

RESULTS FOR 2024 Q1

Real estate prices volatile, number of transactions low

Bonn & Kiel, May 7, 2024 - German real estate prices developed unevenly in the first quarter of 2024. The trend towards stabilization from the previous quarter persists, with the pace of price decline slowing down. However, there are major differences depending on the region and residential segment. This is shown by the latest update of the German Real Estate Index (GREIX), a joint project of the Gutachterausschüsse für Grundstückswerte (GAAs), ECONtribute, and Kiel Institute.

Price Development Market Segments

Index, Change in Percent

	Previous Quarter	Previous-Year Quarter
Apartments	- 0.7 %	- 5.4 %
Single-Family Houses	0.0 %	- 5.3 %
Multi-Family Houses	- 10.5 %	- 16.4 %

The Greix is a joint project of the local expert committees, ECONtribute and the Kiel Institute tracking real estate price trends of currently 19 German cities.

Compared to the **previous quarter (Q1 2024 vs. Q4 2023)**, prices for **apartments** fell only slightly by 0.7 percent. Prices for **single-family homes** remained practically constant.

On the other hand, a significant price drop has occurred for **multi-family homes**, which fell by 10.5 percent. In the previous quarter, prices had risen by around 5 percent. In this specific segment, though, volatility is notably high due to the limited number of transactions, resulting in restricted informative value.

Due to the low inflation rates of 0.5 percent compared to the previous quarter, the **inflation-adjusted** price changes across all market segments show only slight decreases. For the first time in around two years, real estate is hardly losing any additional value in terms of current purchasing power.

Compared to the **same quarter of the previous year, Q1 2023**, all residential segments are down significantly, although the rate of decline is now falling for the second time in a row, which is also a sign of stabilization.

The **number of real estate transactions** remains at a low level. Compared to the same quarter of the previous year, the number rose slightly by 10 percent. However, the average across all residential segments is only around 40 percent of the average level seen in 2019 to 2021.

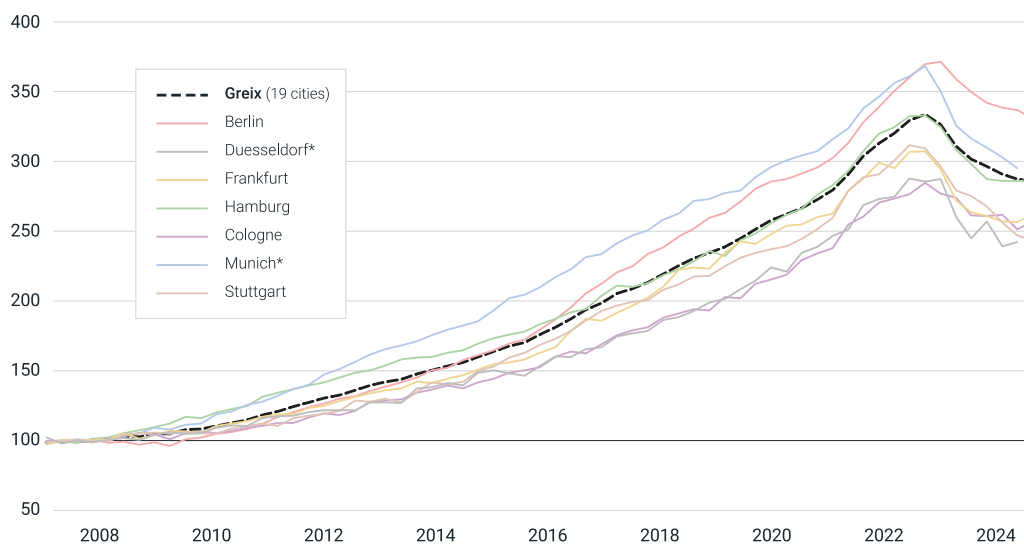
- **TOP-7 CITIES.** In Germany's 7 largest cities (Berlin, Duesseldorf, Frankfurt a. M., Hamburg, Cologne, Munich, Stuttgart), the situation on the real estate market is calming down and prices for apartments are only changing moderately compared to the previous quarter (Q1 2024 vs. Q4 2023).

Cologne (+2.4 percent) and Frankfurt (+2.2 percent) saw an upward trend, while Berlin (-1.9 percent) and Stuttgart (-1.4 percent) saw a downward trend. Hamburg remained relatively stable (+0.1 percent).

Note: No data for Q1 2024 is available for Duesseldorf and Munich in this Greix update.

Price Development Apartments

Top-7 Cities, Greix; Index 2008=100



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*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.

- **OTHER CITIES.** Beyond the top 7 cities, apartment prices exhibit significant quarter-on-quarter inconsistency, marked by highly volatile fluctuations, likely attributable to the limited number of transactions.

It is noteworthy that all eastern cities in the GREIX recorded a decline.

In Münster (+4 percent), first positive price developments are noticeable. Prices are also rising moderately in Duisburg (+2.5 percent) and Karlsruhe (+1.2 percent). In Erfurt, prices are essentially stable (-0.01 percent).

Leipzig (-2.7 percent), Dresden (-1.9 percent), and Bonn (-1.3 percent) are outliers on the downside, where prices have decreased compared to the previous quarter.

Price Development Apartments

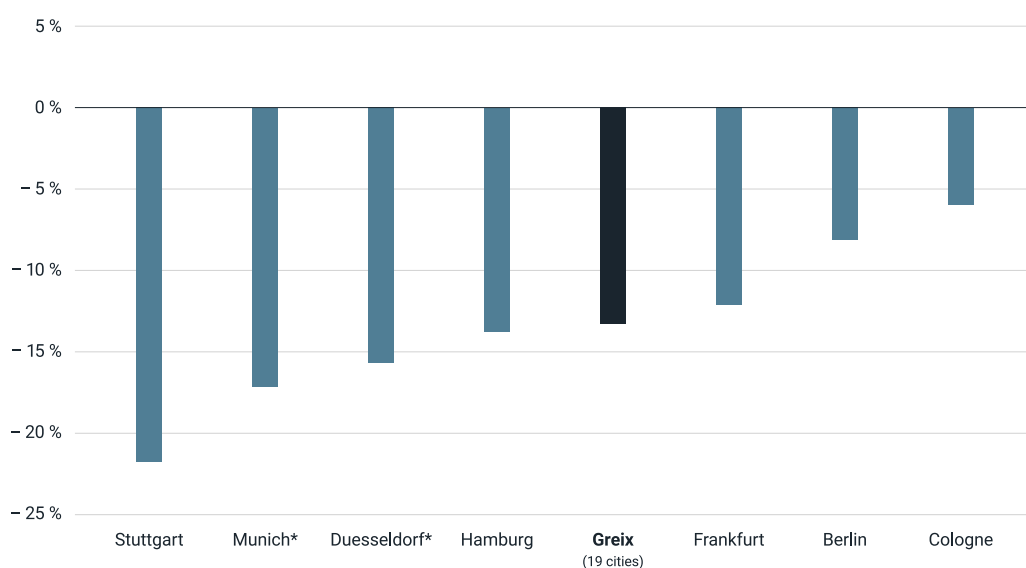
Index, Change in Percent vs. Previous-Year Quarter

	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1
Greix (19 cities)	13.3	9.8	4.2	- 3.0	- 8.4	-11.1	-10.9	- 7.5	- 5.4
Berlin	15.0	12.5	9.5	2.4	- 2.9	- 7.5	- 8.9	- 6.1	- 5.4
Duesseldorf	14.4	6.2	5.2	- 5.4	-14.8	- 9.9	-16.7	- 6.7	—
Frankfurt	9.9	6.8	- 1.6	- 7.8	-14.1	-15.0	-12.6	- 5.6	- 0.3
Hamburg	13.2	8.3	1.6	- 5.0	-10.2	-13.6	-11.9	- 7.1	- 4.0
Cologne	8.5	9.2	2.3	0.1	- 5.6	- 8.4	- 5.4	- 8.2	- 1.5
Munich	11.4	8.9	1.2	- 8.6	-12.3	-15.8	-13.5	- 9.3	—
Stuttgart	11.6	7.3	2.0	- 7.2	-11.6	-13.5	-13.6	-11.6	-11.6

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Price Development Apartments since Peak

Top-7 Cities, Greix; Change in Percent



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*Data from 2023 Q4.

- **DECLINE SINCE PEAK.** Compared to their respective peaks, the development is not uniform. In cities where prices are falling, the deviation from the peak is greater, whereas in cities where prices are rising, the gap to the peak is narrowing.

Prices in Cologne have remained the most stable in terms of value, with a drop of only 5.7 percent compared to the peak at the beginning/mid-2022. Berlin follows with a decline of 8.2 percent. Munich (-17.1 percent) and Stuttgart (-21.8 percent) recorded the biggest slump. The average decline across all 19 cities in the GREIX is 13 percent.

Measured in current purchasing power, the depreciation in all cities is even more significant and is approximately 9 percentage points higher. For Frankfurt and Hamburg, the inflation-adjusted loss from the peak is around 23 and 22 percent, respectively, and for the Greix, it is 21.6 percent

- **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.

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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 19 cities are freely accessible at www.greix.de. The dataset will be gradually expanded to include more cities.



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