

ImmoScout24 WohnBarometer Q3 2023 Executive Summary

The ImmoScout24 WohnBarometer is the market report on the development of the real estate market. It reflects the price development in real offer prices, supplemented by an indicator of the relationship between supply and demand. The values are calculated for reference properties for the respective property type considered by an algorithm from the field of machine learning.

Buying prices stabilize across Germany

Purchase demand is steadily growing again while pressure on the rental market continues to increase

- **Asking prices for properties to buy stabilized across Germany in Q3 2023 and moved sideways.**
- **Demand returns to the sales market and increased the third quarter in a row.**
- **Simultaneously, demand for existing rental apartments in the metropolitan areas grew strongly in the third quarter of 2023, the most significantly in Cologne, Munich and Düsseldorf. In Berlin and Hamburg, demand has more than doubled since 2019.**
- **Upward trend in rental prices for existing flats slowed down a bit, whereas rents for newly built apartments continue to increase strongly.**

The purchase market in Germany is stabilizing. The ImmoScout24 WohnBarometer confirms a clear sideways trend in asking prices with little price fluctuation in the third quarter of 2023. Across Germany, asking prices are barely moving, although the supply of properties to buy has increased strongly. Since May of this year, the supply of properties on ImmoScout24 has consistently been twice as high as at the beginning of 2022. The sideways trend of asking prices from the previous quarter continues, despite high interest rates and the tense housing market. Nevertheless, asking prices remain below previous year's levels.

Demand in the sales market continues to increase and shows another leap in the third quarter

The WohnBarometer shows a rising demand for existing apartments to buy in 6 out of 7 metropolitan areas the third quarter in a row. Demand in **Hamburg, Berlin, Munich and Frankfurt am Main** is already above the pre-Covid level from the end of 2019. Only in **Stuttgart**, demand for existing apartments declined slightly in the second quarter. The demand for newly built apartments is rising in all seven metropolitan areas and also exceeds the pre-Covid level in Berlin, Hamburg and Cologne. Also, **single-family** houses have experienced a significant increase in demand in all seven metropolitan cities.

Asking prices stabilize across Germany

The asking prices for **apartments and single-family homes to buy** moved only slightly upwards in the third quarter between 0.2 and 0.3 percent for both existing properties and newly built properties. The average asking price for an **existing apartment** across Germany lies currently at 2,575 Euros per square metre and is thus 4.6 per cent under the previous year's figure. The **square meter price for newly built properties** is at 4,075 Euros, 2.3 per cent lower than in the third quarter of 2022. In the **metropolitan areas**, the asking prices are developing in line with the nationwide trend. The price of existing flats increased by 0.2 per cent and that of newly built flats by between 0.1 and 0.2 per cent.

Demand for rental apartments in the metropolitan areas continues to rise – especially strong in Cologne and Munich

The demand for existing rental apartments in the metropolitan areas shows a significant increase in the third quarter. Compared to the previous quarter, inquiries for existing apartments in Cologne and

Munich have both risen by 15 percent, while **Düsseldorf** has seen a 12 percent increase. Looking at the trend since 2019, the demand curve grew most in **Berlin and Hamburg**. In both metropolitan cities, the number of contact inquiries has more than doubled over the last three years. Although **Hamburg** surpasses the German capital in the growth of contact inquiries, overall, Berlin's rental market is the most competitive with the highest number of inquiries per listing on average. Nationwide, the ImmoScout24 WohnBarometer shows a 9 percent increase in demand for existing apartments to rent.

Rents for newly built apartments are increasing stronger than for existing ones

In Germany the asking rents for apartments, which are newly built, increased by 2.7 percent in comparison to the previous quarter which is much stronger than for existing buildings. **Berlin** stands out with an increase of 4.4 per cent in new-construction rents compared to the previous quarter. Asking rents for new apartments in **Düsseldorf, Cologne and Munich** also rose by more than 3 per cent in the third quarter, which is significantly higher than the national average.

In the year-on-year comparison, Berlin saw the highest increase of asking rents in new construction. Compared to the third quarter of 2022, seekers now have to pay 19 percent more. In Stuttgart the rents for new apartments rose by 16 percent, in Munich by 14 per cent. Also in Düsseldorf and Cologne, seekers have to deal with an increase of almost 12 percent within one year.

Despite increasing demand, asking rents for existing flats in the metropolitan areas have developed more moderately in the third quarter of 2023 compared to the previous quarter, also on nationwide scale. On average, existing rents in Germany's seven largest cities have increased by 0.7 percent. In the second quarter, the price trend in the metropolitan cities was still well over two percent.

Asking rents for existing flats grew the most in Munich: by 0.9 per cent to 19.35 euros per square metre. In Berlin and Hamburg they rose by 0.8 percent to a price level 13.38 euros per square in the federal capital and in to 12.60 euros in the Hanseatic city. In a year-on-year comparison, Berlin is the front-runner. Seekers are confronted with rent increases of 12.6 percent within the last 12 months. Munich residents also experience considerable increases in asking rents of 9.1 percent within a year, while Cologne residents face a plus of 8.4 pe cent.

Methodology

The ImmoScout24 WohnBarometer is the market report on the development of the real estate market. It is published by ImmoScout24: Germany's leading online platform for residential real estate. The ImmoScout24 WohnBarometer reflects the price development in real offer prices, supplemented by an indicator of the relationship between supply and demand. The database comprises over 8.5 million advertisements from the last five years on ImmoScout24. The values are calculated for reference properties for the respective property type considered by an algorithm from the field of machine learning. The reference object for rental apartments is a two-room existing apartment of 70 square meters. For apartments for sale, a three-room apartment with 80 square metres of living space is taken as a basis. The single-family house under consideration has 140 square metres of living space and a plot of 600 square metres. The category new construction contains all offers with a construction age of two years or less at the respective time of determination. The demand in relation to the supply is calculated based on the contact enquiries per listing of the respective property type per week. It is a standardized value to compensate for different standing times of the advertisements on the portal. The current asking prices always refer to the last data point in the market report and thus represents the asking price in the previous quarter.

Appendix

Data cockpit for sales objects

Sales price development Q3 2023 vs. Q2 2023	Apartment to buy Existing properties	Apartment to buy New construction	House to buy Existing properties	House to buy New construction
Germany	+ 0,3 %	+ 0,3 %	+ 0,2 %	+ 0,2 %
Berlin	+ 0,2 %	+ 0,2 %	+ 0,1 %	+ 0,1 %
Hamburg	+ 0,2 %	+ 0,1 %	+ 0,1 %	+ 0,1 %
Dusseldorf	+ 0,2 %	+ 0,2 %	+ 0,1 %	+ 0,1 %
Cologne	+ 0,2 %	+ 0,2 %	+ 0,1 %	+ 0,1 %
Munich	+ 0,2 %	+ 0,1 %	+ 0,1 %	+ 0,1 %
Frankfurt a. M.	+ 0,1 %	+ 0,1 %	+ 0,1 %	+ 0,1 %
Stuttgart	+ 0,2 %	+ 0,1 %	+ 0,1 %	+ 0,1 %
Sales price development Q3 23 vs. Q3 22	Apartment to buy Existing properties	Apartment to buy New construction	House to buy Existing properties	House to buy New construction
Germany	- 4,6 %	- 2,3 %	- 2,2 %	- 0,3 %
Berlin	- 4,4 %	- 4,7 %	- 5,7 %	- 3,6 %
Dusseldorf	- 7,7 %	- 2,0 %	- 10,2 %	- 8,0 %
Frankfurt a. M.	- 8,3 %	- 2,6 %	- 8,7 %	- 6,8 %
Hamburg	- 4,4 %	- 1,0 %	- 6,3 %	- 3,3 %
Cologne	- 8,7 %	- 2,4 %	- 10,4 %	- 0,5 %
Munich	- 5,0 %	- 3,5 %	- 3,3 %	- 5,9 %
Stuttgart	- 7,8 %	- 4,6 %	- 3,6 %	- 1,4 %
Current offer prices Q3 2023 per sqm (in EUR)	Apartment to buy Existing properties	Apartment to buy New construction	House to buy Existing properties	House to buy New construction
Germany	2.575	4.075	2.986	3.690
Berlin	4.613	6.168	4.822	5.835
Dusseldorf	4.281	6.549	5.528	6.099
Frankfurt a. M.	4.984	6.389	5.744	6.963
Hamburg	5.099	6.488	5.710	6.718
Cologne	4.080	5.795	5.498	6.778
Munich	7.978	10.586	8.577	10.274
Stuttgart	4.810	6.897	6.277	7.578

Data cockpit for rental apartments

	Germany	Berlin	Dusseldorf	Frankfurt (Main)	Hamburg	Cologne	Munich	Stuttgart
Rental Apartments- Existing properties								
Price development Q2 2023 to Q3 2023	0,9%	0,8%	0,8%	0,7%	0,8%	0,6%	0,9%	0,5%
Price development Q3 2022 to Q3 2023	5,1%	12,6%	8,1%	3,9%	3,9%	8,4%	9,1%	7,3%
Price per m ² Q3 2023 (in EUR)	8,28	12,94	12,14	13,67	13,38	12,99	19,35	13,53
Net cold rent for the 70 m ² reference apartment (in EUR)	580	906	850	957	937	909	1.355	947
Rental apartments- new construction								
Price development Q2 2023 to Q3 2023	2,7%	4,4%	3,6%	1,6%	1,5%	3,3%	3,2%	1,2%
Price development Q3 2022 to Q3 2023	6,5%	19,1%	11,8%	7,8%	5,4%	11,7%	14,0%	16,3%
Price per m ² Q3 2023 (in EUR)	11,56	18,77	14,92	16,65	15,74	14,91	23,63	18,22
Net rent per m ² for 70-m ² reference apartment (in EUR)	809	1.314	1.044	1.166	1.102	1.044	1.654	1.275

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