

ImmoScout24 WohnBarometer

Q3 2024

Executive Summary for the Purchase and Rental Market

Every quarter, the "ImmoScout24 WohnBarometer" shows the development of rental and purchase prices in Germany as a whole and in the eight largest metropolitan areas (Berlin, Düsseldorf, Frankfurt (Main), Hamburg, Cologne, Munich, Leipzig and Stuttgart). The analysis is based on the listings for existing and newly built objects for rent or purchase on ImmoScout24, Germany's largest online marketplace for real estate. The price data is supplemented by information on the relation of demand to supply.

Boost in Demand on the Purchase Market Thanks to Interest Rate Cuts

Stable prices for condominiums and single-family homes / Berlin rental boom

- Demand for residential real estate investments is well above the previous year's level and has experienced an even stronger upturn since September.
- Prices for condominiums remain stable across Germany in the third quarter.
- Prices for newly built flats are still below the previous year's level in four major cities.
- Single-family homes are showing positive price trends in both existing properties and new constructions.
- Demand pressure on the rental market is spreading to the outskirts of major cities and independent towns.
- Continuous rise in rents in the major cities - only Munich and Stuttgart pause at a high level.
- In addition to rising base rents, ancillary costs, which can account for up to 25 percent of the total rent, are putting pressure on tenants.

Summary

The latest ImmoScout24 WohnBarometer for the third quarter of 2024 shows stable price developments for flats and single-family homes in both new constructions and existing properties. Lower interest rates continue to boost the purchase market: After a brief period of waiting for further interest rate cuts in the summer, demand for property purchase has experienced a significant upturn since September, as the European Central Bank (ECB) lowered the key interest rate by 0.25 points to 3.5 percent in that month.

Apartment seekers in Germany are confronted with intense competition, rising rents and high ancillary costs. Demand is growing especially in smaller large and medium-sized cities. While asking rents in the third quarter of 2024 are not rising as sharply as in previous quarters, the increase remains steady.

Purchase Market

Following the interest rate cut by the ECB in early September, demand - as measured by contact inquiries on ImmoScout24 - surged nationwide by 9 percent within a month. In Germany's eight major cities and their surrounding areas, September saw the strongest purchase demand of the year, with demand in large cities 28 percent higher and in surrounding areas 22 percent higher than a year ago. Demand also exceeded last year's levels in other cities (+26 percent) and rural areas (+21 percent).

On average across Germany, asking prices for existing flats rose by 1.5 percent in the third quarter. In Stuttgart and Düsseldorf, prices increased by 1.4 percent and 2 percent, respectively, within one quarter. In the other six major cities, prices remained almost unchanged compared to the previous quarter, indicating a market stabilisation: while Berlin (-0.1 percent), Cologne (-0.1 percent) and Hamburg (-0.4 percent) recorded slight declines, Leipzig (+0.3 percent), Munich (+0.7 percent) and Frankfurt am Main (+0.7 percent) showed slight upward trends. On a yearly basis, the upward trend is becoming more consistent: In Cologne, prices are up by 5 percent, the highest increase compared to last year. In Munich, the price of an existing condominium is 4.4 percent higher than a year ago, with the price per square meter approaching the 8,500 euros mark. Only in Frankfurt am Main do prices remain slightly below last year's level, with a decrease of 1.3 percent.

Prices for new-build flats moved sideways in the third quarter, both across Germany (+0.2 percent) and in the metropolitan areas. Stuttgart recorded a slight decrease of minus 0.6 percent. Frankfurt am Main and Düsseldorf followed with minus 0.5 percent. The positive changes range from plus 0.1 percent in Hamburg to plus 0.6 percent in Munich. In a year-on-year comparison, four out of eight metropolises show significant price increases. While newly built flats in Munich (+5.5 percent), Berlin (+5.2 percent), Cologne (+3.1 percent) and Leipzig (+2.4 percent) are more expensive than a year ago, buyers in Frankfurt am Main (-2.2 percent), Stuttgart (-1.7 percent) and Düsseldorf (-1.6 percent) can still save a little compared to the same quarter last year.

Prices for existing single-family homes in four major cities are above the previous quarter's levels: Leipzig saw a 2.2 percent increase, followed by Cologne with 1.8 percent, Hamburg with 1.6 percent, and Stuttgart with 1.3 percent. In contrast, Frankfurt am Main fell by 1 percent. In the other cities, price movements remained relatively stable in the third quarter. The same trend applies to the nationwide average, which saw a slight decline of 0.4 percent. Over the year, prices in Stuttgart and Cologne have increased by over 6 percent compared to the previous year, reflecting a positive quarterly trend. Leipzig has also seen a significant price increase of 2.9 percent over the past year. However, in Munich, Frankfurt am Main and Hamburg, prices remain slightly lower than the previous year, with declines of 2.0 percent, 1.6 percent and 1.4 percent respectively.

In comparison to the previous quarter, prices for newly built single-family homes across Germany have increased by 2.1 percent on average. The trend is consistent across three major cities: Stuttgart recorded a 2.3 percent increase, while in Berlin and Hamburg, each saw a rise of 1.2 percent. In the other five cities, prices remained largely stable or declined slightly, such as in Munich and Frankfurt am Main, where they dropped by 0.9 percent. On a year-over-year basis, prices in five out of the eight metropolises have increased. Stuttgart experienced the largest increase with 8.9 percent while prices in Berlin and Leipzig each rose by 3.6 percent. In Cologne, prices increased by 2.0 percent, and in Munich by 1.1 percent. However, Hamburg and Düsseldorf recorded declines of -2.9 percent and -2.4 percent, respectively.

Rental Market

Demand for rental flats in Germany remains strong. Across Germany, demand for existing flats increased by 12 percent in the third quarter of 2024, significantly outpacing the demand for new construction (+2 percent). While demand for rental flats remains highest in the major cities, its growth has slowed slightly, with a rise of +7 percent. Growth in demand is somewhat stronger in the areas surrounding metropolitan areas (+12 percent) and especially in independent cities (+17 percent). In rural areas, rental apartments are +9 percent more in demand than in the previous quarter.

The average rent for existing flats across Germany is EUR 8.54 per square meter, showing a slight sideways trend of -0.2 percent in the third quarter. In the major cities, the development of rents for existing flats is heterogeneous. Rents for new leases have risen strongly in Düsseldorf (+3.6 percent) and Leipzig (+3.7 percent), where, despite this high growth, the average rent of EUR 8.43 per square meter remains below the national average.

In both Frankfurt am Main and Berlin, rents are increasing by +3.1 percent. This puts Berlin's average rent at 14.19 euros per square meter, making Germany's capital the third most expensive city after Frankfurt am Main (14.97 euros) and Munich (20.97 euros) - where rents per square meter have fallen slightly below 21 euros again. Berlin's average rent has now surpassed those in Cologne (EUR 14.04) and Stuttgart (EUR 14.07), where a slight decrease of -0.5 percent was observed.

Rents for new-build flats, on the other hand, continue to rise. The average rent for new-build flats across Germany rose by +1.2 percent in the third quarter, reaching EUR 12.37 per square meter. Berlin stands out with a notable quarterly increase of 3.3 percent in new-build rental prices. This brings the average rent for new flats in the capital to EUR 20.16 per square meter, surpassing a new price threshold, second only to Munich where rents are EUR 25.58 per square meter. Frankfurt am Main once again completes the trio of the most expensive cities with a rent per square meter of EUR 18.09 (+1.0 percent).

New-build rents have particularly increased in Leipzig, rising by 3.6 percent since the previous quarter to EUR 12.61 per square meter. Rents for new-build flats have also significantly risen in Cologne (+2.3 percent). In Hamburg, there has been a more stable development, with a slight increase of +0.5 percent.

Looking at the year as a whole, rents for existing flats have increased by +3.2 percent across Germany. Nearly double-digit growth has been seen in Berlin (+9.6 percent) and Frankfurt am Main (+9.5 percent). In Hamburg (+3.1 percent) and Stuttgart (+4.0 percent), the annual growth is roughly in line with the national average.

In the new-build segment, rents have risen by 7 percent across Germany over the year. In two major cities, rents have even increased by double digits, with Cologne recording an increase of 13.1 percent and Leipzig 10.9 percent. Rent increases in Berlin (+7.4 percent), Düsseldorf (7.9 percent) and Munich (+8.4 percent), on the other hand, have been somewhat weaker but still significant over the year.

Methodology

The ImmoScout24 WohnBarometer is the market report on the development of the real estate market. It is published by ImmoScout24, Germany's leading online platform for residential real estate. The ImmoScout24 WohnBarometer reflects the price development in real offer prices, supplemented by an indicator of the relationship between supply and demand. The database comprises over 8.5 million advertisements from the last five years on ImmoScout24. The values are calculated for reference properties for the respective property type considered by an algorithm from the field of machine learning. The reference object for rental flats is a two-room existing flat of 70 square meters. For flats for sale, a three-room flat with 80 square metres of living space is taken as a basis. The single-family house under consideration has 140 square metres of living space and a plot of 600 square metres. The category new construction contains all offers with a construction age of two years or less at the respective time of determination. The demand in relation to the supply is calculated based on the contact enquiries per listing of the respective property type per week. It is a standardised value to compensate for different standing times of the advertisements on the portal. The current asking prices always refer to the last data point in the market report and thus represent the asking price in the fourth quarter of 2022. The algorithm applied also forms the basis for the price forecast. For this current population balances and the available and planned housing stock are included in the calculation.

Appendix

Data cockpit for sales objects

Purchase price development	Condominium		House	
	Existing properties	New construction	Existing properties	New construction
Germany	1.5 percent	0.2 percent	-0.4 percent	2.1 percent
Berlin	-0.1 percent	0.2 percent	-0.1 percent	1.2 percent
Düsseldorf	2.0 percent	-0.5 percent	0.6 percent	-0.5 percent
Frankfurt am Main	0.7 percent	-0.5 percent	-1.0 percent	-0.9 percent
Hamburg	-0.4 percent	0.1 percent	1.6 percent	1.2 percent
Cologne	-0.1 percent	0.2 percent	1.8 percent	0.4 percent
Leipzig	0.3 percent	0.2 percent	2.2 percent	-0.1 percent
Munich	0.7 percent	0.6 percent	0.2 percent	-0.9 percent
Stuttgart	1.4 percent	-0.6 percent	1.3 percent	2.3 percent

Purchase price development	Condominium		House	
	Existing properties	New construction	Existing properties	New construction
Germany	0.8 percent	-1.5 percent	0.8 percent	2.4 percent
Berlin	0.4 percent	5.2 percent	0.0 percent	3.6 percent
Düsseldorf	1.2 percent	-1.6 percent	0.3 percent	-2.4 percent
Frankfurt am Main	-1.3 percent	-2.2 percent	-1.6 percent	0.8 percent
Hamburg	-0.1 percent	-0.6 percent	-1.4 percent	-2.9 percent
Cologne	5.0 percent	3.1 percent	6.1 percent	2.0 percent
Leipzig	1.6 percent	2.4 percent	2.9 percent	3.6 percent
Munich	4.4 percent	5.5 percent	-2.0 percent	1.1 percent
Stuttgart	1.5 percent	-1.7 percent	6.7 percent	8.9 percent

Offer price per m ²	Condominium		House	
	Existing properties	New construction	Existing properties	New construction
Germany	2,500 €	4,016 €	2,740 €	3,780 €
Berlin	4,634 €	6,487 €	4,822 €	6,042 €
Düsseldorf	4,415 €	6,444 €	5,547 €	6,578 €
Frankfurt am Main	5,195 €	6,569 €	5,652 €	7,017 €
Hamburg	5,096 €	6,445 €	5,632 €	6,266 €
Cologne	4,176 €	5,973 €	5,171 €	6,124 €
Leipzig	2,825 €	4,981 €	3,696 €	4,486 €
Munich	8,498 €	11,169 €	8,406 €	10,382 €
Stuttgart	4,883 €	6,780 €	5,913 €	7,283 €

Data cockpit for rental flats

	Germany	Berlin	Düsseldorf	Frankfurt (Main)	Hamburg	Cologne	Munich	Stuttgart	Leipzig
Rental flats - Existing properties									
Price development Q3-24 vs Q2-24	-0.2 percent	3.1 percent	3.6 percent	3.1 percent	0.5 percent	0.3 percent	-0.3 percent	-0.5 percent	3.7 percent
Price development Q3-24 vs Q3-23	3.2 percent	9.6 percent	8.7 percent	9.5 percent	3.1 percent	8.0 percent	8.4 percent	4.0 percent	7.5 percent
Price per m ² Q3-24	8.54 €	14.19 €	13.20 €	14.97 €	13.79 €	14.04 €	20.97 €	14.07 €	8.43 €
Net cold rent for the 70 m ² reference flat	598 €	993 €	924 €	1,048 €	965 €	983 €	1,468 €	985 €	590 €
Rental flats - New construction									
Price development Q3-24 vs Q2-24	1.2 percent	3.3 percent	1.5 percent	1.0 percent	0.5 percent	2.3 percent	2.0 percent	0.2 percent	3.6 percent
Price development Q3-24 vs Q3-23	7.0 percent	7.4 percent	7.9 percent	8.6 percent	9.5 percent	13.1 percent	8.3 percent	9.3 percent	10.9 percent
Price per m ² Q3-24	12.37 €	20.16 €	16.11 €	18.09 €	17.23 €	16.43 €	25.58 €	16.47 €	12.61 €
Net rent per m ² for 70 m ² reference flat	866 €	1,411 €	1,128 €	1,266 €	1,206 €	1,150 €	1,791 €	1,153 €	883 €

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