

ImmoScout24 WohnBarometer

Q1 2024

Executive Summary

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, Dusseldorf, Frankfurt (Main), Hamburg, Cologne, Munich, Leipzig and Stuttgart). The analysis is based on the listings for existing and newly built apartments for rent or purchase on Germany's largest online marketplace for real estate, ImmoScout24. The price data is supplemented by information on the relation of demand to supply.

Turnaround in the property market! The desire to buy is returning

Property in metropolises is more in demand than it has been for two years

- **Buying demand in major cities increased by almost 50 per cent**
- **Prices for existing apartments to buy rose slightly in the first quarter of 2024**
- **Slight price correction for new-build flats**
- **Purchase prices for single-family homes significantly higher in the first quarter of 2024 than in the previous year**
- **Average asking rents for existing flats in Germany rose by 1.7 per cent and for new builds by 1.6 per cent quarter-on-quarter.**
- **Demand for rental apartments picked up again across Germany in the first quarter**
- **Significant increase in rents for existing flats in Hamburg following publication of the rent index.**

Summary

After purchase demand peaked in 2021 and experienced a significant dip in 2022, interest in properties for sale picked up again in 2023 and has since risen again significantly across Germany: This trend was particularly evident in the first quarter of 2024 in the major cities, where interest in buying – measured by contact enquiries on ImmoScout24 – increased by 49 per cent year-on-year. This trend can also be observed in the areas surrounding the metropolises (+31%), as well as in other cities (+39%) and in rural areas (+24%). Demand in all regions is therefore significantly higher than the previous year's level.

Following significant rent increases in the fourth quarter of 2023, the ImmoScout24 WohnBarometer for the first quarter of 2024 shows that the development of asking rents is losing momentum across Germany.

Buying Market

In the first quarter of 2024, asking prices for existing flats for sale rose by an average of 0.6% to EUR 2,490 per square metre across Germany. Among the eight metropolises, the strongest increase was seen in Cologne (+ 1.5 per cent) and Munich (+ 1.3 per cent). Prices only fell slightly in Düsseldorf (- 0.1 per cent).

Despite this predominantly positive price trend, prices are often still below those of the previous year. Across Germany, an existing flat is being offered 2.5 per cent cheaper than last year. The year-on-year price reductions are even greater in Berlin (- 5.1 per cent) and Frankfurt am Main (- 5.4 per cent). Prices in Dusseldorf (- 3.3 per cent) and Cologne (- 2.6 per cent) have not yet returned to the previous year's level either. In contrast, asking prices in Leipzig have risen significantly compared to the previous year (+ 3.4 per cent).

The first quarter of 2024 brought surprises in terms of asking prices for new-build flats, which fell by 0.5 per cent across Germany on a quarterly comparison – in Munich by as much as 1.6 per cent. Nevertheless, nowhere else in Germany is a square metre of living space as expensive as in the Bavarian capital: the average price for a new-build flat is €10,481 per square metre. That is still around 3,500 euros more than in Stuttgart, the second most expensive city, where the price per square metre is 7,014 euros. Even in Leipzig, where the price per square metre for new-build flats is cheaper than in any other German metropolis at EUR 5,003, the price is slightly lower than in the previous quarter (- 0.7 per cent). Year-on-year, prices for new-build flats in Leipzig and Cologne rose by 5.3 per cent. In Berlin, there was a price increase of 4.8 per cent.

Prices for single-family homes in Germany showed little change quarter-on-quarter, both for existing (- 1 per cent) and new builds (- 0.5 per cent). Compared to the previous quarter, Dusseldorf saw the strongest price growth in existing properties (+ 0.9 per cent), while Berlin saw the strongest growth in new builds (+1.2 per cent). In the first quarter of 2024, asking prices for existing homes fell in the high-price metropolises of Munich (- 1.4 per cent) and Stuttgart (- 1.3 per cent). Prices for new-build houses fell slightly in Cologne and Leipzig (- 0.7 per cent). In a year-on-year comparison, the strongest price increases for existing homes were seen in Düsseldorf (+ 1.8 per cent) and for new builds in Berlin (+ 5.4 per cent).

Rental Market

Looking at Germany as a whole, existing apartments to rent were offered 1.7 per cent more expensive on average than in the previous quarter. The increase for new-build apartments was 1.6 per cent. In the previous quarter, the price trend was significantly higher. The average basic rent for a two-bedroom flat with 70 square metres in existing apartments was recorded at EUR 599 and EUR 833 for new builds on average.

Demand in the eight largest metropolises has increased by 29 per cent since the beginning of 2022. However, it increased even more significantly in the areas surrounding the metropolises, namely by almost 41 per cent. This is because rent seekers are increasingly extending their search radius to the surrounding municipalities due to the high rents and high demand pressure in the city centres. In other, smaller cities, demand also rose by 41 per cent in the same period. Rental apartments in rural areas received 29 per cent more contact enquiries than in 2022.

In Germany's eight largest metropolises, asking rents for new builds rose by an average of 1.6 per cent in the first quarter of 2024, the same rate as the national average for new build rents. In four of the eight largest metropolises, rents are moving sideways. While new-build rents in Berlin and Stuttgart were 0.4 per cent lower than in the previous quarter, they rose by just 0.6 per cent in Leipzig and 0.5 per cent in Düsseldorf. New rents in Hamburg climbed by 4.0 per cent, breaking the mark of EUR 16. With an increase in rents of 2.6 per cent compared to the previous quarter, Cologne also exceeded EUR 16 per square metre. In Munich, rents rose by 3.4 per cent and, with a price per square metre of EUR 24.93, are scratching at the EUR 25 mark. With an average basic rent of €1,745 for a 2-room new-build apartment, rents in the Isar metropolis are therefore more than twice as expensive as a reference flat in the national average and in Leipzig, the smallest city among the eight metropolises.

While new-build rents have risen more strongly than for existing flats in recent quarters due to a lack of regulation and high construction costs, the first quarter shows a mixed picture: Only in Hamburg and Munich is the price trend for existing properties still below that for new builds. In Dusseldorf, the increase in rents for existing and new builds is on a par at 0.5 per cent each. The other five metropolises show slightly stronger price momentum for existing properties than for new builds. By contrast, the publication of the new Hamburg rent index in December 2023 led to the strongest rent increases in a comparison of metropolises. The Hanseatic city thus overtook Cologne again and takes fourth place among the most expensive metropolises, just behind Stuttgart. Frankfurt am Main recorded the second strongest growth with an increase of 2.4 per cent compared to the previous quarter. In Munich, asking rents for existing properties also increased significantly by 2.2 per cent. Meanwhile, rental price growth in Dusseldorf, Stuttgart, Cologne and Leipzig was below the national average of 1.7 per cent. Leipzig remains the most affordable metropolis in Germany and is below the national average at EUR 11.69 per square metre for new builds and EUR 8.09 per square metre for existing properties.

Conclusion

The rental market was showing weaker price momentum in the first quarter of 2024, but demand pressure remains high. While rents are expected to continue to rise, the purchase market is becoming increasingly attractive again.

In view of stable interest rates and insufficient rental offers, the topic of buying property is once again coming to the fore. Compared to the previous year, interest in buying property has risen considerably – by 49 per cent in the major cities. The excess supply on the purchase market is already diminishing. We therefore assume that purchase prices will rise again in the future.

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 apartments is a two-room existing apartment of 70 square meters. For apartments 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 standardized 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

Sales price development Q4 2022	Apartment Existing properties	Apartment New construction	House Existing properties	House New construction
Germany	0.6 %	-0.5 %	-1.0 %	0.5 %
Berlin	0.4 %	1.7 %	0.3 %	1.2 %
Hamburg	-0.1 %	-0.2 %	0.9 %	-0.6 %
Dusseldorf	1.2 %	0.4 %	0.3 %	0.7 %
Cologne	0.9 %	0.1 %	-1.7 %	-1.0 %
Munich	1.5 %	1.7 %	0.7 %	-0.7 %
Frankfurt (Main)	0.4 %	-0.7 %	0.7 %	-0.7 %
Stuttgart	1.3 %	-1.6 %	-1.4 %	1.1 %
Sales price development Q4 2022 vs. Q4 2021	Apartment Existing properties	Apartment New construction	House Existing properties	House New construction
Germany	-2.5 %	2.6 %	0.8 %	3.1 %
Berlin	-5.1 %	4.8 %	1.5 %	5.4 %
Dusseldorf	-3.3 %	1.6 %	1.8 %	1.7 %
Frankfurt (Main)	-5.4 %	0.9 %	2.0 %	4.0 %
Hamburg	0.4 %	2.7 %	-4.0 %	-3.6 %
Cologne	-2.6 %	5.3 %	1.7 %	1.4 %
Munich	3.4 %	5.3 %	2.1 %	3.7 %
Stuttgart	0.2 %	-0.5 %	0.1 %	3.2 %
Current offer prices Q4 2022 per sqm	Apartment Existing properties	Apartment New construction	House Existing properties	House New construction
Germany	2,490 €	4,095 €	2,727 €	3,724 €
Berlin	4,564 €	6,385 €	4,816 €	6,041 €
Dusseldorf	4,342 €	6,564 €	5,540 €	6,098 €
Frankfurt (Main)	5,224 €	6,408 €	5,790 €	7,139 €
Hamburg	5,067 €	6,596 €	5,403 €	6,163 €
Cologne	4,093 €	6,013 €	5,771 €	6,754 €
Munich	2,817 €	5,003 €	4,040 €	4,949 €
Stuttgart	8,438 €	10,481 €	8,851 €	10,463 €

Data cockpit for rental apartments

		Germany	Berlin	Dusseldorf	Frankfurt (Main)	Hamburg	Cologne	Munich	Stuttgart
Rental apartments - Existing properties									
Price development Q4 2024 to Q1 2024		1.7%	1.9%	0.5%	2.4%	3.0%	1.6%	1.1%	2.2%
Price development Q1 2023 to Q1 2024		6.9%	7.7%	6.1%	8.4%	5.6%	8.2%	6.5%	11.0%
Price per m ² Q4 2022 (in EUR)		8.56 €	1,352 €	12.42 €	14.36 €	13.71 €	13.58 €	8.09 €	20.47 €
Net cold rent for the 70 m ² reference apartment (in EUR)		599 €	947 €	869 €	1,005 €	960 €	951 €	567 €	1,433 €
Rental apartments - new construction									
Price development Q4 2024 to Q1 2024		1.6%	-0.4%	0.5%	2.2%	4.0%	2.6%	0.6%	3.4%
Price development Q1 2023 to Q1 2024		8.1%	9.8%	8.5%	8.6%	9.3%	14.4%	6.8%	11.8%
Price per m ² Q4 2022 (in EUR)		11.90 €	19.37 €	15.21 €	17.40 €	16.61 €	16.08 €	11.69 €	24.93 €
Net rent per m ² for 70-m ² reference apartment (in EUR)		833 €	1,356 €	1,065 €	1,218 €	1,163 €	1,125 €	818 €	1,745 €



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