

Research Germany

Residential market Munich

Decline in permits and completions, prices up again



Residential market

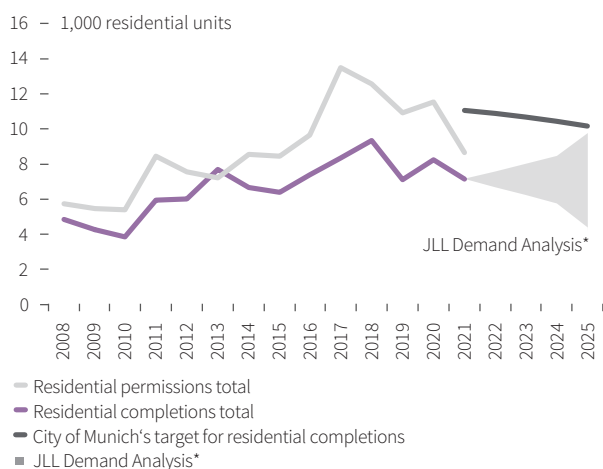
Munich

Decline in permits and completions, prices up again

With slight population growth in the second year of the pandemic, the level remains stable at 1.562 million inhabitants. In the years from 2014 to 2021, Munich grew by around +4.1% overall. The steady positive population trend as well as the scarcity of living space in central residential locations and the demand for smaller apartments remain the drivers of the high demand for housing this year. In particular, the decline in the number of completed apartments by around -14% to 7,140 in 2021 is significantly below the previous year's figure and

also below the average of recent years. With 48 completed apartments per 10,000 inhabitants in 2021, future demand (43 apartments per 10,000 inhabitants p.a.) could thus be met, but the current construction backlog amounts to around 6,300 apartments under construction or not yet completed. Compared to the previous year, this is a decrease of -1.5%, but the city's target of +8,500 housing units set out in the housing construction program was not achieved. The forecast average demand p.a. up to 2030 of 6,425 completed apartments is even significantly below the city's targets. Nevertheless, the Munich rental and purchase market developed positively in the first half of 2022, showing moderate growth in median rents and purchase prices. In the rental market in particular, it can be observed that all segments are showing steady growth and that smaller apartments in particular are increasing in demand. Munich's urban development is currently focusing, among other things, on the revitalization of existing buildings and on redensification in inner-city locations. In Fürstenried West, among other things, 660 new apartments are to be built in the existing housing estate of the Bayerische Versorgungskammer. In addition, a new neighborhood with around 1,500 apartments is to be built in the Trudering-Riem district.

Housing supply and demand for new buildings Munich



*Additional annual need for housing units (includes also apartments in detached houses) without consideration of current construction deficits.
Source: destatis, JLL (Status: July 2022)

Selected developments under construction Munich

Name	Location	Residential units	Completion date
Neufreiraum	Schwabing-Freimann	ca. 5,500	2029
Alexisquartier	Ramersdorf-Perlach	ca. 1,350	2028
Wohnquartier McGraw-Kaserne	Obergiesing	ca. 1,000	2027
Beamten-City Oberwiesenfeld	Neuhausen-Nymphenburg	ca. 615	2024
Living Isar	Untergiesing-Unterhaching	ca. 400	2022

Source: Thomas Daily, JLL (Status: July 2022)

Rental market

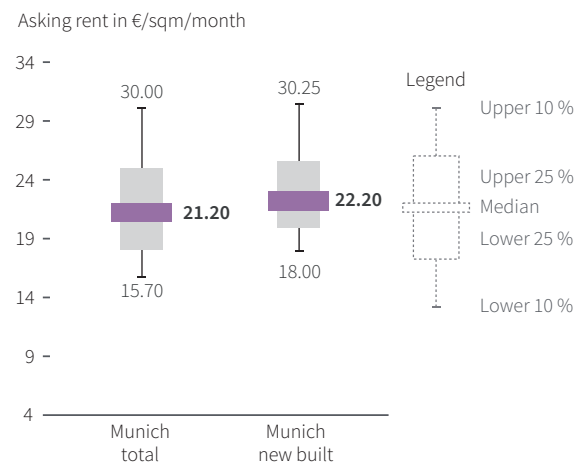
Munich

Rental development with moderate growth in all segments

The Munich residential rental market will be characterized by moderate growth in all segments in the first half of 2022. The median rent on offer will grow by +2.4%, reaching a new high of €21.20/m²/month. The positive development over the past year is thus significantly higher than the figure for the same period in the previous year (+0.7%), but still falls short of the five-year average (+4.4% p.a.). Growth in the top segment is positive again (+3.8%) after the figure for the prior-year period turned negative (-4.6%). Despite positive development, the current prime rental price remains at the same level of 30.00 euros/m²/month. In the lower market segment (cheapest 10% of all rental offers), there was also slight positive growth in the first half of 2022 (+1.0%). In contrast, the development in smaller (<45 m²) apartments was significantly stronger. After negative growth around the same period of the previous year (-5.3%), a positive development was recorded again (+3.4%), which is also above the five-year average (+3.2%). In the new-build segment, rental growth picked up again (+5.7%) after slowing in the same period of the previous year (-2.1%). The median rent in the new-build segment rose to a new

high of €22.20/m²/month. The Mitte-Süd district generated the highest rents (24.10 euros/m²/month), while the Süd-Ost district had the lowest (19.50 euros/m²/month).

Rental price bands for listed apartments Munich – H1 2022



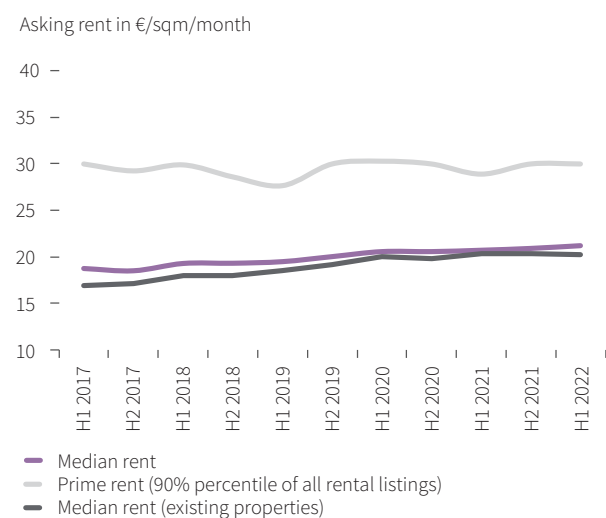
Source: JLL. VALUE Marktdaten (Status: July 2022)

Distribution of rental listings by price group Munich



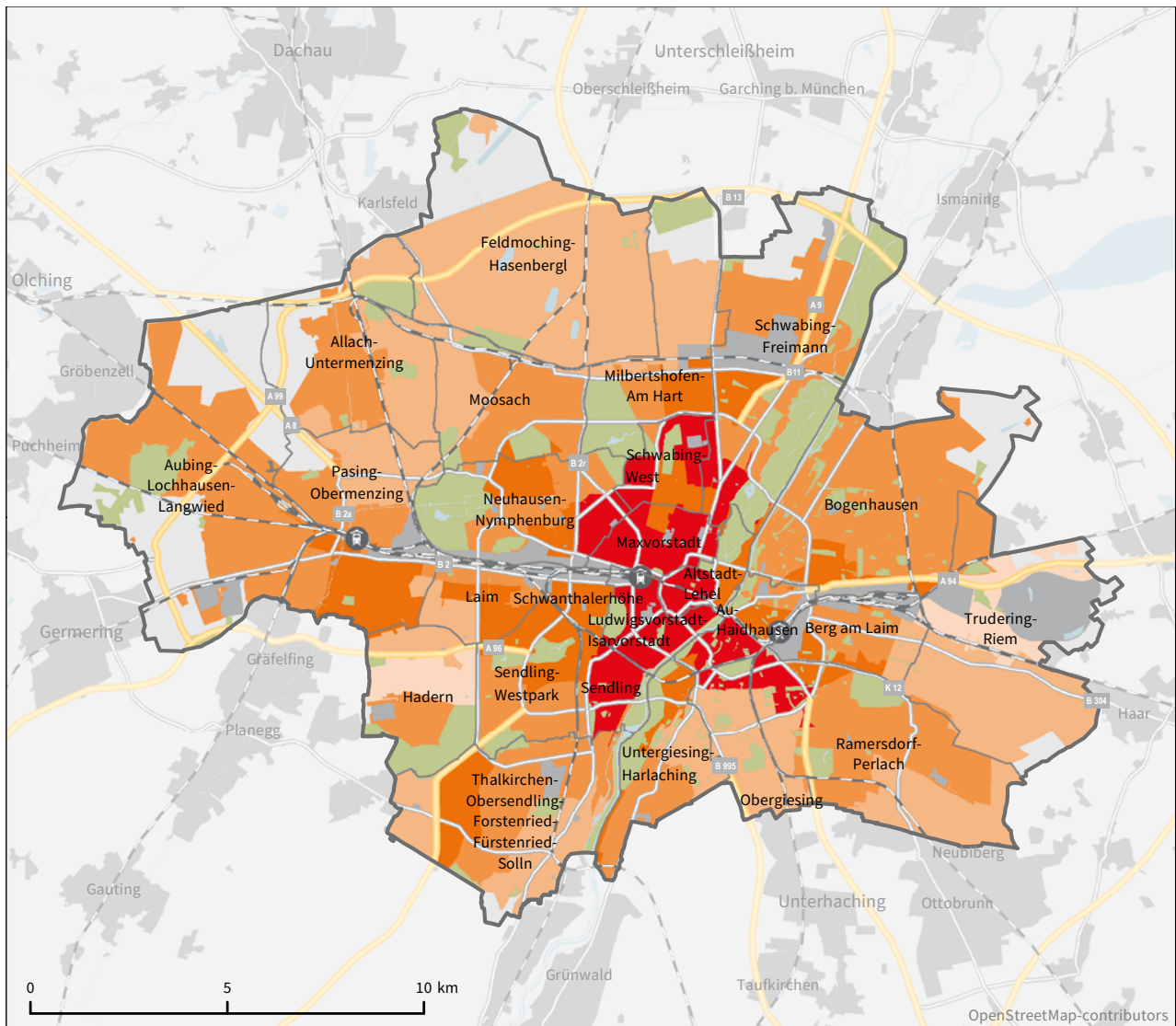
Source: JLL. VALUE Marktdaten (Status: July 2022)

Development of rental prices Munich



Source: JLL. VALUE Marktdaten, IDN immodaten (Status: July 2022)

Asking rental prices Munich



Rent Level

Average in €/sqm/month on postcode level

< 18.00

22.00 < 24.00

Water Area

Industrial or
Traffic Area

18.00 < 20.00

>= 24.00

Green Area

Other Area

20.00 < 22.00

Source: JLL. VALUE Marktdaten

Market for condominium apartments

Munich

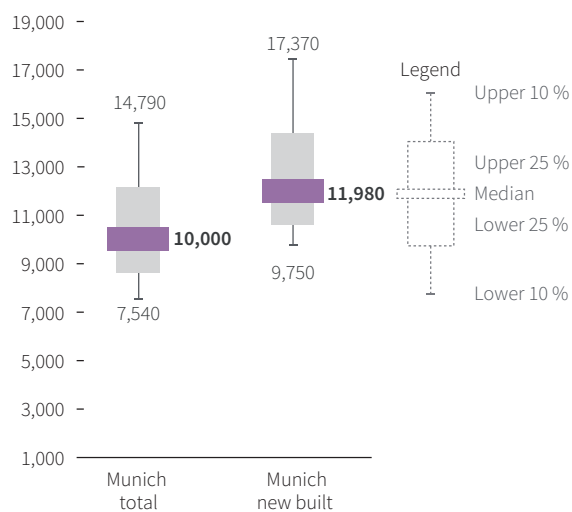
Rising purchase prices in all segments, biggest jump in new build segment

In terms of asking purchase prices for owner-occupied apartments, there was year-on-year growth of +8.7% (€10,000/m²) in Munich in the first half of 2022. The momentum has weakened somewhat compared with the same period of the previous year (+9.7%), but nevertheless remains above the five-year average (+7.2% p.a.). In the upper price segment (most expensive 10% of the purchase offers, 14,790 euros/m²) the positive development became visible. With growth of +14.8%, the figure is almost double the five-year average (+7.6% p.a.) and three times the previous year's figure (+4.5%). A positive development can also be seen in the lower price segment (+9.9%). Prices have risen to a new high of 7,540 euros/m². The new construction segment recorded the very highest growth over the year. With growth of +22.6%, the current price is now 11,980 euros/m². Compared with the previous year's figure (+5.4%) and the five-year average of +6.7% p.a., the new-build sector has seen rapid development. Among the city districts, Mitte-Süd leads the spectrum of median purchase prices at 14,000 euros/m², while Bezirk Nord brings up the rear at 9,110 euros/m².

Purchase price bands for condominiums

Munich – H1 2022

Purchase price in €/sqm

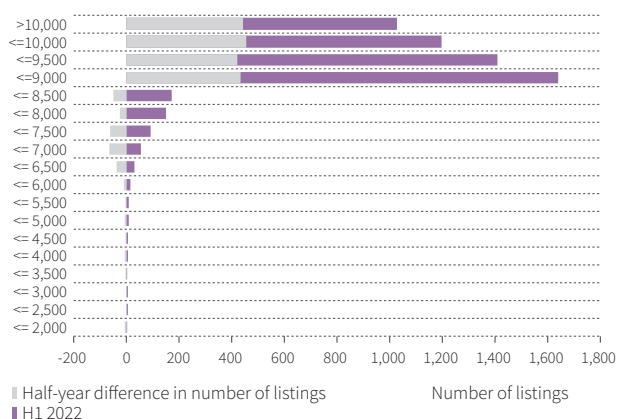


Source: JLL. VALUE Marktdaten (Status: July 2022)

Distribution of condo listings by price group

Munich

Purchase price group in €/sqm

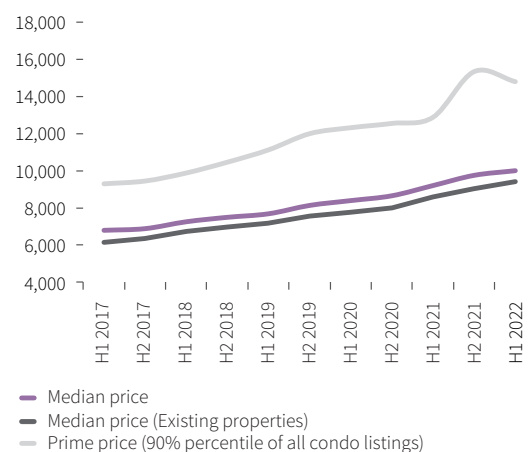


Source: JLL. VALUE Marktdaten (Status: July 2022)

Development of purchase prices for condominiums

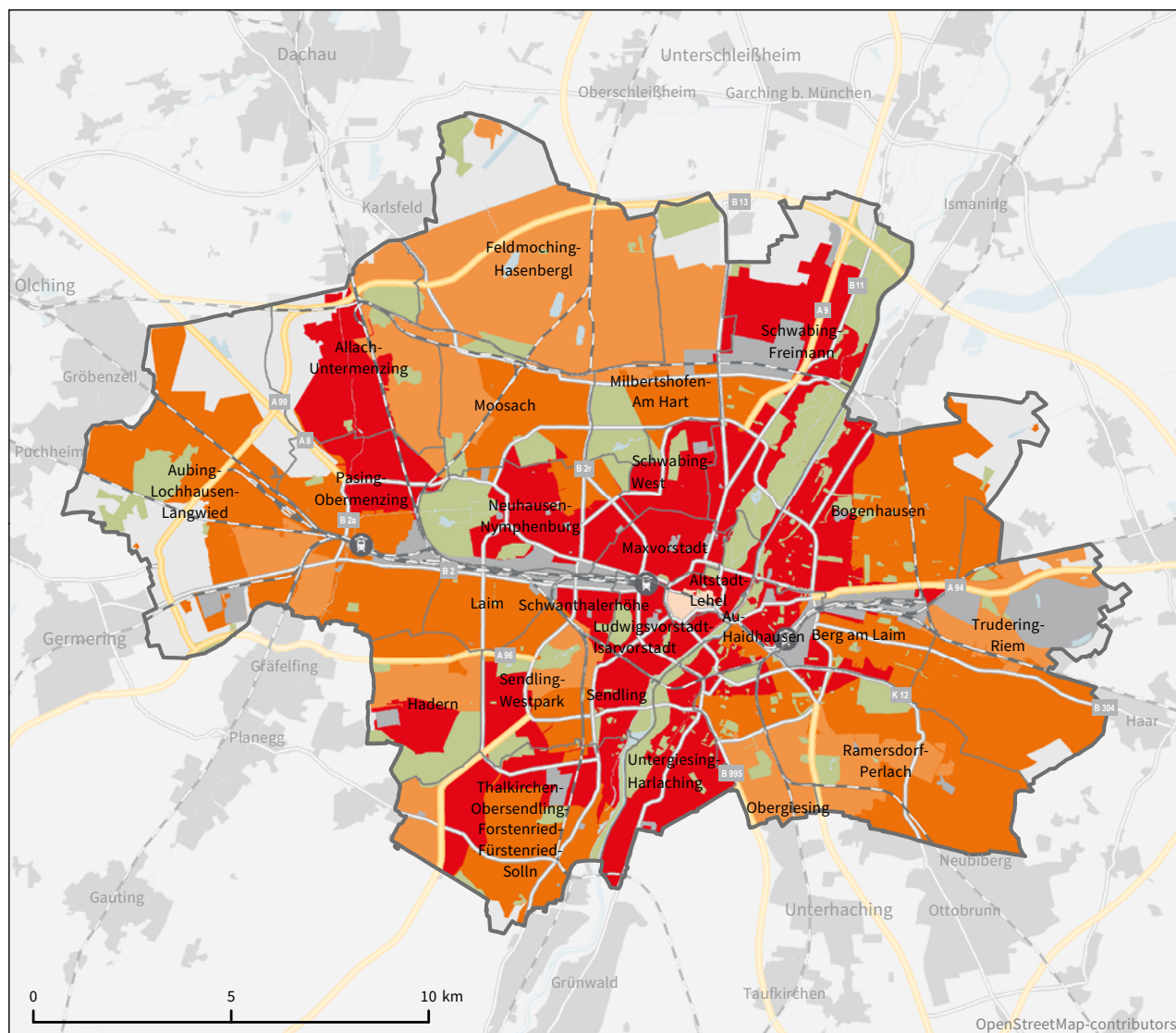
Munich

Purchase price in €/sqm



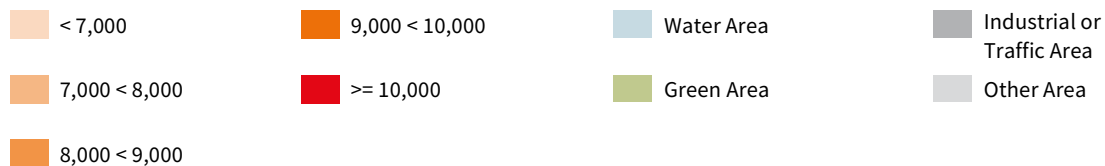
Source: JLL. VALUE Marktdaten, IDN immodaten (Status: July 2022)

Asking condominium prices Munich



Condominium price level

Average in €/sqm on postcode level



Source: JLL. VALUE Marktdaten



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