

RESULTS FOR 2024 Q3

Recovery in real estate prices confirmed, new built apartments near all-time high

Bonn & Kiel, November 7, 2024 - The recovery of the German real estate market has continued in the third quarter of 2024. Prices for apartments and single-family homes rose slightly compared to the previous quarter (Q2 2024) and even year-on-year they saw a moderate increase. A comparison by year of construction shows that prices for newly built apartments are already close to their peak again. This is shown by the latest update of the German Real Estate Index (GREIX), a joint project of the local expert committees (Gutachterausschüsse für Grundstückswerte (GAAs)), ECONtribute, and the Kiel Institute.

Price Development Market Segments

Index, Change in Percent

	Previous Quarter	Previous-Year Quarter
Apartments	+ 1.4 %	+ 0.9 %
Single-Family Houses	+ 1.3 %	+ 0.1 %
Multi-Family Houses	- 0.4 %	- 2.8 %

The GREIX is a joint project of the local expert committees, ECONtribute and the Kiel Institute tracking real estate price trends of currently 20 German cities and regions.

Compared to the **previous quarter (Q3 2024 vs. Q2 2024)**, prices for **apartments** rose by 1.4 percent. **Single-family homes** increased by 1.3 percent. In contrast, the value of **multi-family homes** fell slightly by 0.4 percent, although prices had risen sharply by 4.4 percent in the previous quarter. However, there is a high degree of volatility in this segment due to the low number of transactions, and thus the informational value is limited.

As in the previous quarter, the overall price trend was above the current inflation rates.

For the first time since the downturn about two years ago, prices are also rising on a year-on-year basis. Compared to the **same quarter a year ago (Q3 2024 vs. Q3 2023)**, **apartments** became 0.9 percent more expensive, **single-family homes** recorded a neutral result (+0.1 percent), and **multi-family homes** declined in value by 2.8 percent. However, the rate of decline

has been steadily shrinking compared to previous quarters, which is another sign of a turnaround in the housing market.

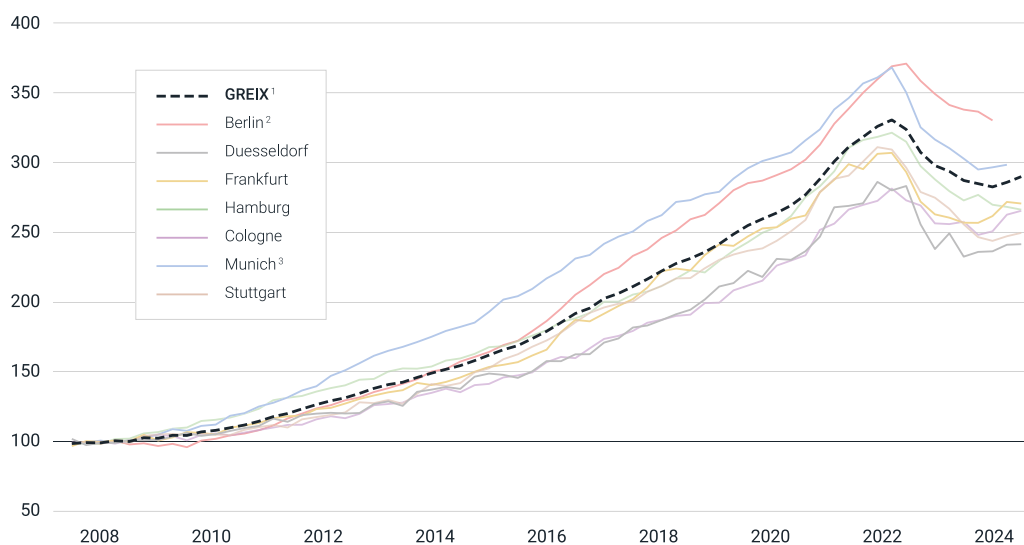
The **number of real estate transactions** increased again, though it remains noticeably below the levels seen during the boom years, at around 75 percent of the average from 2019 to 2021. The share of **new constructions** within these transactions also declined, from approximately 20 percent during the boom years to just 10 percent.

- **TOP-7 CITIES.** In Germany’s 7 largest cities (Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich, Stuttgart), there was an overall sideways movement compared to the previous quarter Q2 2024 with slight upward and downward swings.

Cologne (+1.1 percent) and Stuttgart (+1.0 percent) recorded the strongest increase, while Hamburg saw the sharpest decline (-0.7 percent). Prices in Düsseldorf (+0.2 percent) moved sideways, as did those in Frankfurt (-0.4 percent), where they had already risen significantly in the previous quarter (Q2 2024 vs. Q1 2024).

Price Development Apartments

Top-7 Cities, GREIX; Index 2008=100



¹The GREIX is a joint project of the local expert committees, ECONtribute and the Kiel Institute tracking real estate price trends of currently 20 German cities and regions. ²Data from 2024 Q1. ³Data from 2024 Q2.

Note: No data for Q3 2024 is available for Berlin and Munich in this GREIX update.

Detailed information on price trends in the Top-7 cities in the other market segments, as well as the option of downloading the data, can be found at www.greix.de.

- **OTHER CITIES.** Outside the top 7 cities, quarterly price trends for apartments are more uniform than in metropolitan areas. The trend is upward for nearly all cities; however, the mar-

ket remains more volatile overall, with stronger price fluctuations likely due to the lower number of transactions.

Leipzig saw a particularly sharp price increase (+7 percent). Duisburg (+6.3 percent) and Potsdam (+5.3 percent) also experienced significant growth, with both cities showing potential for catching up after declines in the first half of the year. Only in Dortmund did prices fall, by 2.2 percent.

Price Development Apartments

Index, Change in Percent vs. Previous-Year Quarter

	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3
GREIX¹	+ 4.0	- 3.5	- 8.6	-11.1	-11.3	- 7.3	- 5.1	- 2.7	+ 0.9
Berlin	+ 9.5	+ 2.4	- 2.9	- 7.5	- 8.9	- 6.1	- 5.4	—	—
Duesseldorf	+ 5.3	- 5.6	-16.8	-10.9	-17.8	-7.7	- 0.7	- 3.3	+ 3.8
Frankfurt	- 1.9	- 7.9	-14.1	-15.1	-12.4	- 5.6	- 0.5	+ 4.3	+ 5.3
Hamburg	+ 1.4	- 5.9	- 9.6	-13.0	-13.3	- 6.9	- 6.3	- 4.0	- 2.4
Cologne	+ 2.5	- 0.2	- 5.9	- 9.0	- 5.6	- 7.8	- 2.2	+ 2.6	+ 3.0
Munich	+ 1.2	- 8.8	-12.3	-15.7	-13.5	- 9.3	- 6.3	- 3.8	—
Stuttgart	+ 2.0	- 7.2	-11.6	-13.7	-13.7	-11.6	-11.2	- 7.4	- 2.4

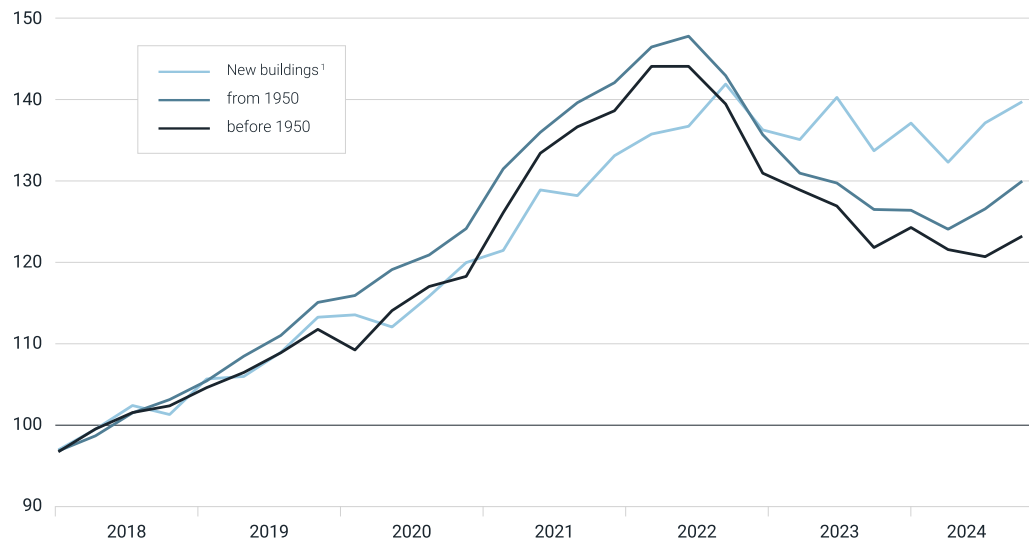
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- PRICE DEVELOPMENTS BY YEAR OF CONSTRUCTION.** The prices for **newly built apartments** in Germany's top 7 metropolitan areas (Berlin, Düsseldorf, Frankfurt a. M., Hamburg, Cologne, Munich, Stuttgart) have almost reached their peak levels again and are now only **1.5 percent** below the value of the third quarter of 2022. The **price decline for existing properties** in the top 7 cities, divided into construction years before and after 1950, was much more pronounced. For both classic old buildings and apartments from the post-war years up to today, prices have fallen more sharply since the peak. The recovery is also somewhat slower, so that prices are still **more than 10 percent** below the peak levels from Q3 2022.

The latest development compared to the **previous quarter (Q3 2024 vs. Q2 2024)** shows that prices are again increasing at a similar rate across all construction year classes. Prices for **new buildings** have risen by 1.9 percent. **Existing properties built after 1950** even increased by 2.7 percent. **Old buildings constructed before 1950** became 2.1 percent more expensive. Compared to the **same quarter of the previous year, Q3 2023**, all construction year classes are slightly in the positive for the first time.

Price Development Apartments by Construction Year

Top-7 Cities, Index 2018 = 100



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- METHODOLOGY.** The Greix is a price index based on a hedonic regression method. This method mitigates price distortions that often arise when using average price per square meter. For instance, if a high number of large apartments in a prime location are sold in a given year, this can inflate average prices per square meter. However, such fluctuations may not reflect a general increase in real estate values. Using hedonic regression methods, specific property characteristics do not cause upward or downward distortions in the price trend.

Displaying the average price per square meter provides insight into the local price level. However, the actual value of a property depends on its unique characteristics and may deviate significantly from this indication.

Due to the time lag between the notarized purchase of a property and its recording in the purchase price collection of the expert committees, it is possible that individual purchase contracts have not yet been included in the calculation of the indices.

Before we estimate the indices, we clean the data for outliers. For more information on our data cleaning process and methodology, please see our documentation at www.greix.de.

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About

WHAT IS THE GREIX?

The GREIX is a real estate price index for Germany based on the purchase price collections of local expert committees, which contain notarially certified sales prices. It tracks the price development of individual cities and neighborhoods back to 1960 and is based on over two million transactions. With the help of this dataset, long-term trends in real estate markets can be analyzed and current developments can be placed in a historical context.

WHAT DATA AND METHODS ARE USED TO CREATE THE INDICES?

The local expert committees collect data on all real estate transactions. The price index is estimated using the latest scientific standards and statistical methods (hedonic regression method).

WHO IS FUNDING THE GREIX?

The GREIX is funded through public grants and is a project of the DFG-funded Bonn-Cologne Excellence Cluster ECONtribute and the Kiel Institute for the World Economy (IfW Kiel) with the goal of increasing transparency in the real estate market. Various price indexes for 20 cities and regions are freely accessible at www.greix.de. The dataset will be gradually expanded to include more cities.



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