

Research Germany

Residential market Berlin

Demand for housing remains high



Residential market

Berlin

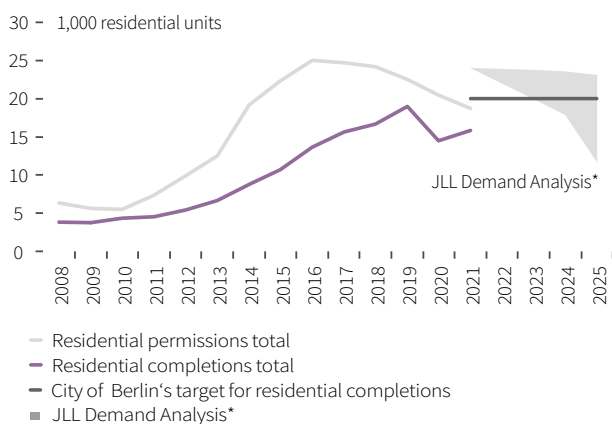
Demand for housing remains high

Despite the Corona pandemic, the failed rent cap and the referendum on the expropriation debate, rental and purchase prices on the Berlin housing market again developed upwards in the first half of 2022. At 15,330 completed apartments in 2021, the figure for the second Corona year is also significantly below the record value from 2019, when there were around 19,000 completed apartments. Compared to 2020, the number of completed apartments also decreased by -6.2%. The same trend can be seen in building permits. With a decrease of -8.5%, a total of 18,716 building permits were issued in 2021. This figure is significantly below the

average of recent years. With 42 completed apartments per 10,000 inhabitants, Berlin is in third place behind Frankfurt am Main and Munich in comparison with the other Big 8 cities, but this does not meet future demand. The forecast average demand for Berlin is around 48 apartments per 10,000 inhabitants p.a. up to 2030. The discrepancy between demand and completions is small, but one must not lose sight of both the current surplus demand and the dynamic population trend. The current construction surplus amounts to a total of 8,912 apartments. The construction backlog has decreased only marginally over the past year and presents the city of Berlin with some challenges in the housing market to create both affordable and suitable housing. With a population growth of +6% from 2014-2021, Berlin ranks second behind Leipzig in the urban comparison of the Big 8 cities. In the second Corona year, Berlin was able to record population growth again. The observed population decline from 2020 thus did not continue, which in turn supports the demand for housing. This development can be easily observed on the rental and purchase market in the first half of 2022. Smaller apartments (<45 m²) are particularly in demand. Median rents in this segment rose by +10.7% in the first half of 2022 and now stand at around €19.15/m². The ratio of single-person households in Berlin is 52.3%, which means that the smaller apartment segment is in high demand. The purchasing market in Berlin is also continuing to develop positively. Rents rose by +33.8% in the first half of 2022, particularly in the new-build segment.

Housing supply and demand for new buildings

Berlin



*Additional annual need for housing units (includes also apartments in detached houses) without consideration of current construction deficits. Source: destatis, JLL (Status: July 2022)

Selected developments under construction

Berlin

Name	Location	Residential units	Completion date
Europacity Berlin	Moabit	ca. 4,700	2025
Havelufer Quartier	Hakenfelde	ca. 1,800	2024
Quartier Ringslebenstraße	Buckow	ca. 1,100	2027
Halske Sonnengärten	Siemensstadt	ca. 950	2024
Speicherballlett	Hakenfelde	ca. 630	2026

Source: Thomas Daily, JLL (Status: July 2022)

Rental market

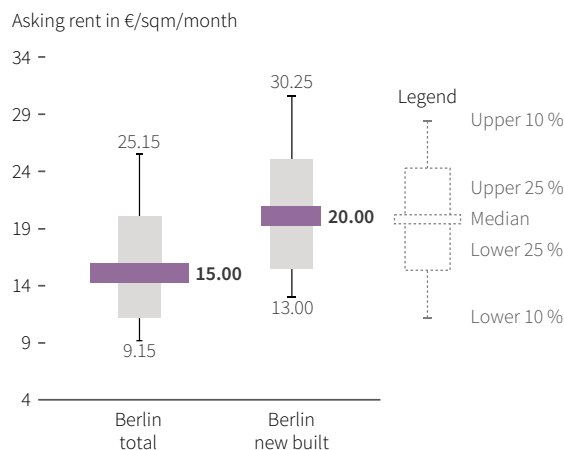
Berlin

Residential market continues to see price growth, smaller apartments in particular demand

Prices on the Berlin housing market will continue to rise in almost all segments in the first half of 2022. The median rent rose by around +7.1% last year to €13.85/m²/month. Compared with the previous year's figure (+7.7) and the five-year average (+8.0%), the median rent has thus declined slightly and the price increase has been interrupted. In the area of prime rent, the growth from the previous year (+15.0%) was slowed somewhat. In the first half of 2022, the prime rent rose to 25.15 euros/m²/month with growth of +6.1%. This is also below the five-year figure (+10.2% p.a.). The lower price segment is currently experiencing tremendous growth of +9.7%, which is approximately 2.5 times higher than the previous year's figure (+3.7%). The lifting of the rent cap continues to play a key role in this segment. Smaller apartments have recently been in particularly high demand. With growth of +10.7% last year, rents for apartments with less than 45m² of living space rose to 19.15 euros/m²/month. In the new-build segment, the trend (+7.5%, 20.00 euros/m²/month) was less dynamic than in the same period last year

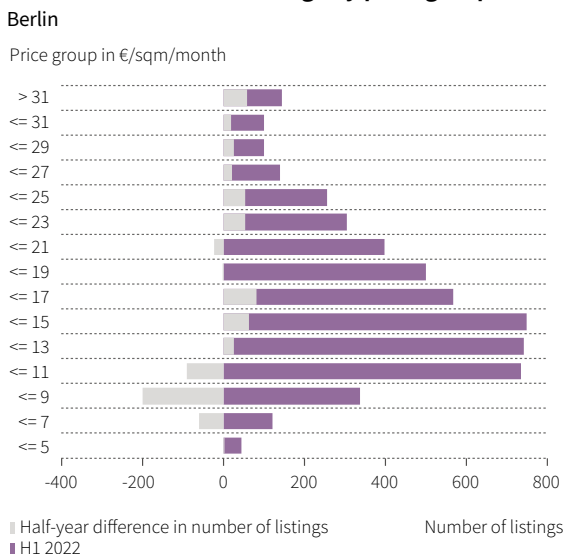
(+11.7%). At district level, the Mitte district had the highest rents (18.00 euros/m²/month), while Marzahn-Hellersdorf continued to be the least expensive (11.10 euros/m²/month).

Rental price bands for listed apartments Berlin – H1 2022



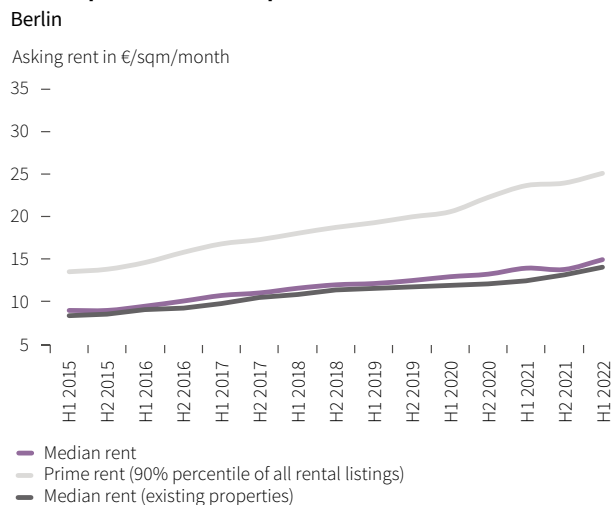
Source: JLL. VALUE Marktdaten (Status: July 2022)

Distribution of rental listings by price group Berlin



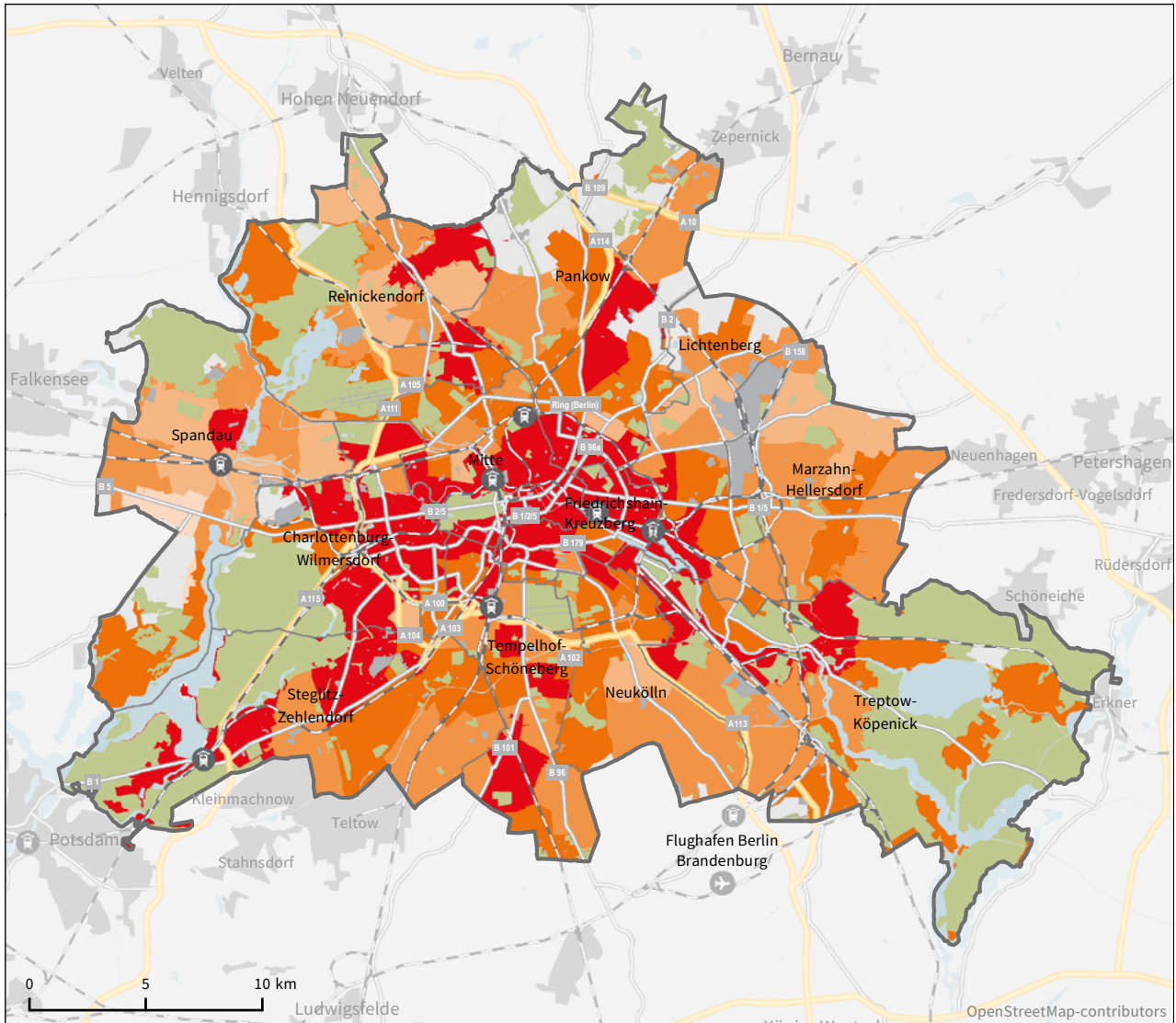
Source: JLL. VALUE Marktdaten (Status: July 2022)

Development of rental prices Berlin



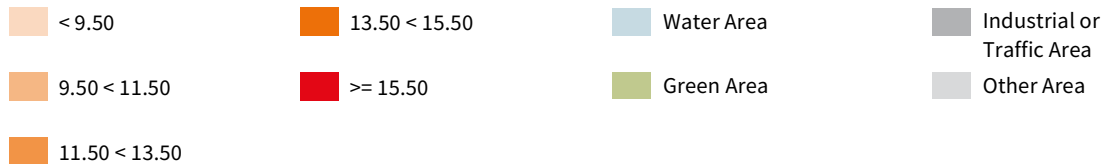
Source: JLL. VALUE Marktdaten, IDN immodaten (Status: July 2022)

Asking rental prices Berlin



Rent Level

Average in €/sqm/month on postcode level



Source: JLL. VALUE Marktdaten

Market for condominium apartments

Berlin

Purchase market continues with strong positive growth

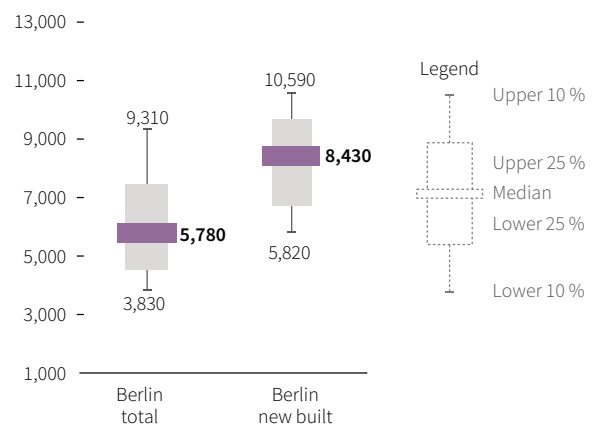
Purchase prices for condominiums continue to grow significantly in all segments in the first half of 2022. The median price for purchase offers rose by +9.9% to now more than 5,780 euros/m². This level is thus just above the five-year average (+9.6% p.a.) and 1.2 percentage points higher than in the same period last year (+8.7%). In the top price segment (most expensive 10% of offers), the price now stands at 9,310 euros/m² following growth of +17.6%. Compared to the same period last year, this is an increase of more than 10%. In the lower price segment, prices also increased. The current price in the lower segment is 3,830 euros/m². In the last year, the price is +10.4%, but is still below the five-year average (+13.9%). The new-build segment records the largest increase (+33.8%) for the first half of 2022. The submarket shows strong dynamism here, as both the previous year's and five-year average were significantly exceeded (+7.2% and 8.1%, respectively). The average purchase price in the new-build segment is currently €8,430/m². The most expensive district in the first half of 2022 is Friedrichshain-Kreuzberg, with a median price of 6,170 euros/m², while the cheapest prices are being asked in Marzahn-

Hellersdorf at 4,120 euros/m².

Purchase price bands for condominiums

Berlin – H1 2022

Purchase price in €/sqm

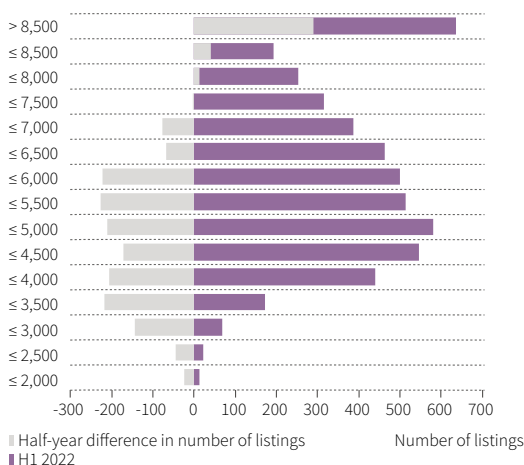


Source: JLL. VALUE Marktdaten (Status: July 2022)

Distribution of condo listings by price group

Berlin

Purchase price group in €/sqm

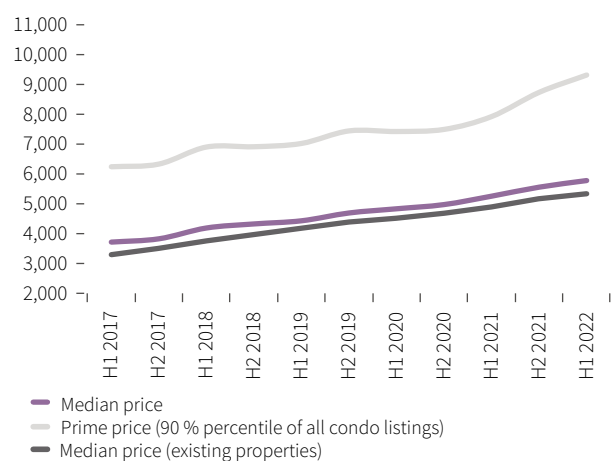


Source: JLL. VALUE Marktdaten (Status: July 2022)

Development of purchase prices for condominiums

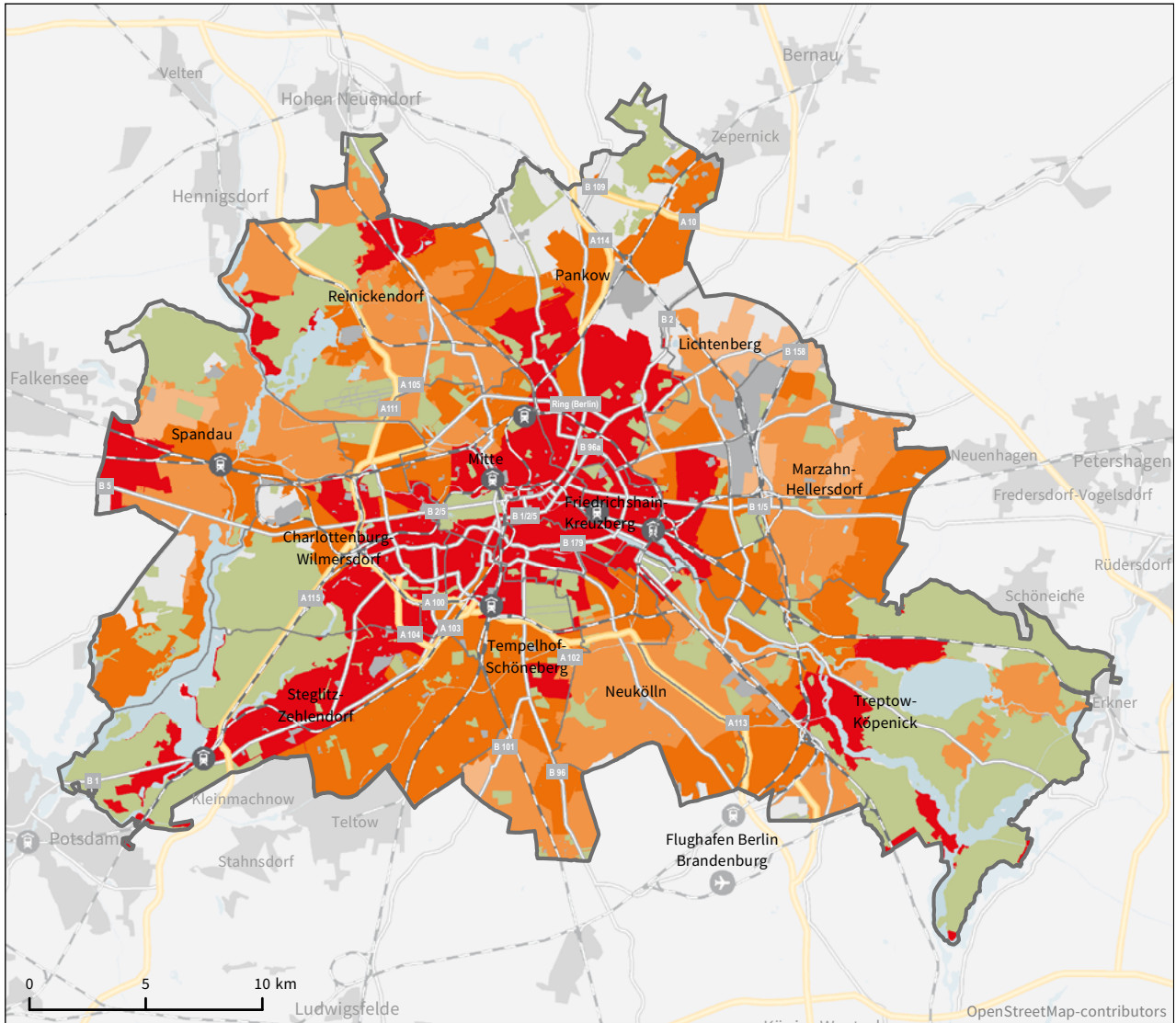
Berlin

Purchase price in €/sqm



Source: JLL. VALUE Marktdaten, IDN immodaten (Status: July 2022)

Asking condominium prices Berlin



Condominium price level

Average in €/sqm on postcode level

< 2,500

4,500 < 5,500

Water Area

Industrial or
Traffic Area

2,500 < 3,500

>= 5,500

Green Area

Other Area

3,500 < 4,500

Source: JLL. VALUE Marktdaten



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