

## RESULTS FOR 2024 Q2

# Turnaround on German real estate market has begun

**Bonn & Kiel, August 8, 2024** - For the first time in around two years, German real estate prices rose across the board in the second quarter of 2024. All market segments - apartments, single-family homes and multi-family homes - are increasing in value compared to the previous quarter (Q1 2024). Price increases are also outperforming current inflation rates. 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	+ 2.4 %	- 1.3 %
Single-Family Houses	+ 2.0 %	- 3.6 %
Multi-Family Houses	+ 4.4 %	- 6.6 %

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 (Q2 2024 vs. Q1 2024)**, prices for **apartments** rose by 2.4 percent. **Single-family houses** increased by 2.0 percent. Prices for **multi-family homes** even rose by 4.4, after falling by around 10.5 percent in the previous quarter. However, there is a high level of volatility in this segment due to the low number of transactions and the informational value is limited.

Even when **adjusted for inflation**, real estate is appreciating for the first time in two years.

Compared to the **same quarter of the previous year, Q2 2023**, all residential segments are still facing falling prices, but for the third time in a row the loss is decreasing. This is also a sign of stabilization.

The **number of real estate transactions** is increasing slightly but is still at a low level and only around 60 percent of the average from 2019 to 2021. For **new buildings**, the level is only around 35 percent.

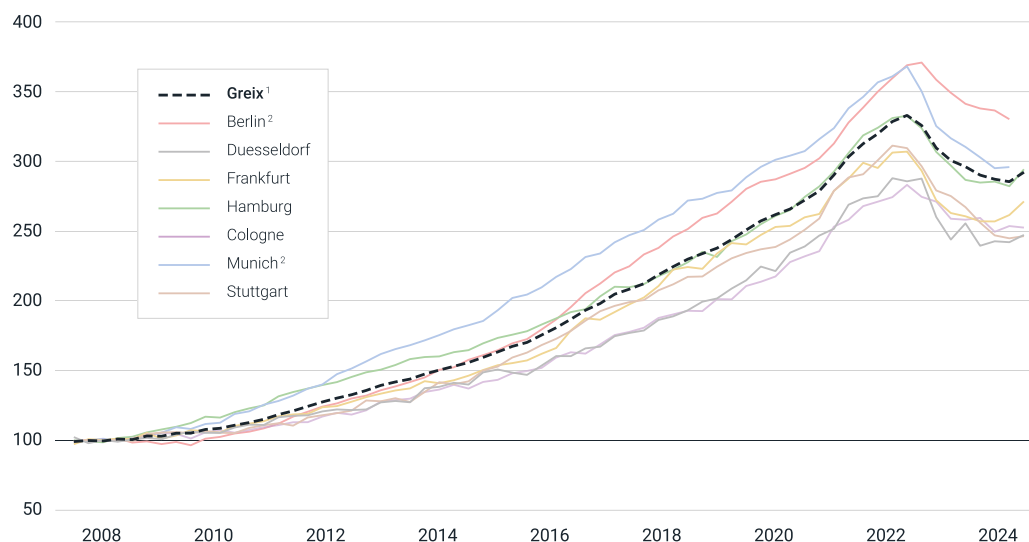
- **TOP-7 CITIES.** In Germany's 7 largest cities (Berlin, Düsseldorf, Frankfurt a. M., Hamburg, Cologne, Munich, Stuttgart), the stabilization is evident. Prices for apartments are rising consistently compared to the previous quarter Q1 2024 or are stable following previous increases.

Hamburg (+4.3 percent) and Frankfurt (+3.7 percent) saw the highest price increases. Düsseldorf (+2.2 percent) is also clearly becoming more expensive. Prices were slightly up in Stuttgart (+0.6 percent) and against the trend slightly down in Cologne (-0.6 percent), but prices have already risen there in the first quarter of 2024.

*Note:* No data for Q1 2024 is available for Berlin and Munich in this GREIX update.

## Price Development Apartments

Top-7 Cities, Greix; Index 2008=100



<sup>1</sup> 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. <sup>2</sup> Data from 2024 Q1.

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](http://www.greix.de).

- **OTHER CITIES.** Outside the top 7 cities, the price trend for apartments is less uniform than in the metropolitan areas. The trend is also up, but the market is more volatile overall. This is probably due to the lower number of transactions.

The Rhein-Erft-Kreis, the western environs and catchment area of Cologne, is now included in the GREIX. Prices for apartments here rose by 4.6 percent in the 2nd quarter.

What is striking regarding Germany's medium-sized cities is the renewed, significant increase in value in Münster (+5.6 percent). Apartment prices here have already risen by over

4 percent in the first quarter of 2024, meaning that apartments became around 10 percent more expensive in the first half of the year.

## Price Development Apartments

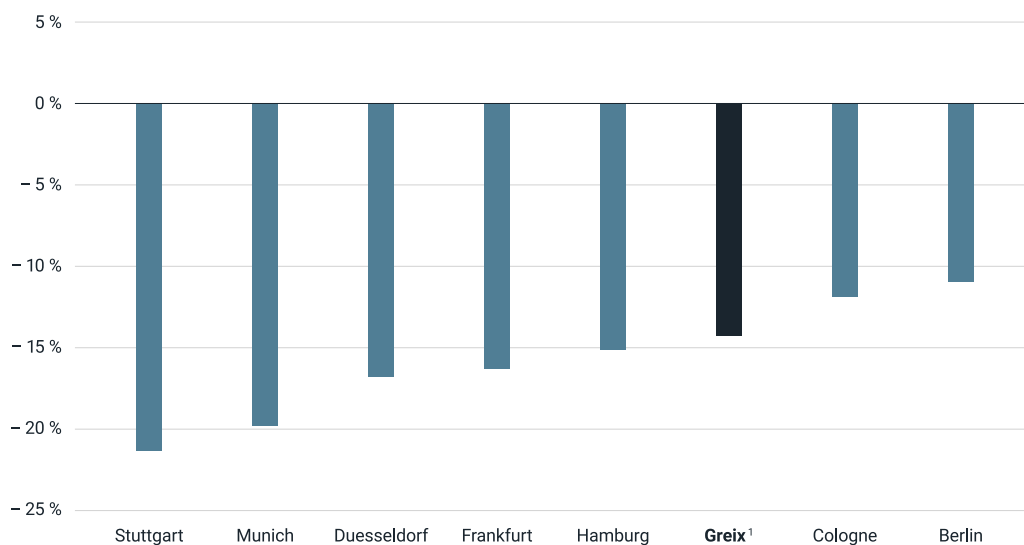
Index, Change in Percent vs. Previous-Year Quarter

	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2
<b>Greix<sup>1</sup></b>	<b>+ 9.8</b>	<b>+ 4.2</b>	<b>- 3.2</b>	<b>- 8.5</b>	<b>-11.1</b>	<b>-10.9</b>	<b>- 7.2</b>	<b>- 5.1</b>	<b>- 1.3</b>
Berlin	+12.5	+ 9.5	+ 2.4	- 2.9	- 7.5	- 8.9	- 6.1	- 5.4	—
Duesseldorf	+ 6.2	+ 5.2	- 5.4	-15.3	-10.5	-16.7	- 6.7	- 0.8	- 3.2
Frankfurt	+ 6.7	- 1.9	- 7.8	-14.1	-15.1	-12.4	- 5.6	- 0.5	+ 4.1
Hamburg	+ 8.7	+ 1.6	- 5.3	-10.3	-13.8	-12.0	- 6.9	- 5.0	+ 2.7
Cologne	+ 9.7	+ 2.5	0.0	- 5.6	- 8.8	- 5.5	- 8.0	- 2.0	- 2.2
Munich	+ 8.9	+ 1.2	- 8.8	-12.3	-15.7	-13.5	- 9.3	- 6.5	—
Stuttgart	+ 7.3	+ 2.0	- 7.2	-11.6	-13.7	-13.6	-11.5	-11.0	- 7.8

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## Price Development of Apartments Peak to Bottom

Top-7 Cities, Greix; Index, Change in Percent



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- **DECLINE SINCE PEAK.** If the trend reversal proves to be true, the large-scale correction on the German real estate market will be over after around two years. During this time, the GREIX, meaning the total of all 20 cities and regions, recorded a price decline of around 14 percent, before the trend has now reversed.

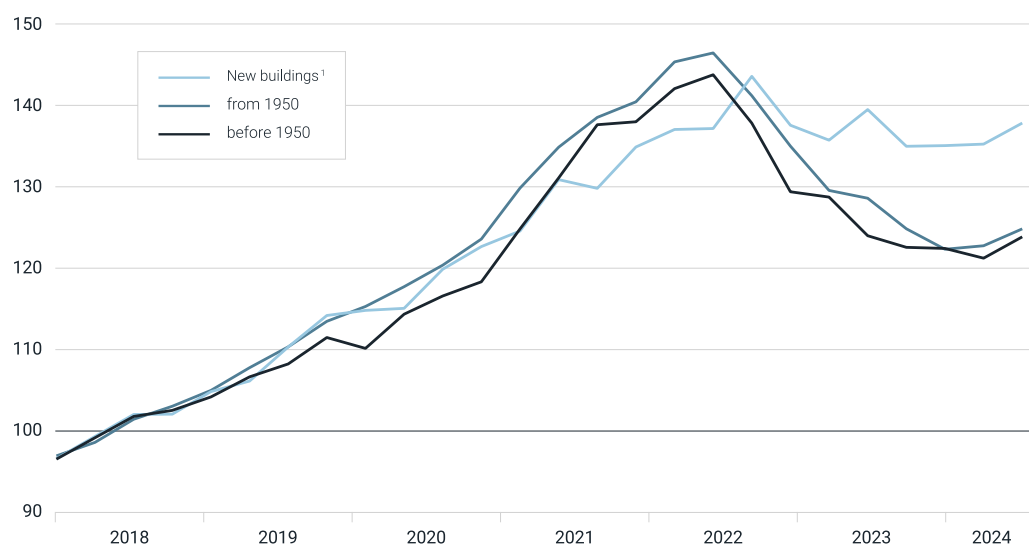
However, the correction period coincided with particularly high rates of inflation, so that the loss in value of the GREIX in terms of current purchasing power was considerably higher at over 20 percent.

The price drop was lowest in Berlin, where house prices fell by about 10 percent compared to their peak (adjusted for inflation, minus 16 percent).

In Stuttgart, apartments lost the most during the consolidation period with a drop of over 20 percent, in current purchasing power it was even almost minus 30 percent.

### Price Development Apartments by Construction Year

Top-7 Cities, Index 2018 = 100



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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 only **moderately decreased by 6 percent** from peak to bottom. The **price decline for existing properties** in the top-7 cities, categorized by year of construction (before and after 1950), is much more pronounced. Prices for apartments build before and after the war to present day have fallen by **approximately 16 percent** since the peak.

Moreover, the price decline for **newly built apartments** started later and ended earlier than for **existing properties**. The peak for **new buildings** was reached in the **3rd quarter of 2022**, and the bottom was already one year later in the **3rd quarter of 2023**. **Existing properties** reached their peak as early as the **2nd quarter of 2022**. For **properties with a construction year from 1950 onward**, the bottom was in the **4th quarter of 2023**, whereas the lowest value for **classic old buildings** was only reached in the **1st quarter of 2024**.

The recent development compared to the **previous quarter (Q2 2024 vs. Q1 2024)** shows that prices across all year-of-construction categories are rising again similarly. Prices for **new builds** increased by 1.9 percent. **Existing properties with construction year after 1950** rose by 1.7 percent. **Old buildings with construction year before 1950** even appreciated by 2.2 percent. Compared to the **same quarter of the previous year, Q2 2023**, all year-of-construction categories are still slightly negative.

- **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](http://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](http://www.greix.de)**. The dataset will be gradually expanded to include more cities.



## IMPRINT

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