

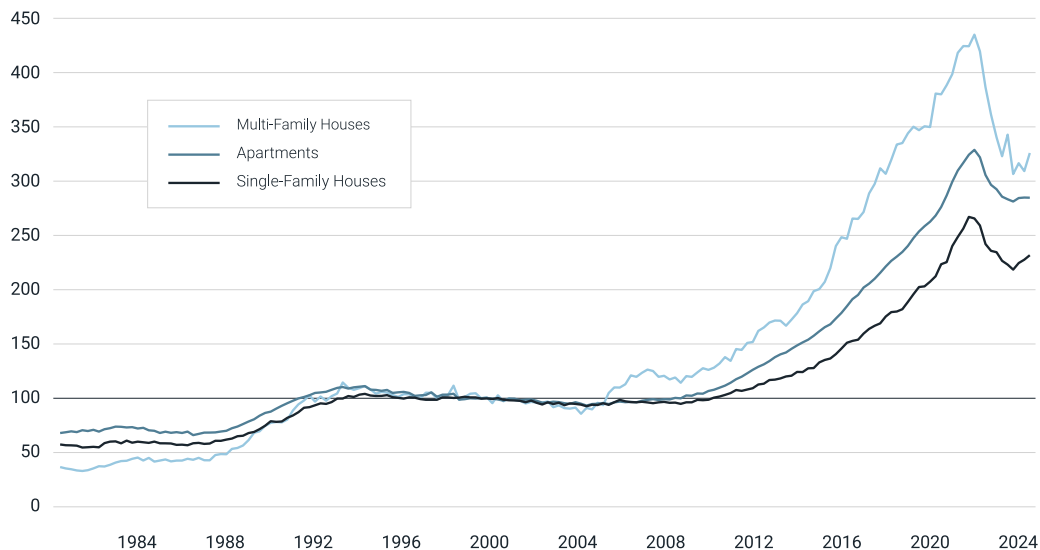
RESULTS FOR 2024 & 2024 Q4

Price Upswing Slows Down – Increased Activity in the Property Market

Bonn & Kiel, February 6, 2025 - The price recovery for residential properties lost momentum at the end of 2024. Prices for apartments stagnated, while single-family homes and multi-family houses are slightly more expensive than in the previous quarter (Q3 2024). Market activity is picking up, as evidenced by an increasing number of transactions. These insights are based on the latest update of the German Real Estate Index (GREIX), a joint project of the local expert committees for property values (Gutachterausschüsse für Grundstückswerte (GAAs)), ECONtribute, and the Kiel Institute for the World Economy (IfW Kiel).

Price Development Market Segments

GREIX; Index 2000 = 100



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.

The price upswing that began in the second quarter of 2024 slowed down recently, particularly for apartments. Compared to the **third quarter 2024 (Q4 2024 vs. Q3 2024)**, **apartment** prices fell slightly by 0.1 percent.

Prices for **single-family homes** rose by 1.8 percent, continuing the moderate price upswing of

the previous quarter. Prices for **multi-family homes** rose by 5.4 percent in the fourth quarter of 2024. However, there is a high degree of volatility in this segment due to the low number of transactions, and thus the informational value is limited.

Due to the only minimal price increases compared to the previous quarter, the **inflation-adjusted** price changes for all market segments deviate only slightly downward.

Price Development Market Segments

Index, Change in Percent

	Previous Quarter	Previous-Year Quarter
Apartments	- 0.1 %	+ 0.5 %
Single-Family Houses	+ 1.8 %	+ 3.9 %
Multi-Family Houses	+ 5.4 %	- 4.9 %

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Looking at the same quarter of the previous year (**Q4 2024 vs. Q3 2023**), the sales prices for **apartments** were 0.5 percent higher and thus remained only slightly in positive territory. **Single-family homes** became 3.9 percent more expensive. **Multi-family homes** also show a positive price trend of 4.9 percent, although this market segment is subject to higher volatility.

At the end of 2024, however, it is clear how much the downturn from the crisis years of 2022 and 2023 continues to have an impact. Prices for **apartments** in the fourth quarter of 2024 are still 13 percent below their respective **peak in 2022** – adjusted for inflation, i.e. measured in current purchasing power, the decline is even 21 percent. **Single-family homes** also cost 13 percent less than at their peak (down 23 percent when adjusted for inflation). The decline was even more drastic for **multi-family homes**: sales prices here are 25 percent below their peak, or even 33 percent when adjusted for inflation.

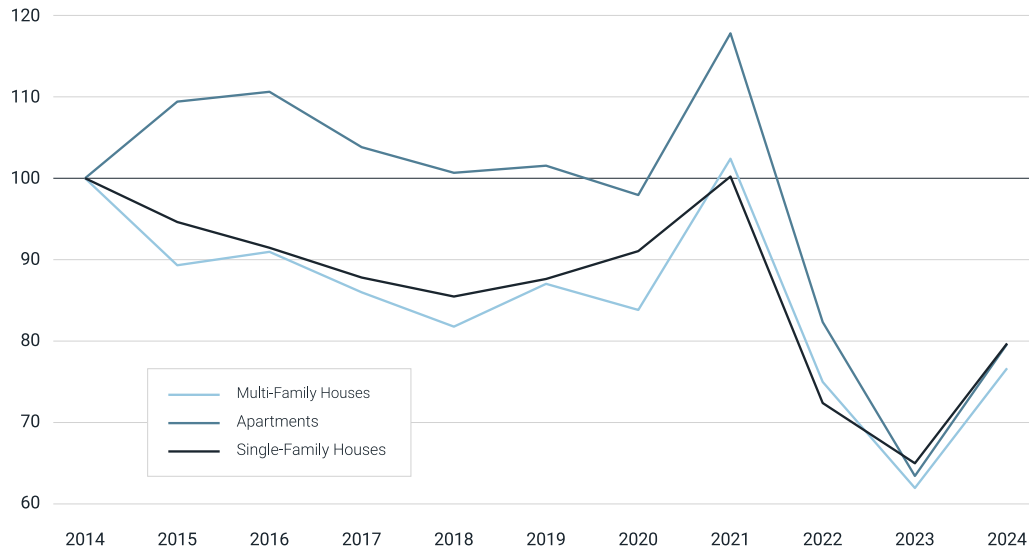
- **NUMBER OF REAL ESTATE TRANSACTIONS.** Following a sharp decline in transactions in 2023, the number of transactions increased again in 2024. Compared to the previous year, 26 percent more apartments, 23 percent more single-family homes, and 24 percent more multi-family homes were sold.

Despite these developments, market activity on the real estate market is still far below the historical peak. In 2024, almost a third (–32 percent) fewer apartments were traded, a quarter (–25 percent) fewer single-family homes, and a fifth (–20 percent) fewer multi-family homes than in the record year of 2021.

Note: In the course of publishing the new results, additional information will be presented alongside the graphics and maps in a beta version. This information includes, in addition to

Number of Transactions Market Segments

GREIX; Index 2014 = 100



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the number of observations on which the result is based, the average year of construction and the average living space for the respective selected spatial unit and the corresponding period.

- MAJOR GERMAN CITIES.** The sales prices for **apartments** in selected major German cities (Berlin, Dresden, Frankfurt a. M., Hamburg, Leipzig, Munich, Stuttgart) are developing partly differently across Germany.

One particularly striking development is the strong price increase in Dresden, where prices for apartments rose sharply compared to the **previous quarter (Q4 2024 vs. Q3 2024)** (+4.4 percent). Other cities only recorded minimal movements in real estate prices: In Leipzig (+0.6 percent) and Stuttgart (+0.2 percent), prices increased slightly, while in Hamburg (-0.2 percent) and Berlin (-0.3 percent), they moved slightly downward. The steepest, though still moderate, decline occurred in Frankfurt, where prices decreased by (-1.6 percent) compared to the previous quarter.

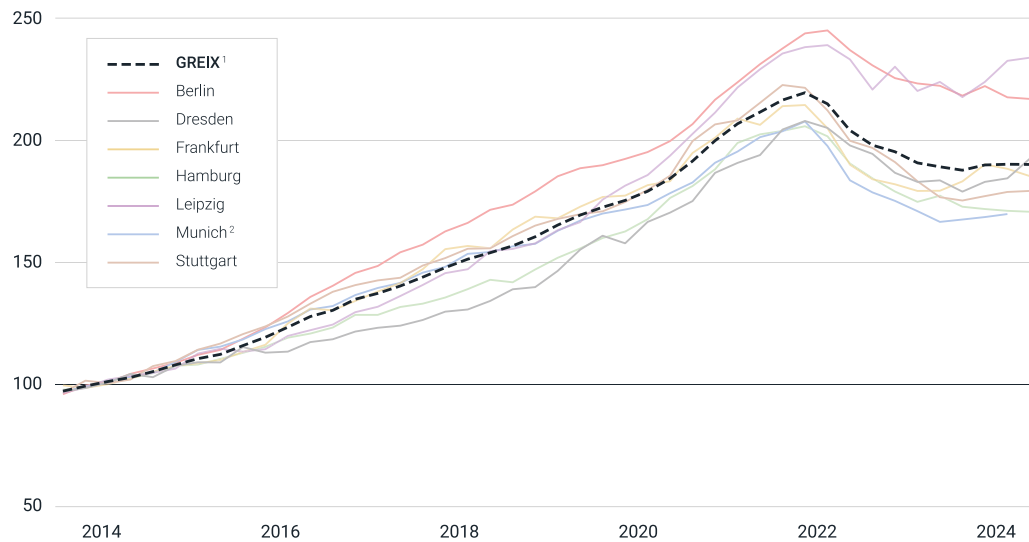
At the average price per square meter (rounded to the nearest hundred), Munich leads with €8,600/m² (as of Q3 2024), significantly ahead of Hamburg. Frankfurt follows with €5,900/m², and Stuttgart with €4,400/m². Leipzig and Dresden are the most affordable among the major cities, with average prices of €3,500/m² and €3,400/m², respectively.

Note: No data for Munich was provided in this update for the fourth quarter. Square meter prices cannot be published for Hamburg and Berlin. For cities in North Rhine-Westphalia, due to contractual agreements with the local expert committees, the local results can only be published starting from April 1. However, the data has already been analyzed and

is incorporated into the composite GREIX index. The results, along with detailed intra-city analyses, will be published in early April.

Price Development Apartments

Major Cities, GREIX; Index 2014=100



¹The 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. ²Data from 2024 Q3.

Price Development Apartments

Index, Change in Percent vs. Previous-Year Quarter

	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4
GREIX¹	- 3.5	- 8.6	-11.0	-11.3	- 7.3	- 5.2	- 2.8	- 0.3	+ 0.5
Berlin	+ 2.5	- 2.9	- 7.5	- 8.9	- 6.2	- 5.4	- 1.5	- 2.5	- 2.4
Dresden	+ 2.0	- 4.9	-10.2	-10.8	- 7.2	- 7.9	- 2.0	+ 0.8	+ 4.9
Frankfurt	- 7.9	-14.0	-15.1	-12.5	- 5.6	- 0.5	+ 4.5	+ 5.1	+ 3.3
Hamburg	- 5.9	- 9.5	-13.0	-13.3	- 6.9	- 6.3	- 4.0	- 2.1	- 3.7
Leipzig	+ 1.8	- 6.3	- 3.4	- 7.8	- 4.0	- 1.4	- 2.7	+ 5.6	+ 4.4
Munich	- 8.8	-12.3	-15.7	-13.5	- 9.3	- 6.2	- 3.8	- 0.7	—
Stuttgart	- 7.2	-11.6	-13.7	-13.7	-11.6	-10.9	- 7.3	- 2.4	+ 1.5

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- **OTHER CITIES.** Even outside the major cities, the price trend for apartments in the 4th quarter of 2024 is predominantly flat, with slight upward and downward swings.

Prices are falling in Karlsruhe (-1.9 percent) and Wiesbaden (-2.5 percent). Prices are rising

in Potsdam (+0.8 percent), for example. In the other cities, prices are rising slightly or are largely stagnating.

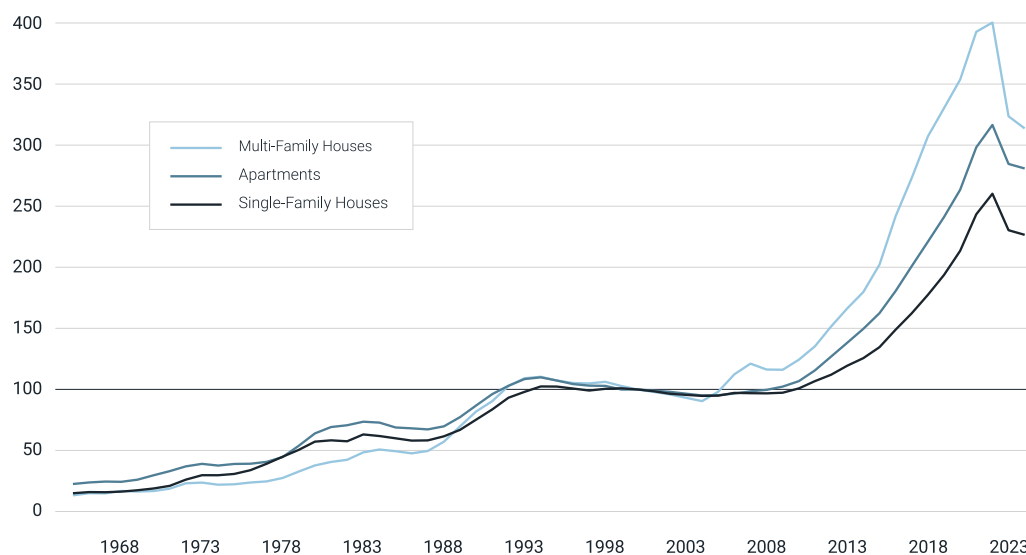
With average prices per square meter of €5,300/m² and €4,000/m² respectively, Potsdam and Wiesbaden are on a par with the major cities. Karlsruhe and Erfurt follow slightly behind. The lowest price level is in Chemnitz (€1,400/m²).

- LONG-TERM ANNUAL TREND.** Compared to the **previous year (2024 vs. 2023)**, the sales prices of apartments fell by 1.3 percent. Single-family homes were 1.7 percent and multi-family homes 3.1 percent below their respective prior-year values. Adjusted for inflation – i.e. measured in current purchasing power – the fall in value is somewhat more significant and is around 2 percentage points higher.

To understand this, it is important to emphasize that the comparison uses the entire previous year 2023 as a reference point for the entire year 2024. Due to the fact that prices still fell sharply throughout 2023 and only started to rise again moderately from 2024 Q2, the index values for 2023 are higher than the values for 2024 for the three market segments.

Price Development Market Segments

GREIX; Index 2000 = 100



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The speed and extent of the **price decline in 2023** for real estate in Germany **was historically unprecedented**. Never before since data was first recorded in the purchase price collections of the expert committees in the 1960s have real estate prices fallen so quickly. During the sharpest price decline to date from the mid-1990s onwards, sales prices fell to a similar extent – slightly less for houses and slightly more for apartments – but took around 10 years to do so.

However, the price decline in 2023 was also preceded by a **historically unique price rally** since around 2009. Since then, prices had risen three to fourfold, depending on the segment, before the abrupt crash began around mid-2022. The highest price increase prior to this rally occurred at the end of the 1980s, when prices roughly doubled within five years, also in the wake of reunification.

- **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 20 cities and regions are freely accessible at www.greix.de. The dataset will be gradually expanded to include more cities.



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