

# PRESS RELEASE

## 2019 HOUSING MARKET REPORT BERLIN:

### PRICE BOOM CONTINUING, ESPECIALLY WITH CONDOMINIUMS

- **Asking rents for apartments in Berlin rose by 5.6 per cent to €10.34 per square metre per month in 2018**
- **Asking prices for condominiums rose by 12.0 per cent in 2018**
- **The price level of the surrounding areas of Berlin is slowly catching up with the city**
- **Rental apartments increasingly dominate new construction**

**Berlin, 27 February 2019** – In 2018, the Berlin housing market was once again characterised by significant increases in rents and purchase prices. Asking rents for apartments rose by 5.6 per cent to €10.34 per square metre per month. This means that the increase has slowed down somewhat compared to 2017, when asking rents rose by 8.8 per cent. Conversely, the asking prices for condominiums rose almost just as sharply as the previous year. With an increase of 12.0 per cent, the average purchase price in 2018 rose to €4,150 per square metre. In 2017, the increase was 12.7 per cent. This finding was reported in the latest Housing Market Report Berlin, which is a joint annual publication of the real estate bank Berlin Hyp AG and the global real estate service provider CBRE GmbH. The report analyses current developments on the Berlin housing market and evaluates, among other things, more than 40,000 rental apartment offers for a total of 190 postcode areas in Berlin. Due to the data density, even small-scale developments can be monitored and reliable results achieved.

“Berlin's population, economic output and labour market continued to grow dynamically in 2018. In view of the low vacancy rate of only 0.9 per cent in multi-storey residential construction – 2.6 per cent in 2010 – it is therefore not surprising that rents and purchase prices continue to rise sharply,” said **Dr. Henrik Baumunk**, Managing Director at CBRE in Germany. “Even though rental price growth in Berlin has slowed a little, this is not necessarily a trend. On the contrary, the increase

roughly corresponded to the level of 2016,” said **Gero Bergmann**, member of the Board of Management of Berlin Hyp.

### Asking rents rise especially in the upper price segment

The relatively high increase in rents in the upper market segment, which was 7.1 per cent, is striking. In the cheapest tenth of the asking rent prices it was 4.7 per cent. The changes in the spatial comparison are also very pronounced. Friedrichshain-Kreuzberg experienced the highest growth of all districts, with a 9.1 per cent increase in asking rents compared to the previous year, just before Berlin-Mitte with 9.0 per cent. In Neukölln, on the other hand, the figure was only plus 2.6 per cent.

### Current rental development. Rental price range for new lettings, 2018

District	Number of rental offers	Middle market segment <sup>1</sup> price range in €/m <sup>2</sup> /month	Bottom market segment		Top market segment		All market segments	
			Median in €/m <sup>2</sup> /month	Change from 2017 in %	Median in €/m <sup>2</sup> /month	Change from 2017 in %	Median in €/m <sup>2</sup> /month	Change from 2017 in %
Charlottenb.-W.	3,984	8.43–16.43	7.39	+2.8	18.06	+5.0	12.00	+6.9
Friedrichshain-K.	3,593	8.42–17.17	7.03	+0.6	19.15	+12.4	12.99	+9.1
Lichtenberg	2,236	6.86–12.50	6.20	-0.8	14.00	+7.3	9.64	+5.9
Marzahn-H.	2,225	5.86–10.43	5.56	+4.9	11.47	+3.3	7.73	+5.3
Mitte	5,335	7.98–18.01	7.00	+4.2	20.00	+8.0	12.50	+5.7
Neukölln	2,791	6.94–14.62	6.46	+4.5	16.12	+6.7	10.09	+2.6
Pankow	4,986	7.55–15.51	6.66	+2.5	17.57	+13.5	10.97	+9.0
Reinickendorf	2,489	6.81–12.29	6.45	+3.9	13.67	+10.2	9.11	+5.7
Spandau	2,823	6.45–10.99	5.94	+5.9	12.00	+9.1	8.51	+7.0
Steglitz-Z.	2,807	7.97–13.63	7.30	+4.4	14.86	+5.6	10.34	+5.5
Tempelhof-S.	3,090	7.35–14.63	6.79	+4.9	16.25	+8.3	10.26	+5.8
Treptow-Köpenick	3,795	7.21–12.78	6.62	+4.3	13.93	+11.4	9.61	+7.0
<b>Berlin total</b>	<b>40,154</b>	<b>7.12–15.40</b>	<b>6.46</b>	<b>+4.7</b>	<b>17.13</b>	<b>+7.1</b>	<b>10.34</b>	<b>+5.6</b>

(1) Excl. bottom and top tenth percentile of quotes Source: CBRE, based on data from empirica-systeme

### Purchase price momentum for condominiums remain high

As in previous years, Berlin-Mitte remained the frontrunner in terms of asking prices for condominiums. The median rose here by almost 11 per cent and, at €5,188 per square metre, exceeded the €5,000 mark for the first time. This is followed by Charlottenburg-Wilmersdorf with €4,873 per square metre (+18.5 per cent) and Friedrichshain-Kreuzberg with €4,672 per square metre (+7.2 per cent). Purchase prices for apartment buildings rise by 12.5 per cent in 2018, slightly more than those for condominiums. As in the market for condominiums, the demand on the market

for apartment buildings clearly exceeds the existing supply. Many owners see no reason to sell in view of the unwavering upward trend in rents and purchase prices as well as the lack of investment alternatives,” explained **Michael Schlatterer**, Director of Residential Valuation at CBRE in Germany. “But political messages will be closely monitored.” “The continuous low-interest rate and the not declining investment pressure driving the real estate market forward. In addition, Germany is not only for foreign investors a “safe haven”. The only limiting factor here is the supply bottleneck that is becoming ever more apparent,” says **Bergmann**.

### Current price development, condominiums. Purchase price range, 2018

District	Number sale offers	Middle market segment <sup>1</sup> price range in €/m <sup>2</sup>					Bottom market segment		Top market segment		All market segments		
		1.000	3.000	5.000	7.000	9.000	Median in €/m <sup>2</sup>	Change from 2017 in %	Median in €/m <sup>2</sup>	Change from 2017 in %	Median in €/m <sup>2</sup>	Change from 2017 in %	
Charlottenb.-W.	4,835						3,182–7,871	2,816	+18.7	8,692	+18.5	4,873	+18.5
Friedrichshain-K.	2,662						3,269–6,910	2,993	+12.6	7,932	+6.3	4,672	+7.2
Lichtenberg	1,092						2,375–4,951	2,122	+39.3	5,265	+4.3	3,729	+7.3
Marzahn-H.	324						1,829–4,112	1,687	+22.2	4,195	+2.3	2,863	+17.2
Mitte	3,358						3,038–7,914	2,458	+23.4	8,944	+3.5	5,188	+10.7
Neukölln	1,444						2,559–5,645	2,287	+21.1	6,200	+12.7	3,658	+10.4
Pankow	3,039						2,788–6,439	2,484	+13.9	7,264	+16.2	4,400	+13.6
Reinickendorf	1,156						2,130–4,212	1,952	+15.6	4,522	+15.2	2,991	+23.3
Spandau	1,004						1,891–3,930	1,750	+21.1	4,852	+14.6	2,622	+20.0
Steglitz-Z.	2,236						2,685–6,292	2,353	+21.8	7,261	+18.6	3,933	+7.8
Tempelhof-S.	2,551						2,468–5,983	2,151	+17.1	6,934	+9.8	3,846	+9.5
Treptow-Köpenick	1,286						2,031–4,667	1,875	+12.5	5,078	+7.2	3,070	+10.4
<b>Berlin total</b>	<b>24,987</b>						<b>2,524–6,786</b>	<b>2,167</b>	<b>+18.3</b>	<b>7,779</b>	<b>+11.8</b>	<b>4,150</b>	<b>+12.0</b>

(1) Excl. bottom and top tenth percentile of quotes Source: CBRE, based on data from empirica-systeme

### Around 60 per cent of newly constructed apartments for rent

For the report, CBRE researched a record number of around 42,900 apartments in 286 projects. All are in the process of implementation or concrete planning (as of October 2018) and will be completed in the coming years. In the previous year there were around 34,500 apartments. “Housing activity has increased – a good sign for the housing market. In our new construction database, we have recorded around 25 per cent more planned apartments than in 2017. However, the activity is not yet sufficient to meet the high demand,” said **Schlatterer**. The marketing focus for project developments is currently on the rental housing segment, with a share of around 60 per cent. Since some of the investment properties planned as condominiums are also rented, this share

is ultimately even greater. “We are observing that project developers have now also greatly expanded their spatial distribution and are no longer focusing solely on the central areas. This is also due to the limited supply and the lack of building land,” said **Bergmann**.

Despite the higher construction activity in the peripheral districts, however, Berlin-Mitte remains at the top of the league in terms of the number of projects planned and the rental apartments and condominiums being built, with around one fifth of all units recorded. This is followed by the district of Lichtenberg with more than 6,500 planned units and Treptow-Köpenick with almost 4,200 units. A clear predominance of new rental apartments can also be seen in both districts.

### **Surrounding areas of Berlin follow the price development of the capital**

With a population of around one million, the surrounding areas of Berlin are also becoming increasingly important. Since 2011 the population has risen by 6.4 per cent. This is another reason why rents in the surrounding areas are following the trend of the capital and have shown double-digit growth rates in almost all municipalities over the past five years. For example, in the first three quarters of 2018, the asking rents for apartments in Potsdam, the only major city in Berlin's surrounding areas, were €9.86, only €0.48 below that of Berlin. Kleinmachnow, an area just outside of Berlin, is the leading location in terms of purchase prices for detached and semi-detached houses. The price here is well over €4,500 per square metre.

The complete Housing Market Report is available for download [here](#), as well as on the home pages of the publishers: [www.cbre.de](http://www.cbre.de) / [www.berlinhyp.de](http://www.berlinhyp.de)

#### **More information on Berlin Hyp:**

Berlin Hyp specialises in large-volume real estate finance for professional investors and housing societies, for whom the Bank develops individual financing solutions. As an enterprise forming a Group together with the German savings banks, it also makes an extensive spectrum of products and services available to these institutions. Berlin Hyp is not only at the forefront as the issuer of the first Green Pfandbrief; the bank also supports the financing of sustainable real estate. Berlin Hyp's clear focus, 150 years of experience and the ability to actively shape the digital transformation in the real estate sector with an eye to the future characterize the Bank as a leading German real estate and Pfandbrief bank. [www.berlinhyp.de](http://www.berlinhyp.de)

#### **More information on CBRE:**

CBRE Group, Inc. (NYSE:CBRE), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services and investment firm (based on 2017 revenue). The company has more than 80,000 employees (excluding affiliates), and serves real estate investors and occupiers through approximately 450 offices (excluding affiliates) worldwide. CBRE offers a broad range of integrated services for the entire lifecycle of a property, from strategic and technical advice such as in

sales and acquisitions or renting and letting, to managing and valuing properties to portfolio, transaction, project and facility management. CBRE offers individual advice for all asset classes from a single source. Since 1973, CBRE Germany has been represented by its head office in Frankfurt am Main; there are further branch offices in Berlin, Düsseldorf, Essen, Hamburg, Cologne, Munich, Nuremberg and Stuttgart. [www.cbre.de](http://www.cbre.de)

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