

RESULTS FOR 2023 Q3

Real estate prices in Germany fall more sharply again

Bonn & Kiel, November 9, 2023 - In the third quarter of 2023, residential property prices in Germany have fallen, in some cases significantly. Compared to the second quarter of 2023, all housing segments have become cheaper, although there are strong regional differences and outliers. Among the major cities, prices are most stable in Cologne and Berlin. The number of property transactions has fallen significantly.

This is shown by the latest update of the German Real Estate Index (GREIX), a project of ECONtribute and the Kiel Institute, which tracks the development of German real estate prices using the latest scientific methodology. All data for currently 18 German cities and their districts is freely available at www.greix.de.

According to the latest update of the Greix (German Real Estate Index) thus shows that the price decline on the real estate market is picking up speed again after a brief summer break. In the segment of apartments, the overall price decline is only moderate. However, strong price falls can still be observed locally. Hopes of stabilization and an end of the price decline, as suggested by developments in the second quarter, have not materialized.

Price Change Market Segments

Absolute Prices

| | Previous Quarter | Previous-Year Quarter |
|----------------------|------------------|-----------------------|
| Apartments | - 1.5 % | - 10.5 % |
| Single-Family Houses | - 3.2 % | - 12.1 % |
| Multi-Family Houses | - 5.9 % | - 24.0 % |

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Compared to the **previous quarter, Q2 2023**, prices for **apartments** fall by 1.5 percent. Prices for **single-family homes** fall by 3.2 percent and prices for **multi-family homes** by 5.9 percent.

The **inflation-adjusted** price declines for all market segments are even greater. Measured in terms of current purchasing power, the prices for **apartments** fall by 2.2 percent, **single-family**

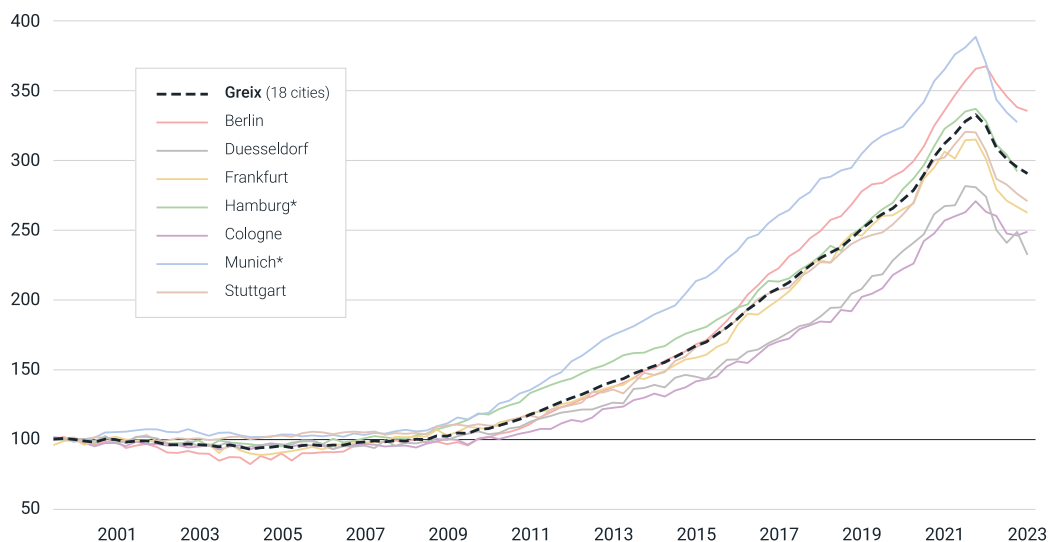
homes by 3.9 percent and **multi-family homes** by 6.6 percent.

Compared to the same quarter of the **last year, Q3 2022**, all residential segments are down sharply. **Apartment** prices are down 10.5 percent, prices for **single-family homes** are down 12.1 percent and prices for **multi-family homes** are down 24 percent. As a result, single- and multi-family homes in particular are extending their year-over-year losses.

The **number of properties sold** has fallen significantly. Compared to the previous year (Q3, 2022), there were around a third fewer sales across all market segments. Compared to the average for 2019, 2020 and 2021, the slump is up to 50 percent.

Price Development Apartments

Top-7 Cities, Greix, Index, 2000 = 100



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- TOP-7 CITIES.** Sales prices for apartments in Germany's top-7 cities (Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich, Stuttgart) are falling almost across the board. Only in Cologne they rise slightly by 1.1 percent. The sharpest fall in prices was recorded in Düsseldorf with minus 6.6 percent. In Frankfurt am Main (-1.6 percent) and Stuttgart (-1.9 percent), prices are falling moderately, while in Berlin (-0.8 percent) they are moving almost sideways.

Note: No data for the third quarter is available for Hamburg 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 described, can be found at www.greix.de.

- OTHER CITIES.** Apartments are also becoming cheaper outside the top-7 cities, although the extent varies greatly from region to region. The sharpest declines can be observed in

Price Development Apartments

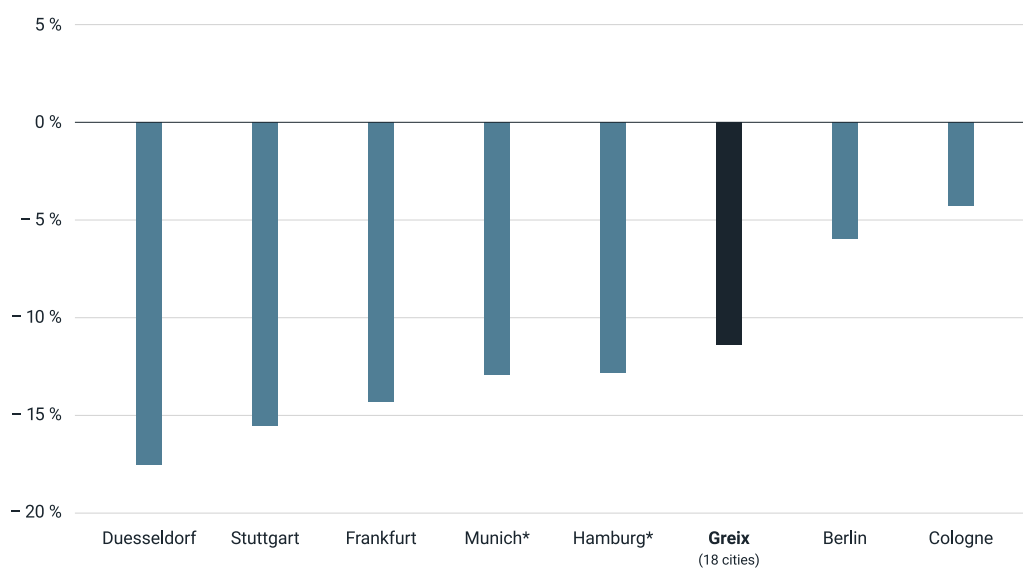
Absolute Prices, in Percent, Change vs. Previous-Year Quarter

| | 21Q3 | 21Q4 | 22Q1 | 22Q2 | 22Q3 | 22Q4 | 23Q1 | 23Q2 | 23Q3 |
|--------------------------|-------------|-------------|-------------|------------|------------|--------------|--------------|--------------|--------------|
| Greix (18 cities) | 14.7 | 14.6 | 13.2 | 9.9 | 4.1 | - 3.2 | - 8.2 | -11.3 | -10.5 |
| Berlin | 14.8 | 15.8 | 15.1 | 12.5 | 9.4 | 2.4 | - 3.1 | - 7.5 | - 8.7 |
| Duesseldorf | 13.6 | 11.2 | 14.0 | 7.4 | 2.5 | - 6.6 | -14.4 | -11.4 | -15.2 |
| Frankfurt | 15.5 | 12.0 | 9.6 | 6.8 | - 1.8 | - 7.3 | -13.8 | -15.3 | -12.8 |
| Hamburg | 15.4 | 14.3 | 12.9 | 8.6 | 1.7 | - 5.1 | - 9.3 | -13.3 | — |
| Cologne | 15.5 | 15.0 | 8.5 | 9.3 | 2.4 | 0.1 | - 5.8 | - 9.1 | - 5.4 |
| Munich | 12.7 | 12.8 | 11.4 | 8.9 | 1.2 | - 8.6 | -12.2 | -15.7 | — |
| Stuttgart | 15.6 | 15.5 | 10.7 | 6.7 | 1.5 | - 8.0 | -11.8 | -13.8 | -11.7 |

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Price Development Apartments since Peak

Top-7 Cities, Greix, absolute Prices



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Leipzig (-4 percent), Duisburg (-4.4 percent) and above all in Münster (-6.2 percent) and Erfurt (-9.1 percent).

In Wiesbaden (-0.3 percent), Dresden (-1.8 percent) and Bonn (-1.8 percent) the price drop has only been moderate.

Chemnitz (+5.2 percent) and Potsdam (+4.2 percent) are the upward outliers, where prices have actually risen quite significantly compared to the previous quarter.

- **DECLINE SINCE PEAK.** Compared to their respective highs, apartments continue to lose value due to the renewed price slide. The exceptions are Berlin and Cologne, where prices are stabilizing or rising slightly. Moreover, sales prices for apartments are the most stable in these two cities and are only down 6 and a good 4 percent respectively compared to the boom times.

The biggest drop in value is in Düsseldorf with minus 17 percent and Stuttgart with over minus 15 percent. For the Greix, so all 18 cities in the index, the price decline compared to the peak is a good 10 percent.

Measured in current purchasing power, the reduction in value is even more significant in all cities and is around 10 percentage points higher. For Düsseldorf and Frankfurt, the inflation-adjusted loss compared to the peak is around 25 percent, for the Greix it is 20 percent.

- **METHODOLOGY.** The real estate price indices are constructed using hedonic methods based on actual transaction data from the expert appraisal committees. Before we estimate the indices, we clean the data for outliers. For more information on our data cleaning process and methodology, see our documentation at www.greix.de. Due to the time lag between the notarized purchase of a property and its recording in the purchase price collection of the appraisal committees, it is possible that individual purchase contracts have not yet been included in the calculation of the indices.

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About

WHAT IS THE GREIX?

The Greix is a real estate price index for Germany based on actual, notarized sales prices. It tracks the price development of individual cities and neighborhoods back to 1960 and is based on more than two million transaction data. The dataset can be used to analyze long-term trends in real estate markets and to contextualize current developments in a historical context.

WHAT DATA AND METHODS ARE USED TO CREATE THE INDICES?

The data collection and evaluation takes place in cooperation with the local expert committees. All real estate transactions are recorded in their entirety. Price trends are calculated using the latest scientific standards and statistical methods (hedonic regression method). The Greix thus stands for the highest scientific data quality.

WHO IS FUNDING THE GREIX?

Greix is financed by public funding and is a project of the Bonn-Cologne Cluster of Excellence ECONtribute, funded by the DFG, and the Kiel Institute for the World Economy (IfW Kiel) with the aim of increasing transparency in the real estate market. Different price indices for 18 cities are freely accessible at www.greix.de. Additional cities will gradually be added to the data set.



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