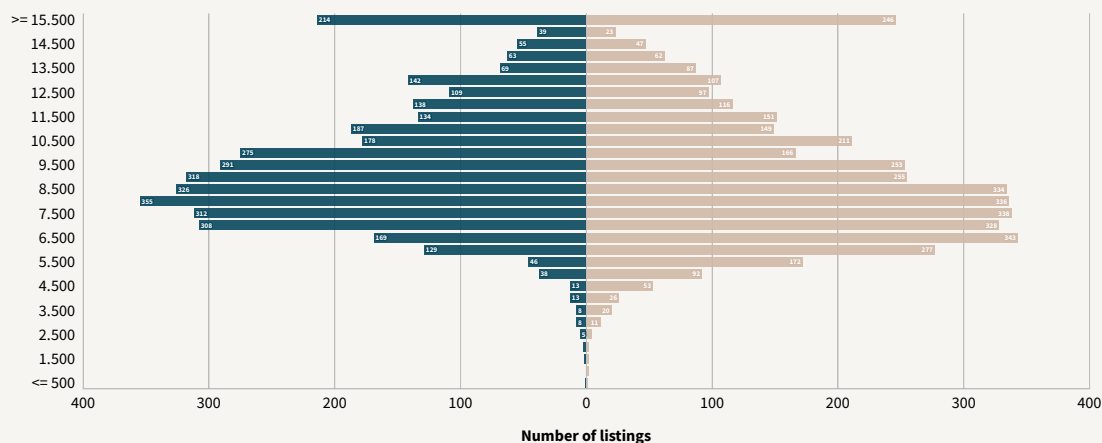
■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN

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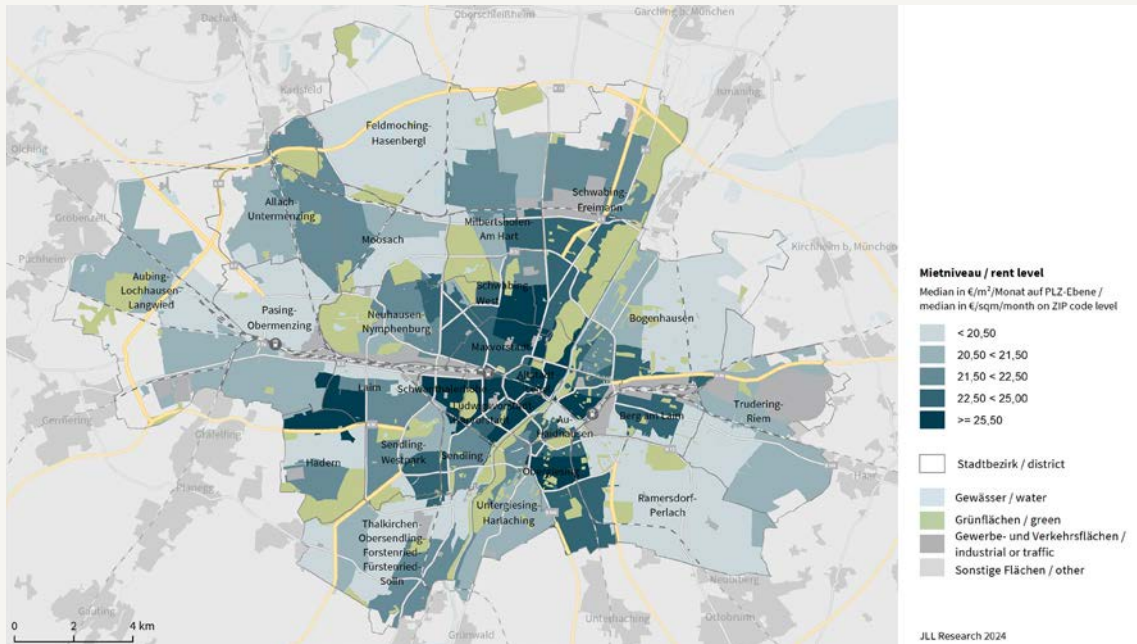
Distribution of condo listings by price group Munich

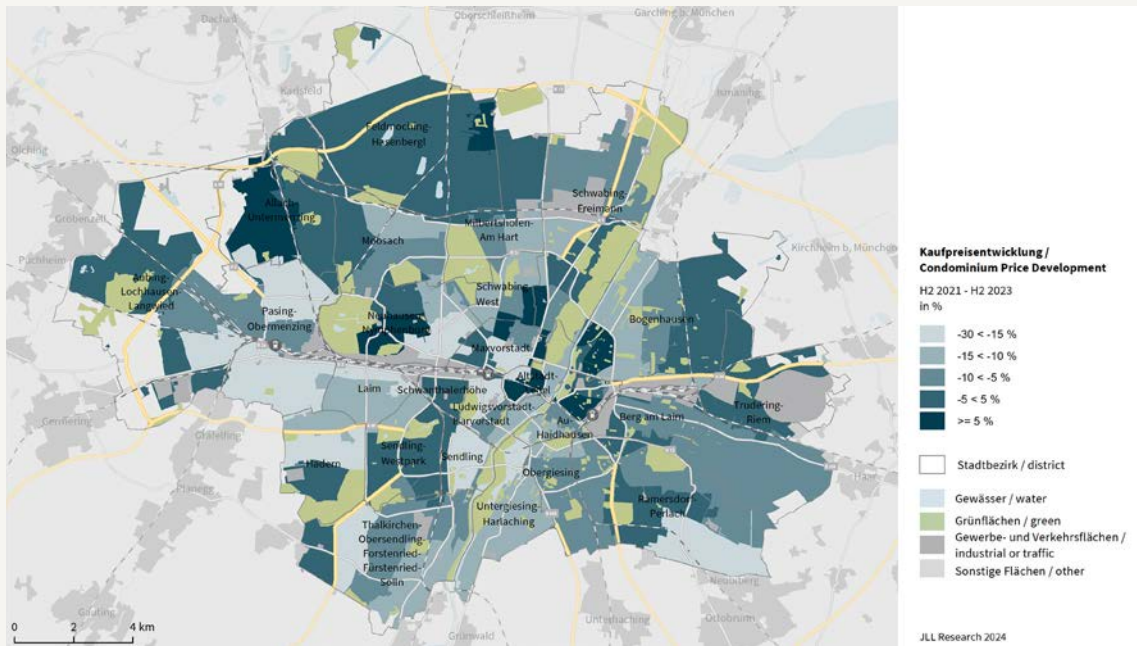
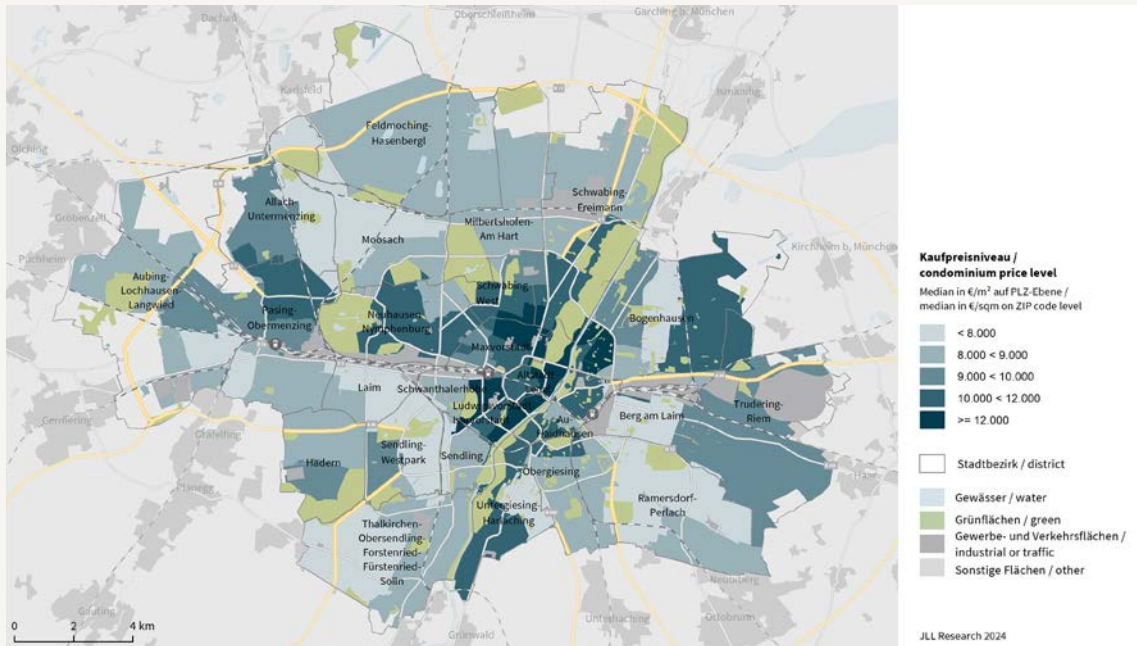
Purchase price in €/sqm



■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN





Stuttgart

Changing framework conditions cause delays to new-build construction projects

In the second half of 2023, the housing market in Stuttgart was characterised by a sharp fall in purchase prices, while rents rose continuously.

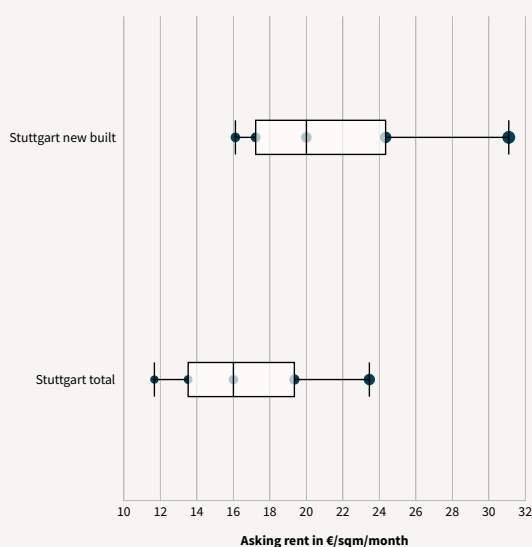
The average asking rent was around €16.00/sqm p.m. over the second half of 2023, which equates to a year-on-year increase of 4.9%. This is the second lowest rental price growth compared to other Big 8 cities. Rents for existing housing, however, have risen rather more strongly with an increase of 6.3% year-on-year which is above the five-year average (+3.9%). Rents in the premium segment* and new-build segment rose by 9.3% and 9.6% respectively compared to the previous year.

In contrast to developments in the Stuttgart rental housing market, asking prices for owner-occupier homes in the city fell across all segments. With a fall of -11.6% compared to the previous year, the average purchase price in Stuttgart recorded the most significant decrease amongst the Big 8 cities. The average purchase price in the second half of 2023 was around €4,800/sqm. There was a similar trend for existing dwellings with a fall of -11.4% compared to the previous year. Only Munich (-11.6%) and Hamburg (-11.8%) recorded a greater fall in purchase prices on a city comparison. At first glance, a completely different picture emerges for the new-build segment. The purchase price has risen by 9.9% compared to the previous year. However, an adjusted view to reflect different qualities in terms of property specification and micro location shows a different market trend with a fall in purchase prices of -7.4% compared to the previous year.

The tense housing market is one of the biggest challenges facing Stuttgart, as the high demand for affordable housing significantly exceeds the limited supply. With a completion rate of just 16 homes per 10,000 population over the last year, future demand is impossible to meet. According to forecasts by the City of Stuttgart, around 15,100 new homes will be needed in the city by 2030.

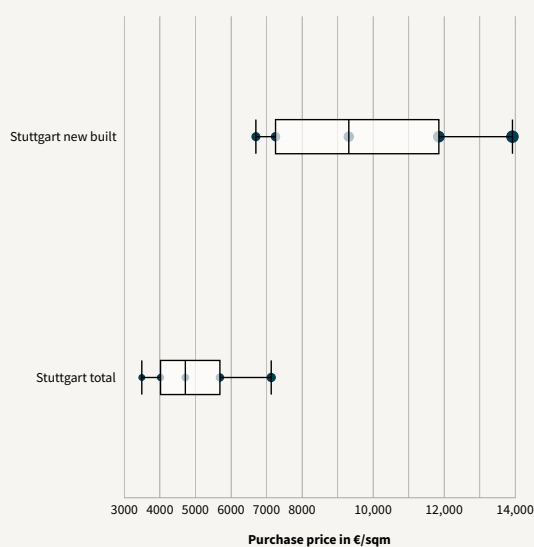
*Top price: 90th percentile of all asking rents/purchase prices

Rental price bands for listed apartments
Stuttgart



Status: January 2024; Source: JLL, VALUE MARKTDATEN

Purchase price bands for condominiums
Stuttgart

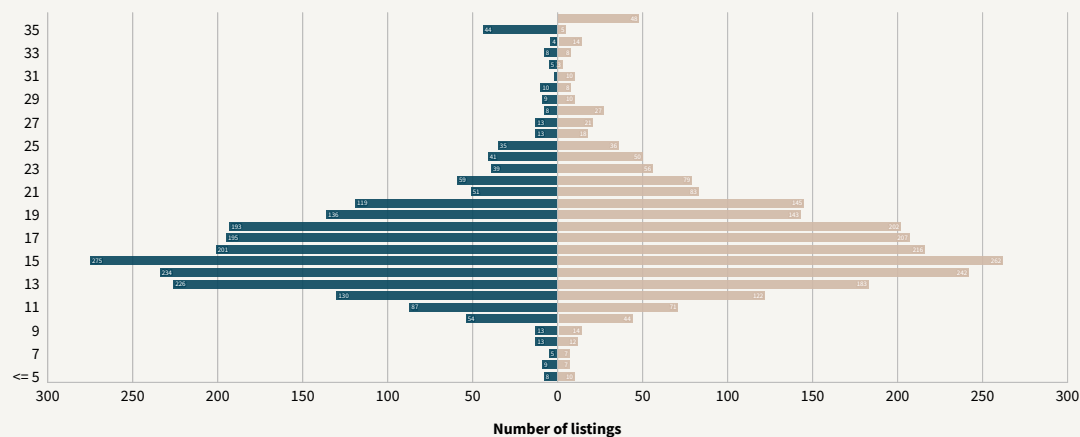


Status: January 2024; Source: JLL, VALUE MARKTDATEN

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Distribution of rental listings by price group Stuttgart

Price group in €/sqm/month



■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN

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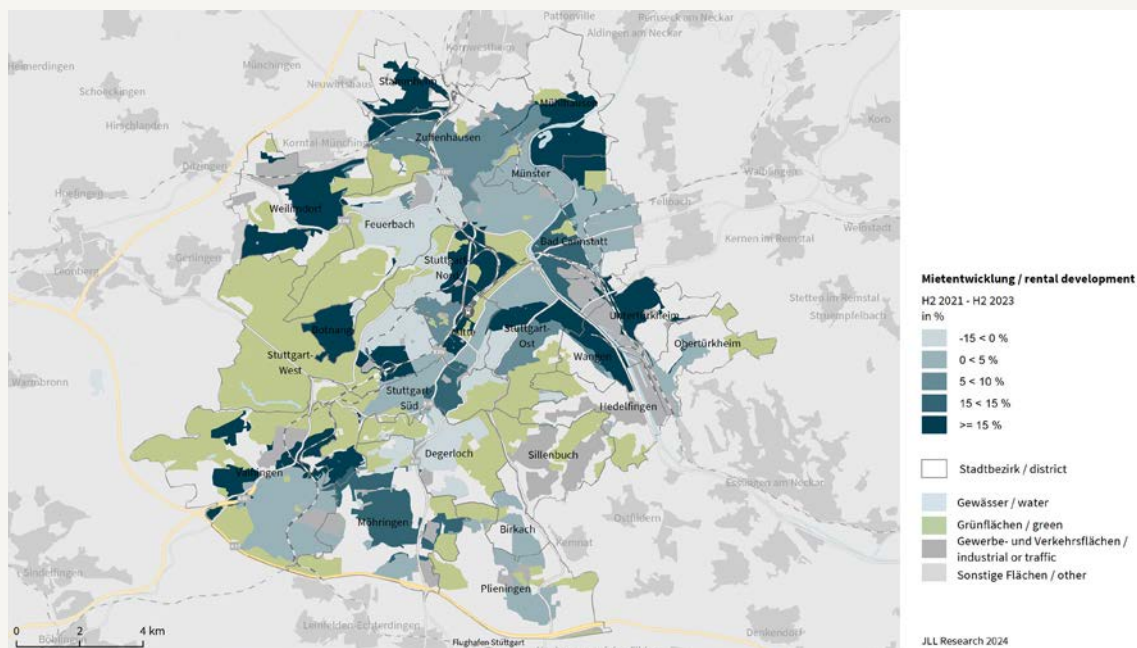
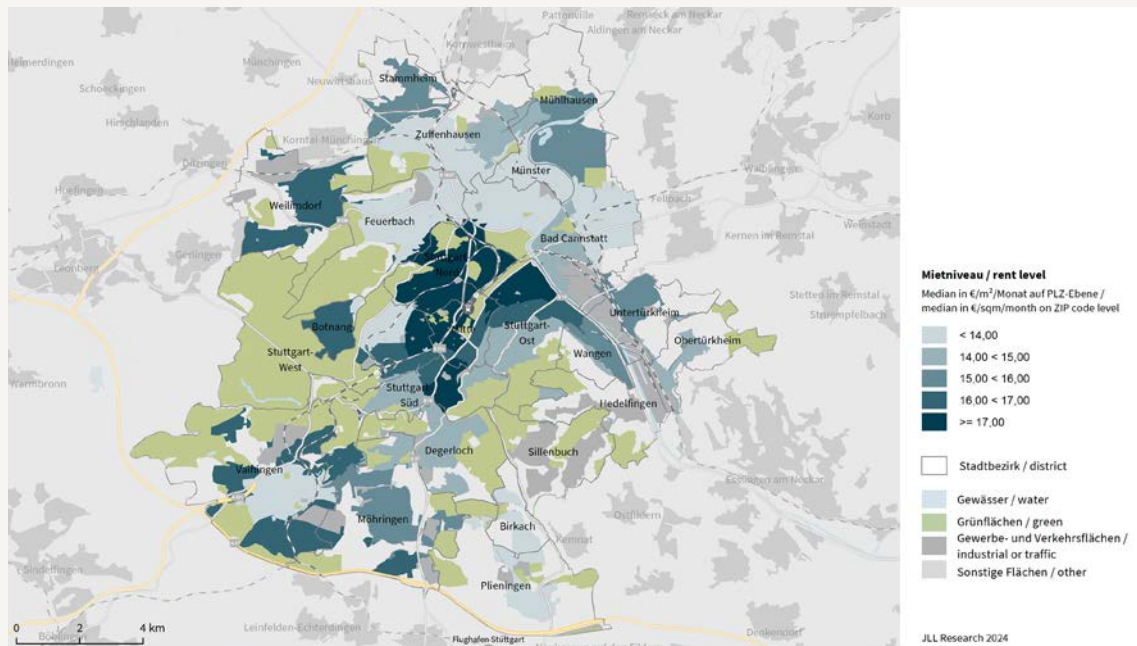
Distribution of condo listings by price group Stuttgart

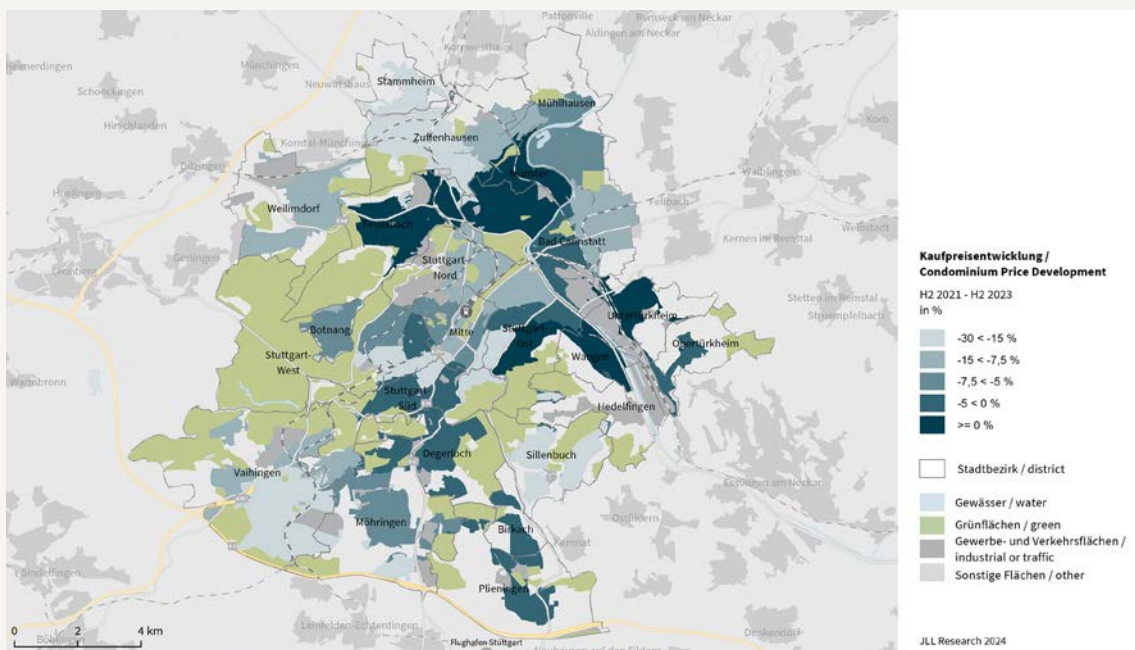
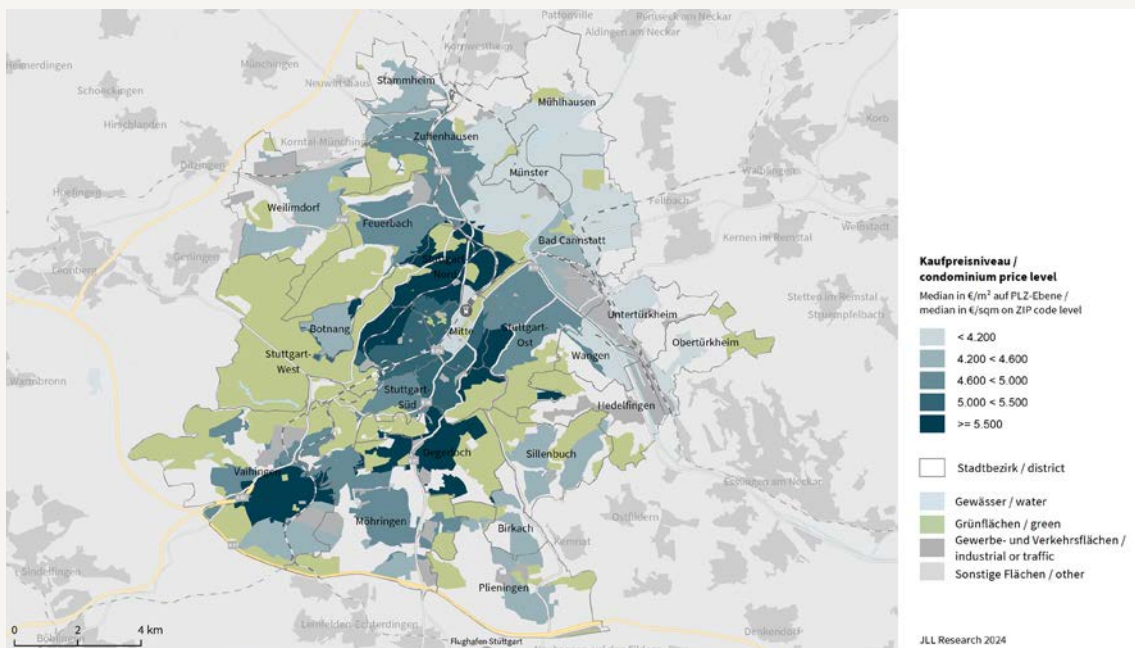
Purchase price group in €/sqm



■ H1 2023 ■ H2 2023

Status: January 2024; Source: JLL, VALUE MARKTDATEN





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