

RESULTS NEIGHBORHOODS 2023

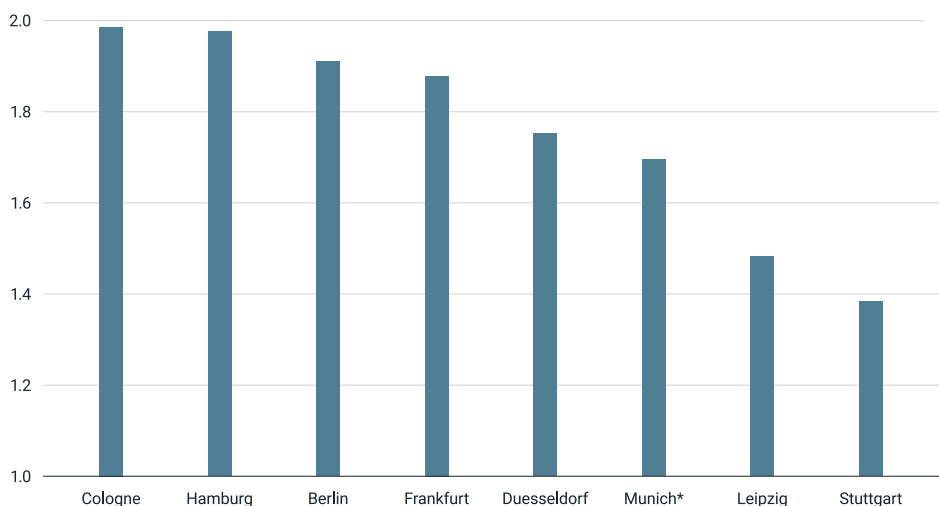
GREIX – Significant Price Differences within Cities

Bonn & Kiel, 03.04.2024 - The purchase prices for apartments in German cities vary significantly between the neighborhoods. Especially expensive are the city centers, where the price per square meter can be up to twice as high compared to peripheral or unpopular neighborhoods. However, the wide range of prices also means that practically all major German cities still offer relatively affordable locations for buyers. The exception is Munich, where the cheapest neighborhood is more expensive than the most expensive neighborhood of all other major cities.

- **PRICE DIFFERENCES WITHIN CITIES.** Within the cities, there are significant discrepancies between the cheapest and the most expensive neighborhood for the 8 largest cities. However, these discrepancies vary in magnitude from city to city.

Ratio most expensive / cheapest city district

Apartments, prices 2023, 8 largest cities. Index, nominal



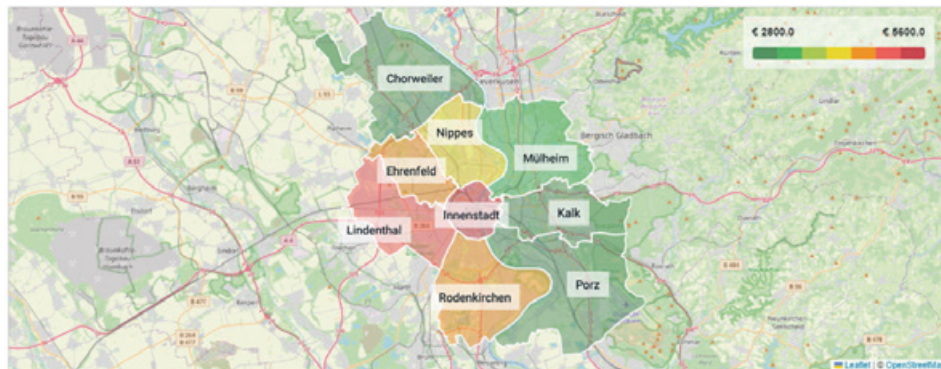
* Latest data q3 2023. The Greix is a joint project of the local expert committees, ECONtribute and the Kiel Institute tracking real estate price trends of currently 19 German cities.

The price differences for apartments between the most expensive and the cheapest district are particularly large in Cologne (*Innenstadt* vs. *Porz*) and Hamburg (*Hamburg-Nord* vs. *Hamburg-Harburg*). In 2023, buyers paid almost double the price per square meter for the more

popular neighborhood in an inner-city comparison, for example, approximately €5,600/m² in the city center of Cologne and about €2,800/m² in Porz. A similarly high price markup of 90 percent was observed in Berlin (*Berlin-Mitte* vs. *Berlin-West*).

City districts Cologne

Apartments, price per square meter, 2023

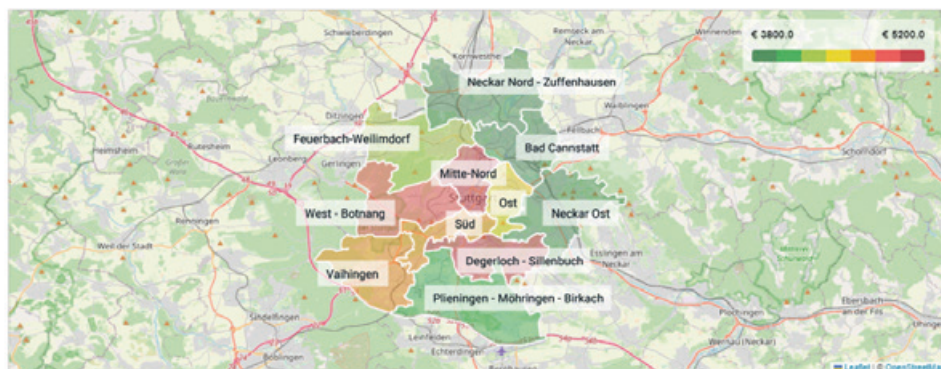


Average prices, 2023. The Greix is a joint project of the local expert committees, ECONtribute and the Kiel Institute tracking real estate price trends of currently 19 German cities.

The prices are closest together in Stuttgart, but even here, a noticeable gap exists. In 2023, the price per square meter in the most expensive neighborhood was about 35 percent higher than in the cheapest (*Mitte-Nord* €5,200/m² vs. *Neckar-Ost* €3,800/m²).

City districts Stuttgart

Apartments, price per square meter, 2023



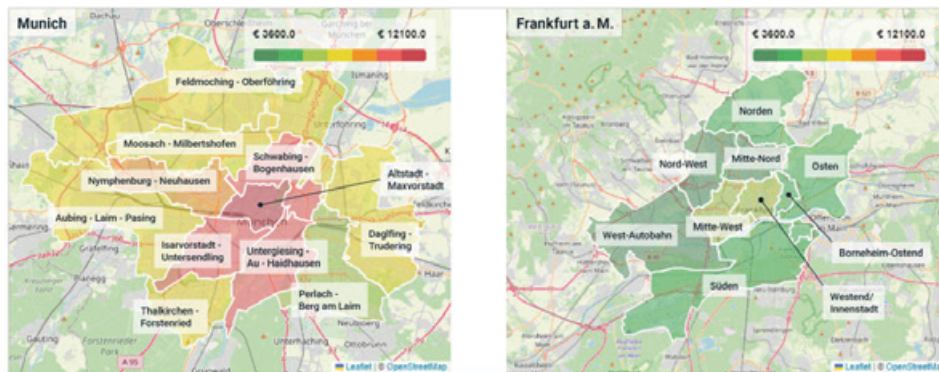
Average prices, 2023. The Greix is a joint project of the local expert committees, ECONtribute and the Kiel Institute tracking real estate price trends of currently 19 German cities.

The inner-city comparison also shows that practically all cities offer relatively affordable alternatives to the expensive, mostly central locations for prospective buyers. In the cheapest inner-city neighborhoods, the price per square meter in all major cities is below the GREIX average for all 19 cities. The exception is Munich. Here, the price per square meter in 2023 in the cheapest neighborhood, *Perlach-Berg am Laim*, at €7,200/m², was above the most expensive neighborhood in all other major German cities. In Munich's most expensive neighbor-

hood, *Altstadt - Maxvorstadt*, the price per square meter averaged €12,100.

City districts Munich vs. Frankfurt a. M.

Apartments, price per square meter, 2023

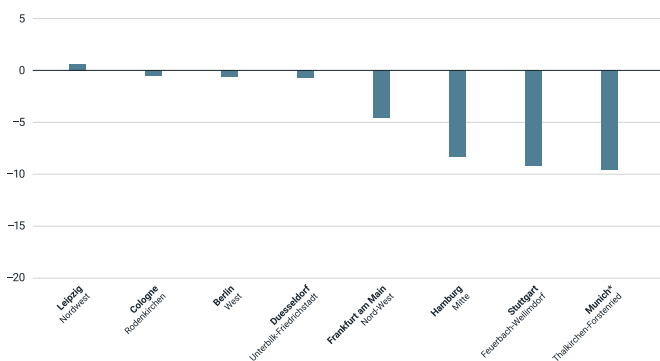


Latest data Munich q3 2023. Average prices, 2023. The Greix is a joint project of the local expert committees, ECONtribute and the Kiel Institute tracking real estate price trends of currently 19 German cities.

■ **SMALLEST AND LARGEST PRICE DECLINES OF NEIGHBORHOODS.** In the 8 major cities, only in the *Nordwest* neighborhood in Leipzig did prices nominally rise slightly compared to the previous year. The district of *Rodenkirchen* in Cologne, the neighborhood *West* in Berlin, and *Unterbilk - Friedrichstadt* in Düsseldorf experienced only very slight declines in the real estate prices of apartments. The smallest declines in Frankfurt were in *Nordwest* with about 5%, while in Hamburg, the district *Hamburg-Mitte* recorded the smallest decline with approximately 8%. In Stuttgart and Munich, *Feuerbach-Weilimdorf* and *Thalkirchen-Forstenried* had the smallest losses with a decline of just under 10%.

Smallest price decline of city districts

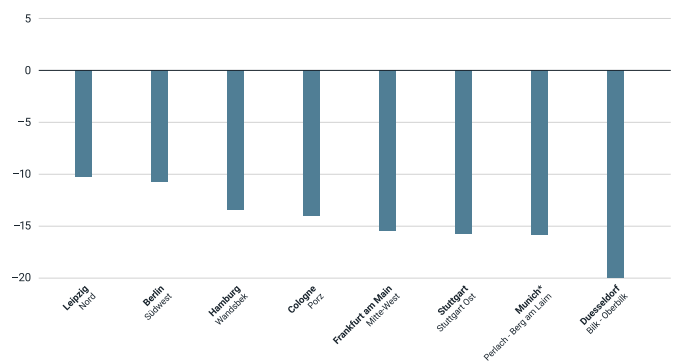
Apartments, Index, nominal, change 2023 compared to 2022 in percent



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Largest price decline of city districts

Apartments, Index, nominal, change 2023 compared to 2022 in percent



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The steepest declines, all exceeding 10%, were observed in the following inner-city neighborhoods: In *Leipzig-Nord* with approximately 10%, in *Berlin-Südwest* just over 10%, in *Hamburg-Wandsbek* at about 13%, and in *Cologne-Porz* at about 14%. Even higher declines over 15% were found in Frankfurt *Mitte-West* with 15.5%, in Stuttgart *Ost* with 16%, in Munich's neigh-

neighborhood *Perlach-Berg am Laim* with 16.5%, and the strongest decline was in the neighborhood *Bilk - Oberbilk* in Düsseldorf with 20%.

When considering the inflation-adjusted instead of the nominal price changes, it becomes clear that the declines are more pronounced due to the relatively high inflation rates. In the top-7 cities, there was no inner-city neighborhood that experienced a real price decline of less than 5% in 2023. On the other hand, real price declines of over 20% can be observed in some neighborhoods in Stuttgart, Munich, and Düsseldorf.

- **PRICE DEVELOPMENT IN NEIGHBORHOODS OUTSIDE THE LARGEST CITIES.** The price developments of neighborhoods outside the largest cities show a comparable picture. In Bonn, the price declines in the neighborhood *Zentrum-Süd* were the lowest at approximately 2.5%. In Lübeck, prices fell the least in *Travemünde* by 3.7%, in the *Altstadt* of Dresden the smallest decline was measured at 4.6%, and in Münster in the neighborhood *Nordost*, prices dropped by 8.2%.

On the other hand, the analysis shows that in some neighborhoods outside the largest cities, the price declines were significantly more pronounced. In Dortmund, the decrease in prices in the neighborhood *West-Mengede* was the most pronounced at 11.0%. In the neighborhood *Süd-West* in Karlsruhe, prices fell by 13.3%, and in the Dresdener *Ortschaften*, a reduction in prices of even 15.9% can be observed.

- **HISTORICAL DEVELOPMENT OF THE DISCREPANCY WITHIN THE CITY.** The historical analysis of the price difference between the most expensive and the cheapest neighborhood in a city shows a clear upward trend. In 1990, the ratio was about 1.3, which means that the most expensive neighborhood was on average 30% more expensive than the cheapest. In 2023, the price ratio is almost 1.7. Consequently, the average price discrepancy between neighborhoods has more than doubled between 1990 and 2023, with the most expensive neighborhoods being nearly 70% more expensive than the cheapest ones in 2023.

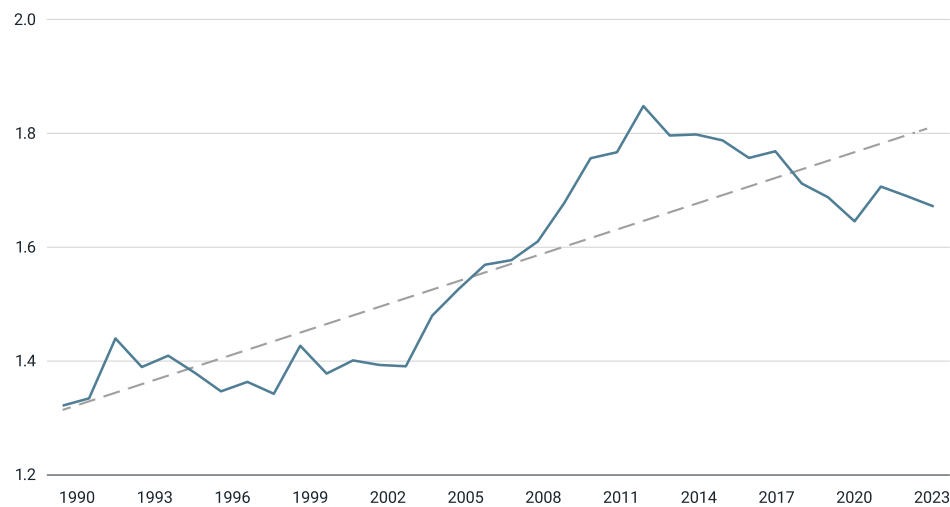
The analysis also highlights significant fluctuations in the ratio over the last 30 years. In particular, from the early 2000s to 2012, the ratio increased significantly to just under 1.9, followed by a slight decrease to just under 1.7. This development is due to the price boom initially starting in the more expensive neighborhoods, which increased the differences, and the cheapest neighborhoods catching up later.

To exclude distortions in the analysis, only data from cities for which data is available over the entire study period were used. Additionally, hedonic price indices are utilized to represent a pure price change, which is not influenced by individual characteristics of the property, such as year of construction and size.

- **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

Ratio most expensive / cheapest city district

Apartments, historical development in Germany. Index, nominal



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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 19 cities are freely accessible at www.greix.de. The dataset will be gradually expanded to include more cities.



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