ImmoScout24 Wohnbarometer

Q2 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.

Purchase prices continue to rise slightly across Germany, while asking rents increase more significantly

- **Demand for properties for sale increases in 6 out of 7 metropolitan areas for the third quarter in a row.**
- **In the second quarter, asking prices for** apartments **for sale rose more strongly across Germany than in the metropolises.**
- **Asking rents for existing apartments are rising more strongly than for newly-built flats.**
- **Demand for rental apartments remained high throughout Germany in the second quarter.**
- **Taking a breather in Berlin: After a historic rise in rents in the first quarter, Berlin's rental growth in the second quarter was below the national average.**

Purchase Market

The purchase market in Germany is continuing to recover from the slump in demand in 2022. Although asking prices are still below the previous year's figures, the ImmoScout24 WohnBarometer for the second quarter of 2023 continues to show slightly rising prices for purchase properties. The trend from the first quarter is thus continuing. On average across Germany, asking prices are rising more strongly than in the major cities. Demand also increased nationwide across Germany as well as in 6 out of 7 metropolitan areas.

In Berlin, demand measured by the number of contact enquiries is already above the pre-Corona level, and in Hamburg and Munich it is also close to the level of the end of 2019. Demand for existing apartments fell slightly in the second quarter only in Düsseldorf and in Frankfurt am Main in the area of newly-built flats. Single-family homes are experiencing a significant increase in demand in all metropolitan areas. The highest increase in demand for existing single-family homes was recorded in Munich, where demand rose by almost 21 percentage points compared to the previous quarter.

The asking prices for owner-occupied apartments and single-family houses grew by 1.8 % in the second quarter for both existing and new properties across Germany, continuing the trend from the previous quarter at a slightly slower pace. In the metropolises, too, asking prices rose for the second quarter in a row, albeit at a much more moderate rate than the Germany-wide average. Those for existing flats increased by between 0.5 and 1.4 % and newly-built apartments by between 0.4 and 1.2 %.

Rental Market

After historic rent increases in the first quarter of the year, the ImmoScout24 WohnBarometer for the second quarter of 2023 shows that asking rents continue to rise. For example, the average asking rent for a two-bedroom apartment in a new building is over EUR 1,000 per month for the first time in all seven metropolitan areas in Germany. The average asking rent for a comparable apartment in Germany is just under 800 euros.

In Germany as a whole, asking rents for existing rental apartments climbed by 2.5 % in the second quarter compared to the previous quarter. For newly-built rental flats, asking rents rose by 2.2 % in the same period. Compared to the first quarter, the price development has thus increased by 1.9 percentage points in the existing stock and 1.0 percentage points in new construction.

Demand for existing rental apartments in the second quarter of 2023 is 30 % above the pre-Corona level across Germany. For newly-built rental flats, demand is 90 % higher than in the fourth quarter of 2019, which means that the number of applicants for a vacant rental apartment has increased significantly. In the metropolises, demand for rental apartments in existing and new buildings ranges far above the national average. As a consequence, rural regions are benefiting from the tight rental market in the metropolitan areas: 57 % of Germans are considering moving to the countryside, as a representative survey by Innofact AG for ImmoScout24 shows. In addition, an evaluation by ImmoScout24 shows that demand is rising in smaller cities with good public transport connections to the metropolises. For example, in Frankfurt (Oder), in the extended vicinity of Berlin, demand rose by 198 % and in Landshut near Munich by 150 % within one year.

Six of Germany's seven metropolises recorded a stronger increase in asking rents for existing apartments in the second quarter than in the previous quarter. In Munich, the development is strongest with an increase of 4.0 % and the square meter is the most expensive at 19.18 euros. In Berlin and Hamburg, asking rents rose by 2.2 %, which is below the national average of 2.5 %. For Berlin, the dynamics have thus eased a little compared to the first quarter, when rents rose by 5.3 %.

Conclusion

Market analysts at ImmoScout24 see the high competition on the rental market, the associated sharp rise in rents and a stabilization of financing rates as reasons for the increased interest in properties for sale. ImmoScout24 assumes that this trend will continue, as new construction activities have stalled due to increased construction costs or higher interest charges. According to ImmoScout24, there is currently still a surplus of supply on the purchase market, which allows for price negotiations.

For the rental market, ImmoScout24 forecasts that the pressure will continue due to the high net immigration since the beginning of 2022. Due to a lack of supply, the demand for rental apartments will remain at a high level and in some cases increase further. As a result, rents will continue to climb, making property purchases more attractive again despite the high interest rates.

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 rental apartments

	Germany	Berlin	Dusseldorf	Frankfurt (Main)	Hamburg	Cologne	Munich	Stuttgart
Rental apartments - Existing properties								
Price development Q2 2023 to Q1 2023	+2.5%	+2.2%	+2.9%	+2.5%	+2.2%	+2.9%	+4.0%	+2.7%
Price development Q2 2023 to Q2 2022	+7.2%	+15.6%	+11.4%	+5.6%	+8.6%	+11.5%	+13.3%	+9.8%
Price per m² Q2 2023 (in EUR)	8.21	12.84	12.04	13.57	13.27	12.92	19.18	13.46
Net cold rent for the 70 m² reference apartment (in EUR)	575	899	843	950	929	904	1,343	942
Rental apartments - new construction								
Price development Q2 2023 to Q1 2023	+2.2%	+1.9%	+2.7%	+2.3%	+2.0%	+2.7%	+2.7%	+2.5%
Price development Q2 2022 to Q2 2023	+6.3%	+16.9%	+11.6%	+8.0%	+7.0%	+12.0%	+16.6%	+18.1%
Price per m² Q2 2023 (in EUR)	11.25	17.98	14.40	16.38	15.51	14.43	22.90	18.00
Net rent per m² for 70-m² reference apartment (in EUR)	788	1,259	1,008	1,147	1,086	1,010	1,603	1,260

Data cockpit for sales objects

Sales price development Q2 2023 vs. Q1 2023	Apartment Existing properties	Apartment New construction	House Existing properties	House New construction
Germany	+1.8%	+1.8%	+1.8%	+1.9%
Berlin	+1.0%	+1.0%	+1.5%	+1.7%
Hamburg	+0.8%	+0.9%	+1.3%	+1.5%
Dusseldorf	+1.2%	+1.2%	+1.4%	+1.6%
Cologne	+1.4%	+1.2%	+1.7%	+1.6%
Munich	+0.5%	+0.4%	+1.1%	+1.2%
Frankfurt (Main)	+0.5%	-+0.6%	+1.2%	+1.3%
Stuttgart	+0.5%	+0.6%	+1.4%	+1.5%
Sales price development Q2 2023 vs. Q2 2022	Apartment Existing properties	Apartment New construction	House Existing properties	House New construction
Germany	+0.6%	-1.6%	-2.0%	+1.9%
Berlin	-1.6%	-3.9%	-5.4%	-5.1%
Dusseldorf	-1.8%	-1.2%	-15.0%	-10.7%
Frankfurt (Main)	-0.8%	-2.2%	-8.8%	-5.5%
Hamburg	-1.8%	-3.0%	-2.7%	+1.7%
Cologne	-4.1%	-1.7%	-10.4%	-0.7%
Munich	-6.2%	-2.5%	-5.3%	-4.7%
Stuttgart	-1.4%	-4.5%	-5.2%	-1.1%
Current offer prices Q2 2023 per sqm (in EUR)	Apartment Existing properties	Apartment New construction	House Existing properties	House New construction
Germany	2,827	4,063	2,980	3,682
Berlin	4,602	6,155	4,817	5,828
Dusseldorf	5,029	6,539	5,520	6,091
Frankfurt (Main)	5,556	6,384	5,741	6,959
Hamburg	5,091	6,479	5,703	6,710
Cologne	4,436	5,782	5,491	6,769
Munich	7,381	9,483	8,567	10,261
Stuttgart	5,224	6,892	6,273	7,574

Contact:

Filip Lindval
Vice President Group Strategy & Investor Relations
Fon: +49 89 262024922
Email: ir@scout24.com