



Market report Germany's Top 7 cities · 2022/2023
New Developments



ENGEL & VÖLKERS
DEVELOPMENT SERVICES



Market development

6 Viele Einflussfaktoren beschäftigen den Markt



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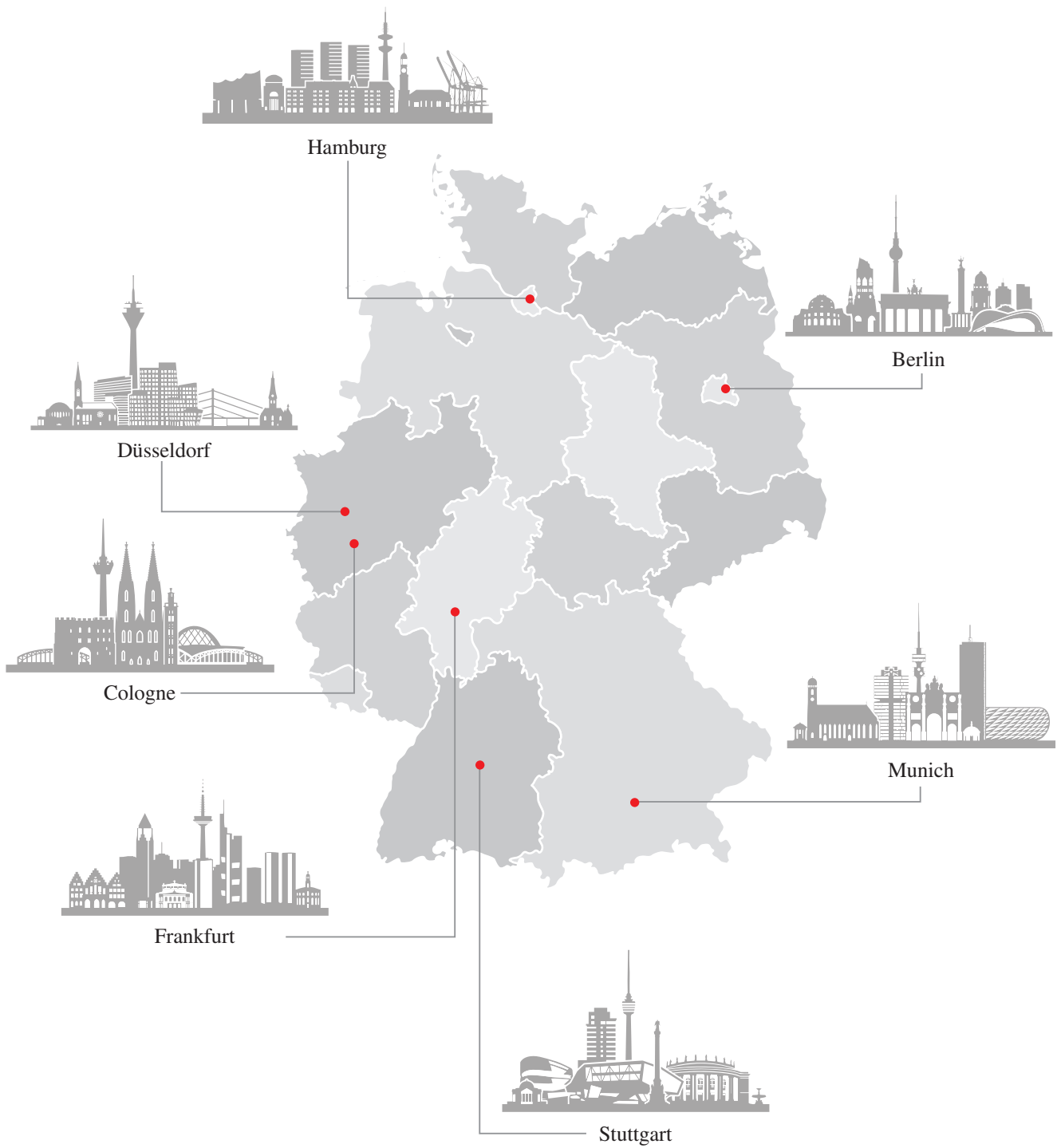
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Online

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Prices, locations
and developments online

An analysis of the Top 7 cities





EDITORIAL

Dear Readers,

Soaring construction costs; increased interest rates and high inflation are presenting project developers in particular with a variety of challenges. In addition to this, demand for new-build and refurbished properties which are energy efficient and have modern fixtures and fittings remains strong, presenting a further challenge. There also continues to be a severe shortage of housing in Germany's Top 7 cities.

Our Engel & Völkers new developments market report, issued annually, focuses on analysing the market for individually sold new-build homes in these metropolitan regions. When doing so, we examine the development of sales prices and rents and also discuss transaction figures in the context of the current market situation. It goes without saying that the market report also identifies trends and provides an outlook for the coming year, 2023.

The Engel & Völkers new developments market report ensures that you are perfectly prepared for market activity and establishes contact with our local experts. Don't hesitate, take advantage of our professional expertise and decades of market know-how, which is even more important in these uncertain times, today.

With best regards

Till-Fabian Zalewski
CEO Germany/Austria/Switzerland

Numerous factors are impacting the market

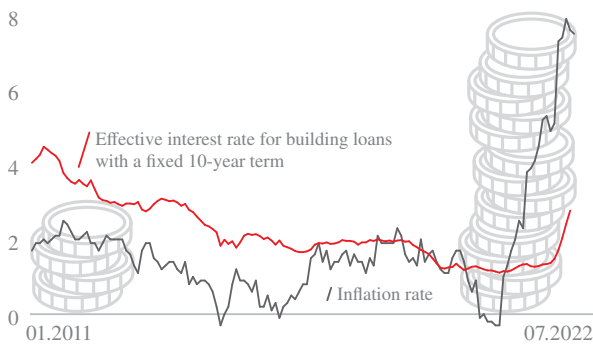
Soaring construction costs, rising interest rates, falling numbers of completed buildings – the new-build market has become far more challenging. In recent years there was only one direction for the market: up. In the period 2010 to 2020 there has been a continuous increase in the number of completions year on year, while the average square metre price for a new-build in Germany has almost doubled since 2012. In addition to this, prolonged low interest rates have resulted in a further increase in demand for modern houses and apartments, which was already strong. Housing is in particularly short supply in Berlin, Hamburg, Munich, Cologne, Frankfurt, Düsseldorf and Stuttgart, Germany’s ‘Top 7’ largest cities, which are also

particularly popular. In this year’s Engel & Völkers New Developments market report we thus provide a detailed analysis of how the new-build market is developing in these Top 7 cities, as well as also examining two focus regions – Stuttgart’s hinterland and Thuringia. The report begins by assessing how the overall market is performing, highlighting the fact that for some months now it has no longer been possible to achieve the figures recorded in previous years.

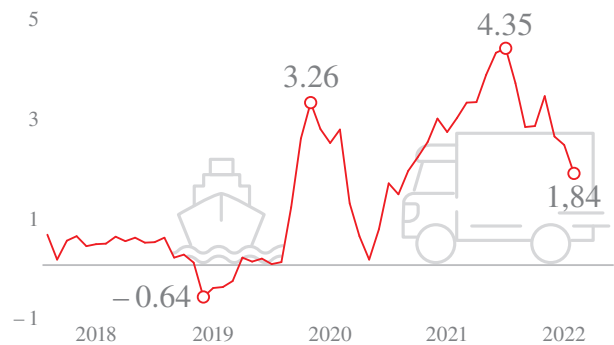
Changes in financing terms

Following a significant rise in inflation in the second half

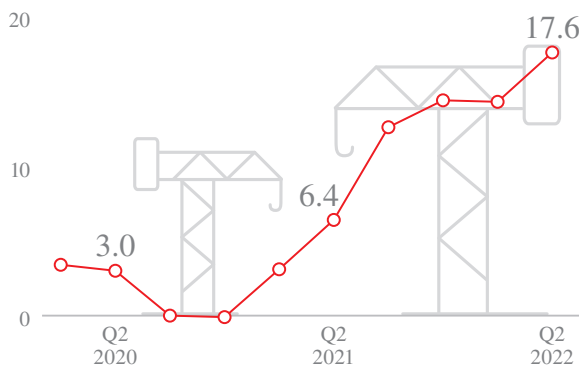
Interest rates and inflation



Global Supply Chain Pressure Index (GSCPI)

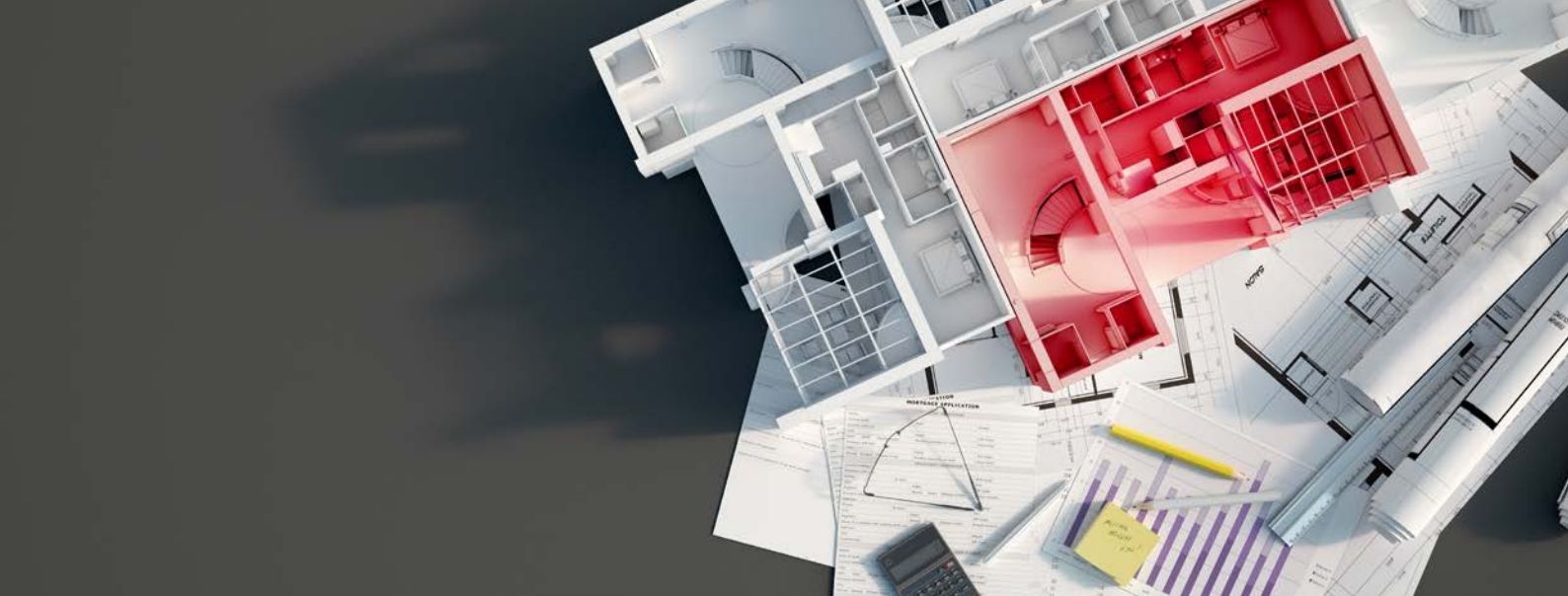


Construction price index for residential buildings*



Sources: German Federal Bank, New York Fed, German Federal and State Statistical Offices, Engel & Völkers Residential

*Percentage change over the same quarter in the previous year



of 2021, the outbreak of war in the Ukraine in spring 2022 resulted in an even higher jump. In recent months the consumer price index has been more than 7 % higher than in the previous year. Central banks have reacted to this by increasing base interest rates, which had remained unchanged since 2011. As soon as it became foreseeable that this would happen, there was a significant, rapid rise in interest rates for construction financing, which caused uncertainty on the residential real estate market. After years of extremely low interest rates which encouraged the dynamic price development of the residential real estate market as a whole, both buyers and sellers are faced with a new situation. In the new-build segment it has become harder for developers to achieve target prices since it is much more expensive for potential buyers to obtain external capital. Correspondingly, buyers with larger amounts of equity have been less impacted by the changes in circumstances and now face less competition when attempting to acquire desired properties.

Stagnating price level following considerable increases

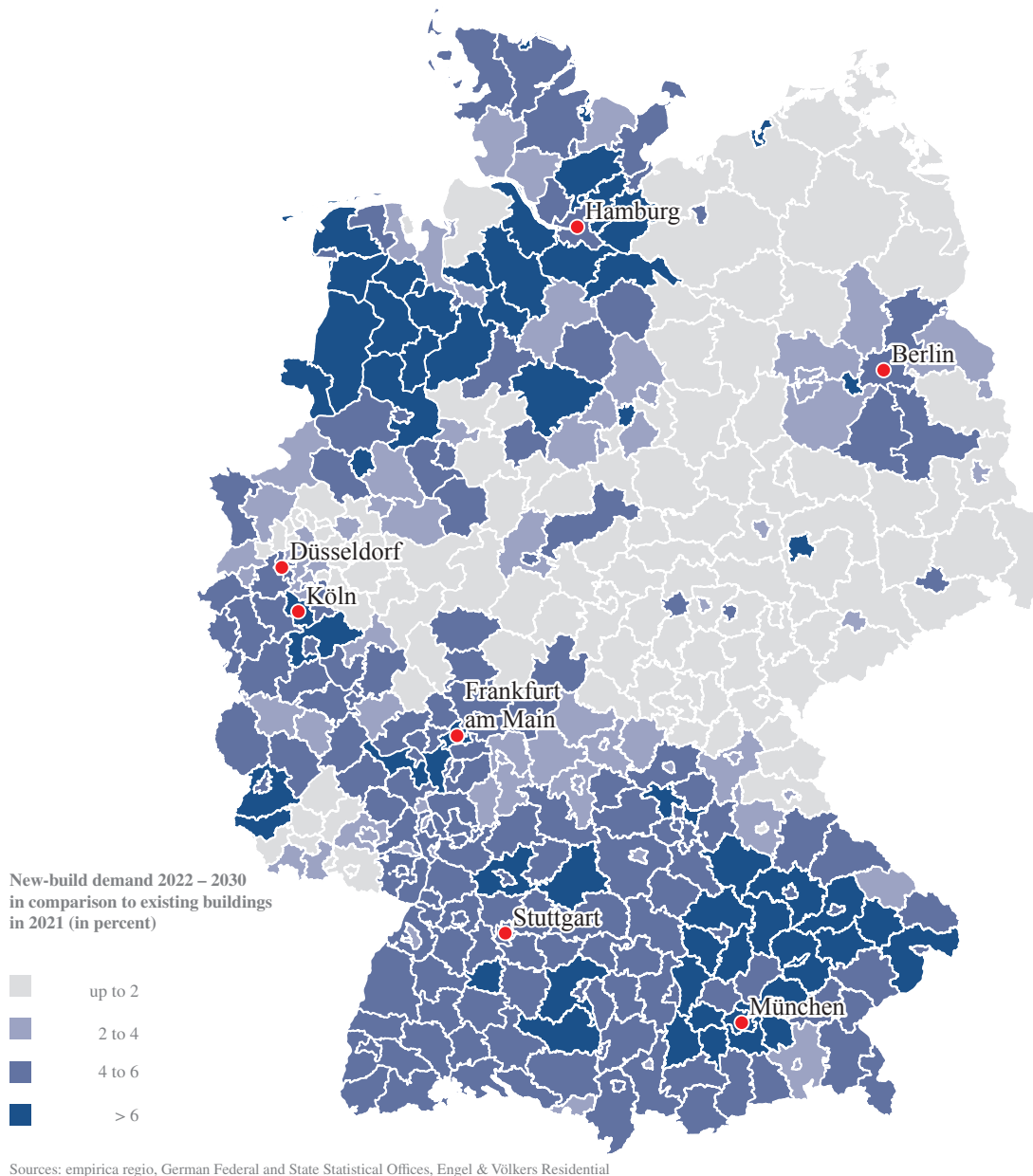
In June 2022 for the first time in more than a decade prices for new-build apartments did not rise in comparison to the previous month. At 6,019 euros/m² the average price was, however, still a significant 11.1% higher than in the previous year. The average price quoted in Germany's Top 7 cities also rose slightly in June, achieving a new record of 9,929 euros/m². Price growth in the capital city Berlin was particularly strong in comparison to the previous year (+ 14.9%). Munich, which is already in a class of its own as regards prices, also saw rises of 13.3%, achieving an average of 13,492 euros/m², by far the highest figure for any major German city.

Current higher interest rates mean that it has become more expensive to finance real estate, resulting in a corresponding fall in demand. Prices in the new-build segment have not been impacted as strongly, with prices in many locations currently stabilising rather than dropping significantly. This can be attributed to the supply situation. This time last year we were already reporting on sharp rises in construction costs due to the COVID-19 pandemic and delays in completing development projects. Since early 2022 this situation has been further exacerbated by the war in Ukraine. Significantly higher costs for materials have made it necessary to recalculate budgets, while supply chain problems are causing additional delays. The Global Supply Chain Pressure Index (GSCPI) shows that pressure on global supply chains has relaxed somewhat following a new peak in April, however at a figure of 1.84 is still at a high level. A figure which is above zero indicates above-average pressure on global supply chains.

Construction activity slumps

In six of the Top 7 cities the number of new buildings completed in 2021 had already fallen. The only increase was in Cologne, which had already recorded an extremely low figure for 2020. In Germany as a whole the new-build completion figure fell for the first time in ten years. Although the number of building permits issued in recent years has remained stable overall, the number of properties on the market is not expected to increase significantly in the coming months. For now, the federal government's target of creating 400,000 new homes each year in Germany appears to have become a distant dream. According to information published by bulwiengesa, between 2021 and 2022 the number of development projects in the res-

New-build demand in the period to 2030



idential segment fell by 7.6%. Demand for new housing in the coming years will vary strongly from region to region. As our map shows, metropolitan areas and their hinterlands will experience particularly high demand for new-builds in the period to 2030. In addition to this, regions with strong population growth, such as northwest Lower Saxony, Schleswig-Holstein or large parts of south Germany, will also require more housing. In the Top 7 cities the number of public ‘to let’ online advertisements for new-build apartments has been falling continuously since 2019. In the second quarter of 2022 there was slight rise in the number of properties on offer for the first time – a result of longer marketing times. In comparison to previous years this figure is, however, still very low. The increase in properties available was more noticeable

for smaller apartments. Parallel to this, the prices quoted for apartments less than 55 m² in size has actually stagnated since the beginning of the year. This could be related to the number of micro-apartments which are now being completed in response to the very strong demand prior to the pandemic. In the meantime demand has, however, shifted towards larger apartments.

New-builds benefit from energy efficiency

Energy efficiency is having an increasingly strong stabilising effect on demand for new-build housing. In light of a growing focus on ESG and the sustainability of housing, properties which have been built in line with ener-

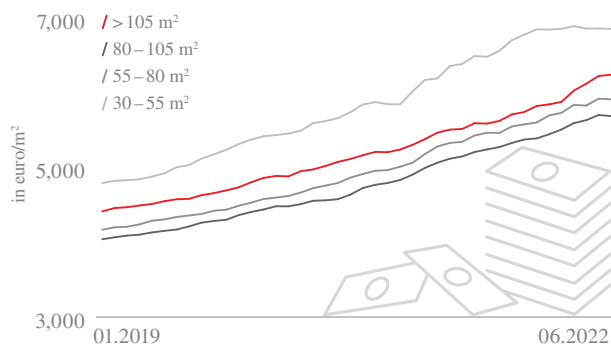
getic principles or at least undergone corresponding refurbishment measures have been becoming more popular for some time now. In this context, investors in particular are paying more attention to EU regulations. The extreme price hikes for electricity and gas this year mean that energy efficiency is quickly also becoming an economically relevant topic for domestic households. Buyers are increasingly turning their backs on properties in poorly insulated old buildings or which have outdated heating systems. In addition to this, the refurbishment of such buildings has become much more expensive.

Future interest rate developments unclear

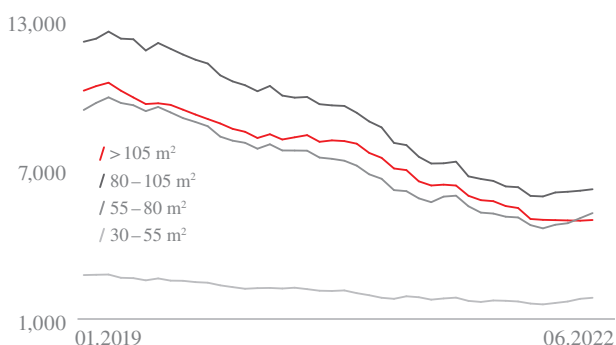
Following a clear slowdown in interest rate rises in the middle of this year it remains to be seen how they will develop in the coming months. At present it is not possi-

ble to make accurate forecasts. Easing of pressure on the global political situation and supply chains, in combination with a corresponding decline in inflation would also result in easing of pressure on interest rates. It is, however, still unclear if there will be any return to extremely low interest rates and this currently appears unlikely. Seen in historical terms, present interest rates must continue to be viewed as moderate. Engel & Völkers therefore expects that buyers' current reticence to make purchases will not continue for long, since the market will accept the new situation. The continuing shortage of properties is expected to result in sideways movement of prices in many locations in the popular Top 7 cities; prices may, however, also increase again. In the current circumstances it is particularly important to obtain good advice.

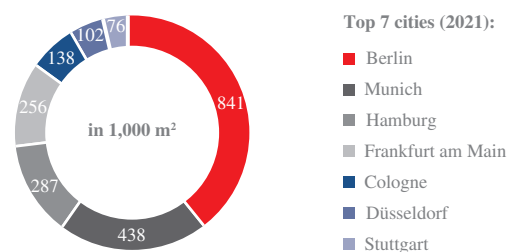
Development of prices for new-build apartments by apartment size*



Number of public 'to let' advertisements by apartment size*



Living space in completed projects



Sources: VALUE market database, bulwiengesa, Engel & Völkers Residential

* Germany



BERLIN



3,775,480

Population
+ 1.7% (over 2016)



23,050 euros

Per capita purchasing power
92.4 (Purchasing power index)



0.8%

Vacancy rate
16.0 (Vacancy rate index)



15.3%

Home ownership rate
35.1 (index)

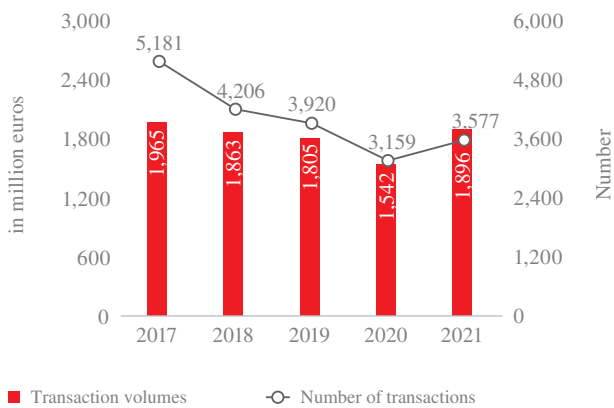


18.01 euros/m²

Rents quoted for new-builds
+ 5.3% (over 1st half of 2021)

Sources: Melderegister der Stadt, Nexiga, CBRE-empirica-Leerstandsindex, empirica regio, VALUE Marktdatenbank, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Berlin Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



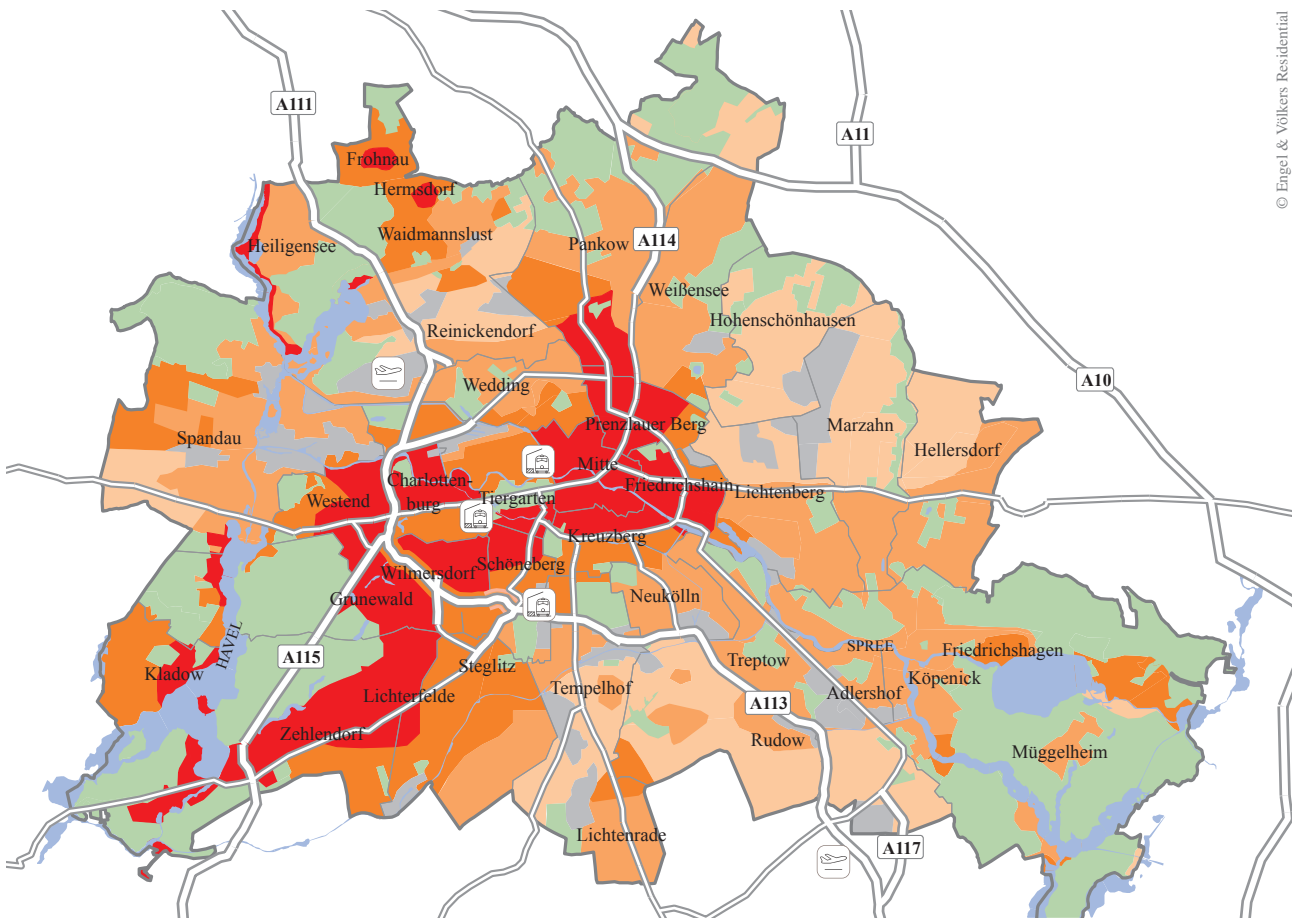
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2021 in euros/m ² (over 2020)
Mitte	309	9,644 (+2.0%)
Charlottenburg	248	9,300 (+8.9%)
Prenzlauer Berg	242	8,065 (+21.4%)
Weißensee	222	6,866 (+17.6%)
Friedrichshain	180	9,060 (+14.2%)
Wilmersdorf	151	9,472 (+7.3%)
Kreuzberg	143	8,985 (+12.4%)
Niederschönhausen	122	6,579 (+12.5%)
Köpenick	105	6,186 (+7.3%)
Reinickendorf	100	6,722 (+14.9%)
Tiergarten	93	8,603 (+2.3%)
Alt-Hohenschönhausen	91	6,157 (+4.8%)

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Residential real estate market locations



© Engel & Völkers Residential

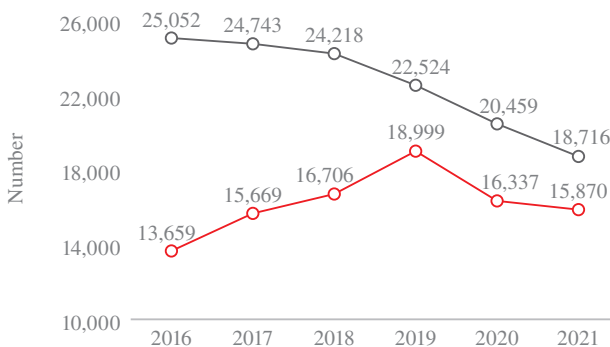
■ Prime location
 ■ Good location
 ■ Average location
 ■ Basic location
 ■ Commercial area
 ■ Water
 ■ Greenarea

Prices by location for new development apartments

	2020	2021	2022	Forecast
Price in euros/m ² ■	7.500 – 22.000	7.900 – 24.900	8.100 – 26.000	↗
■	6.100 – 9.900	6.500 – 10.200	6.600 – 10.100	→
■	4.900 – 8.200	5.300 – 9.100	5.500 – 9.600	→
■	4.300 – 5.700	4.600 – 6.100	4.450 – 6.300	→

Source: Engel & Völkers Residential

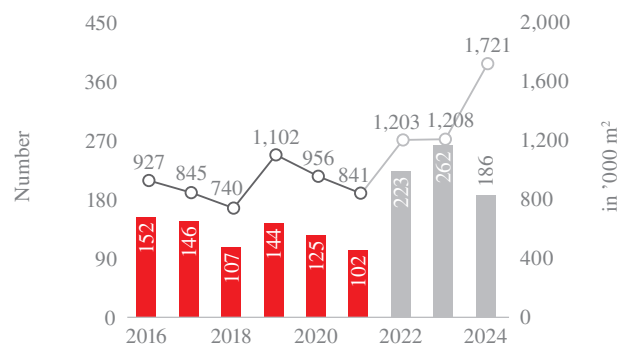
Construction activity



○ Completed apartments
 ○ Approved apartments

Sources: empirica regio, Destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects
 ○ Living space
■ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 20.05.2022

Interview with a local expert



Hendrik Treff
Engel & Völkers
Development Services
Berlin

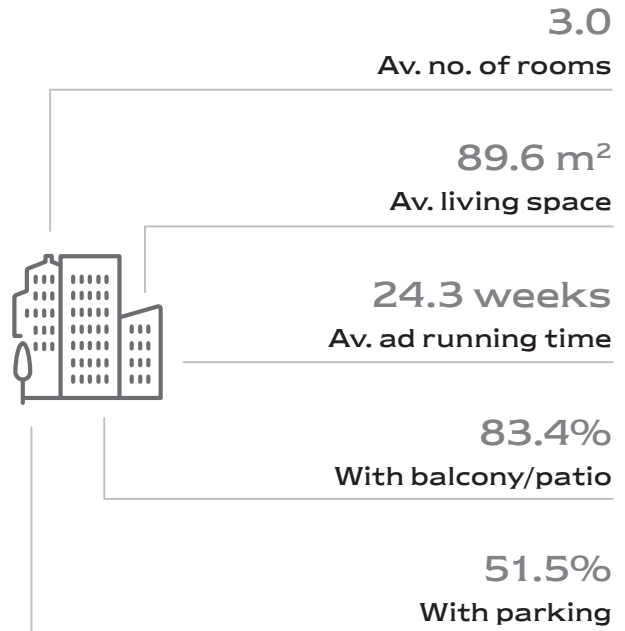
How is Berlin's market for residential projects currently developing?

In recent months the market for residential development projects has been impacted by a variety of factors. A key factor in this regard is the development of interest rates. At the end of the first quarter there was thus a significant fall in customer demand, which has, however, stabilised in the second half of the year as interest rates have gone back down again. Nevertheless demand is still below the previous year's level. There is a clear time lag between interest rate developments and buyer behaviour. In the long term we expect demand to stabilise and increase again. Parallel to the demand trend, the number of available properties is currently stable to falling since some development projects have been postponed in response to the present uncertainties. In the mid- to long term we even expect a significant fall in supply as a result of the

Picture source: Non-binding visualisation – XOIO GmbH



New-build apartments in Berlin 2022



Sources: VALUE Marktdatenbank, Engel & Völkers Residential

smaller number of building permits being issued and the postponement of projects due to the shortage of materials and supply chain problems. In addition to this, the political situation in Berlin means that there is now a trend towards building commercial rather than residential real estate where both are an option.

What impact are current economic trends having on Berlin's market?

The war in Ukraine and consequent economic changes have impacted the market in many different and diverse ways. Firstly, interest rates have risen, while the shortage of workers and materials in the construction industry is also causing problems. Furthermore, the energy crisis

Project: Suites at the Tacheles

New-build in Berlin-Mitte

Units: 51

Number of rooms: 1 – 3

Living spaces: Approx. 41 – 78 m²

Planned completion: 2023

caused by the war has once again made new-builds significantly more attractive than existing buildings. New properties often have optimum energy-conserving technology while older ones usually have outdated heating systems, etc. Due to its many start-up companies and the inflow of international specialist professionals, Berlin has proven to be a resilient economic location. We believe that this positive trend will continue.

What type of properties are currently in particular demand?

At present demand is strongest in the high-end segment and in prime locations. Supply in these areas however continues to be scarce. When projects meet the target group’s exacting demands, then there is a correspondingly high number of buyers.

What advantage does Berlin have over other Top 7 locations?

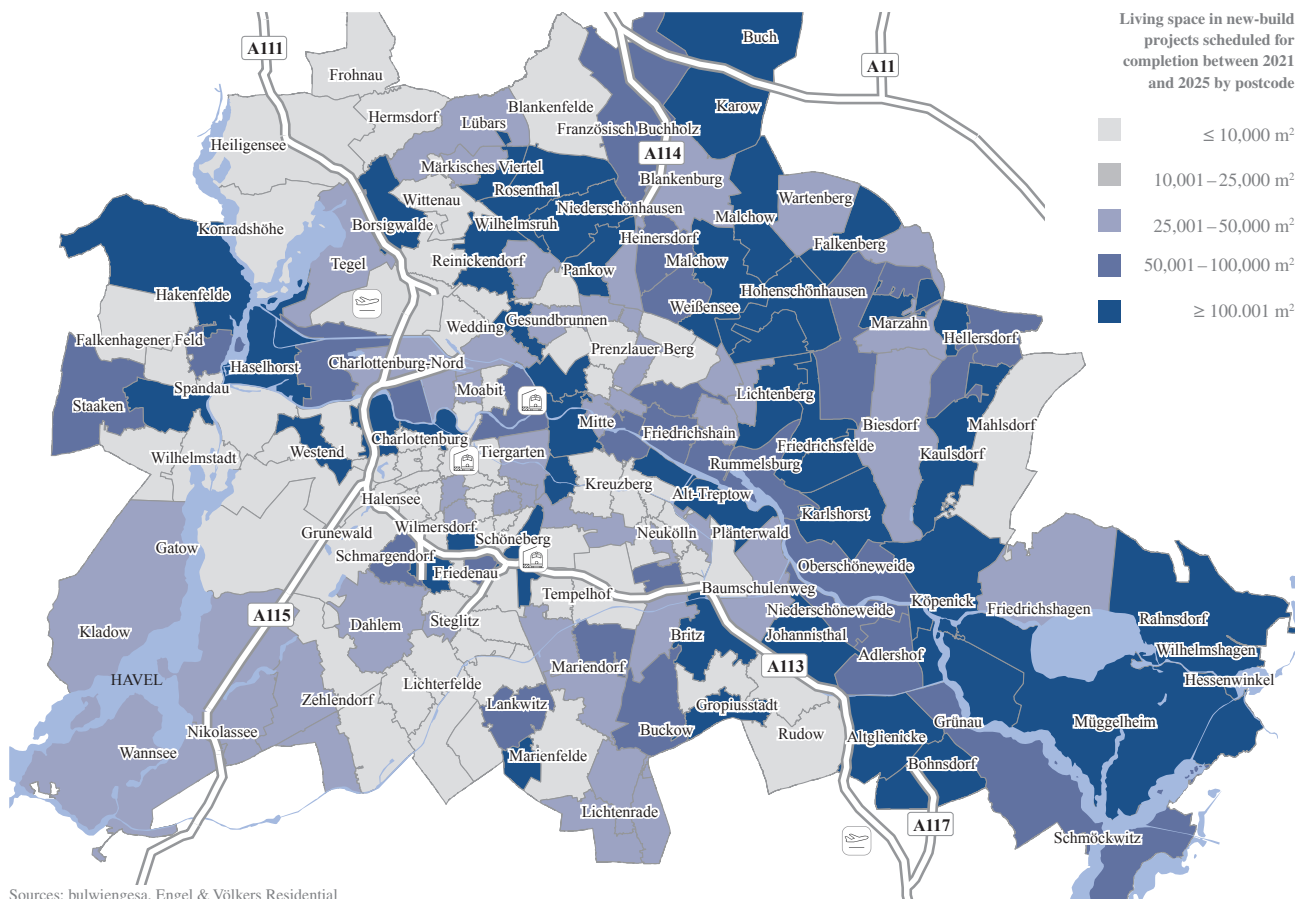
Berlin is not dependent on one specific industry or location factor. In addition to long-established political, scientific and industrial structures, the small start-up

sector has metamorphosed into a huge economic factor. Large new companies with thousands of employees, such as Zalando, have developed and are still developing. Parallel to this, US tech giants such as Google, Amazon or Tesla are focusing on the area around the capital to utilize synergy effects with these companies and exploit the capabilities of their highly skilled employees. There is thus a higher probability that Berlin will be less impacted by classic cycles, since diversified economic structures are more crisis resistant.

How will Berlin’s new-build market develop in future?

Demand will settle at a somewhat lower but still satisfactory level. Supply, in contrast, will become even more limited, while buyers’ focus on product quality and facilities (for example, sustainability or incidental costs) will become even more pronounced in future. In addition to the location, developers will have to plan exactly how they wish to position projects and whether their chosen target group matches the product and the corresponding price. Projects with this “product/market fit” will continue to be easy to sell.

Planned residential projects by living space





DÜSSELDORF



643,753

Population
+0.7% (over 2016)



29,276 euros

Per capita purchasing power
117.3 (Purchasing power index)



0.8%

Vacancy rate
26.7 (Vacancy rate index)



23.2%

Home ownership rate
52.9 (index)

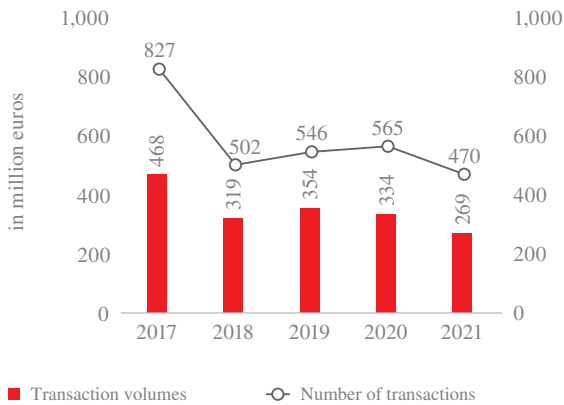


15.17 euros/m²

Rents quoted for new-builds
-0.3% (over 1st half of 2021)

Sources: Melderegister der Stadt, Nexiga, CBRE-empirica-Leerstandsindex, empirica regio, VALUE Marktdatenbank, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Düsseldorf Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



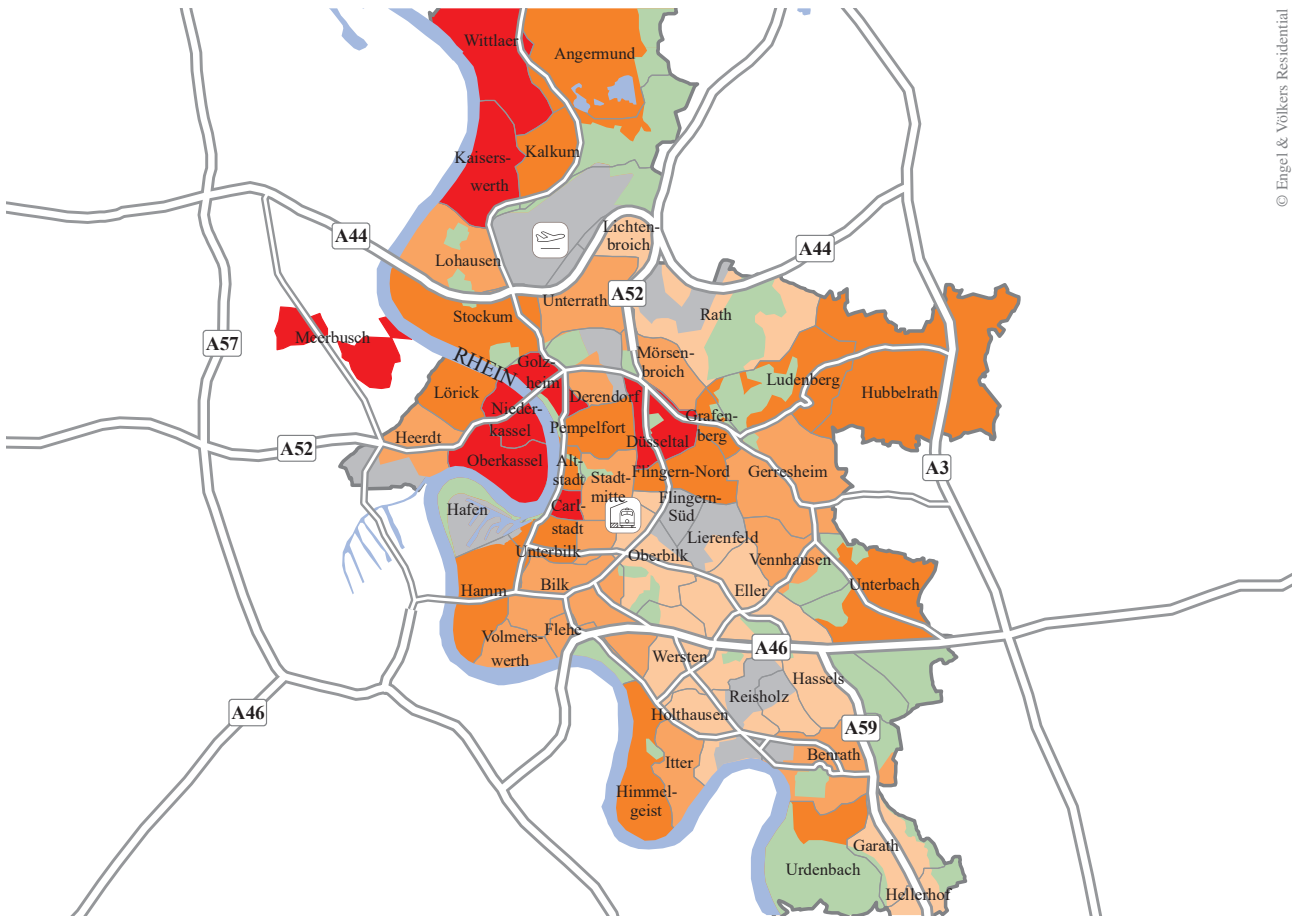
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2021 in euros/m ² (over 2020)
Heerdt	62	7,701 (-)
Rath	57	5,921 (+21.1%)
Unterbach	50	5,849 (+6.8%)
Flingern Nord	32	9,099 (+58.2%)
Düsseltal	26	9,993 (+5.6%)
Bilk	15	7,678 (+15.3%)
Benrath	15	7,895 (+9.7%)
Stockum	14	7,280 (-)
Angermund	12	6,042 (+0.3%)
Oberkassel	11	10,659 (+12.3%)

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Residential real estate market locations



© Engel & Völkers Residential

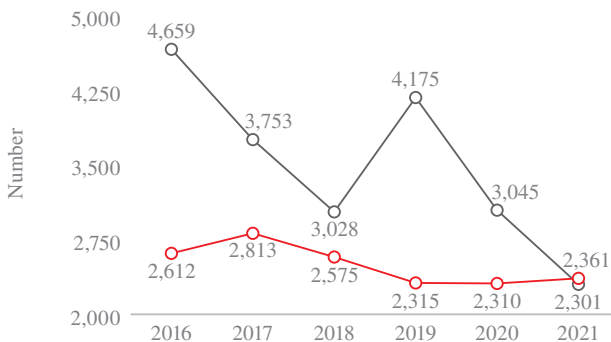
■ Prime location ■ Good location ■ Average location ■ Basic location ■ Commercial area ■ Water ■ Greenarea

Prices by location for new development apartments

	2020	2021	2022	Forecast
Price in euros/m ² ■	9.500 – 15.000	10.000 – 15.500	10.000 – 16.000	→
■	7.500 – 9.500	8.500 – 10.000	8.500 – 11.000	→
■	5.000 – 8.000	6.500 – 9.000	6.500 – 9.000	→
■	3.000 – 4.000	4.000 – 6.000	4.000 – 6.000	→

Source: Engel & Völkers Residential

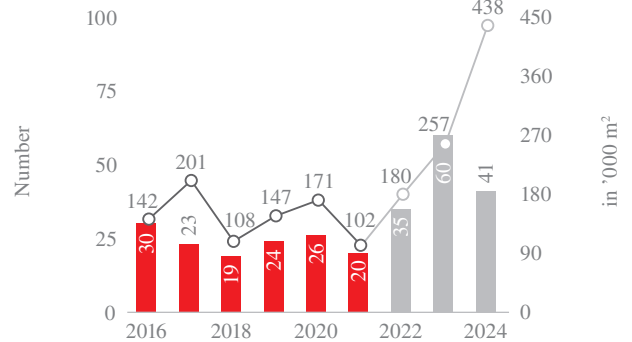
Construction activity



○ Completed apartments ○ Approved apartments

Sources: empirica regio, Destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects ○ Living space

■/○ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 20.05.2022

Interview with a local expert

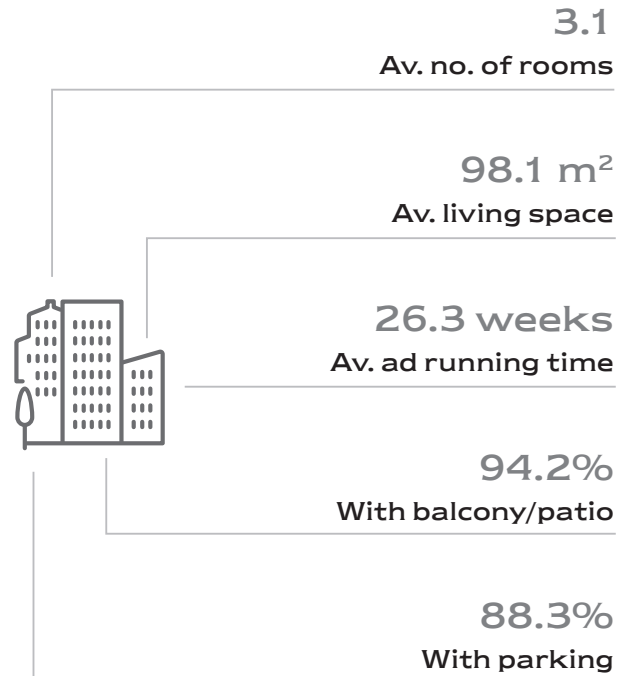


Birgit Pfeiffer
Engel & Völkers
Development Services
Düsseldorf

How is Düsseldorf's market for residential projects currently developing?

At the moment the market is experiencing a slump in demand. This is due to increased prices in combination with difficult financing conditions, which are making buyers more hesitant. In addition to this, a decrease in the number of corresponding available residential units is expected. The significant slowdown in construction activity is also an illustration of this. In 2021 the number of permits issued for home building was less than half the figure for 2016. As a result, in the mid term the number of completions, which has remained stable to date, will fall. Furthermore, in recent years project developers have increasingly focused on the high-price luxury real estate segment, resulting in a certain degree of market saturation in Düsseldorf which as caused demand to stagnate. The lack of corresponding building plots in suitable locations is another factor in this. Developers must now switch their attention to the mid-price segment which, taking increased construction costs into consider-

New-build apartments in Düsseldorf 2022

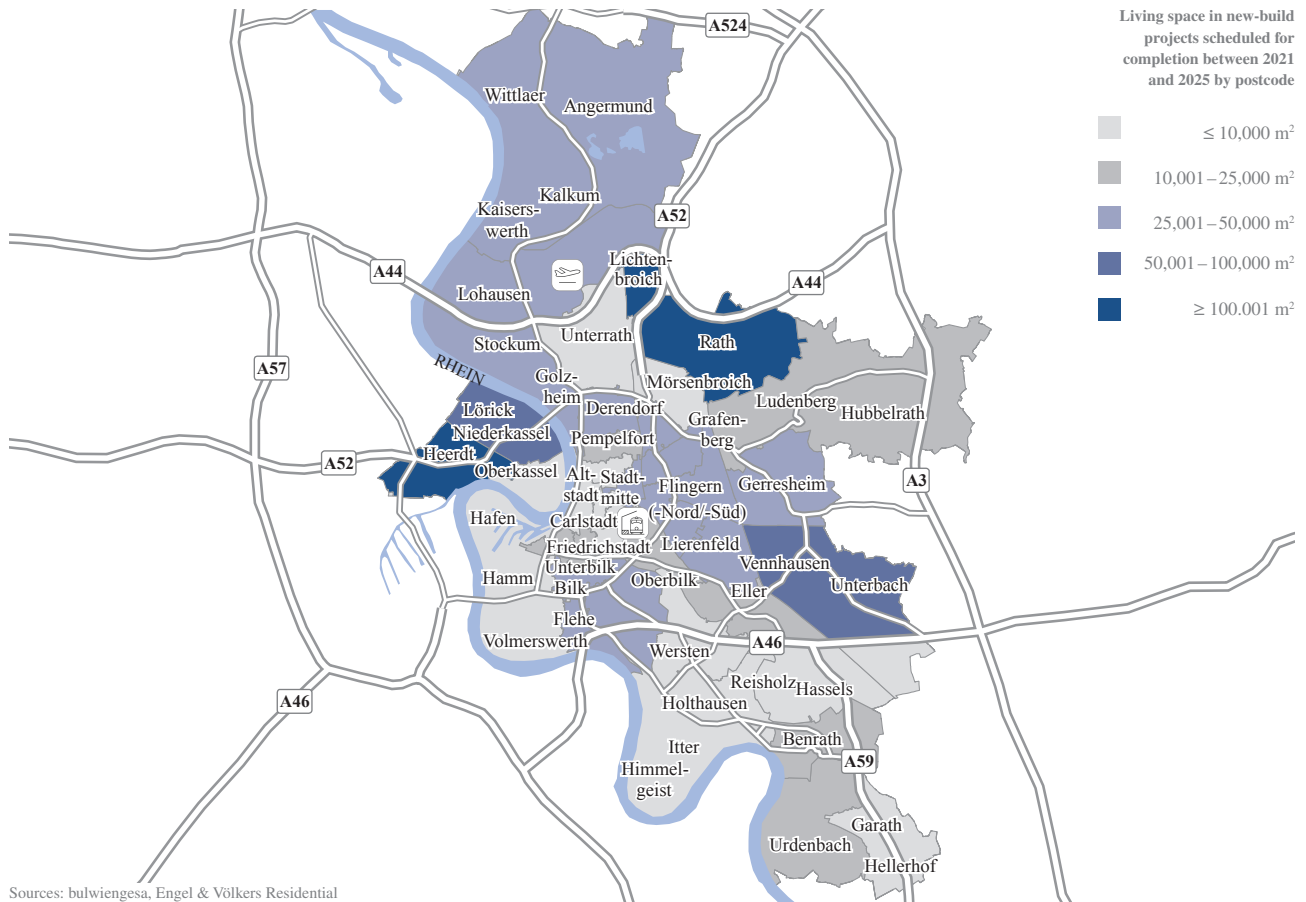


Sources: VALUE Marktdatenbank, Engel & Völkers Residential

ation, is problematic. In consequence, planned projects are being delayed, in turn resulting in a significantly smaller offering.



Planned residential projects by living space



What impact are current economic trends having on the market in your location?

Current economic and political developments are resulting in uncertainty among market players and consequently demand on the real estate market is stagnating at present. The economic impacts of the war in Ukraine include rising interest rates and higher prices for energy and materials. As a result, construction costs for residential properties have also risen significantly. In addition to this, supply bottlenecks caused by the shortage of raw materials are resulting in delays which make scheduled completion of construction projects difficult.

Are there any special forms of development in specific locations?

Demand continues to focus on prime locations directly on the Rhine, such as the districts of Oberkassel and Niederkassel on the left bank of the river and Golzheim and Carlstadt on the right bank. The peripheral areas of Wittlaer and Kaiserswerth in the north of the city are also extremely popular.

What kind of properties are buyers currently looking for?

Home working spaces and hybrid working models have become the norm during the pandemic and correspondingly this has resulted in an increased need for larger homes with additional workspaces in the last few years. Demand for such large apartments with areas ranging from 150 to 200 m² in popular locations is, however, currently not as strong. Instead, in sought-after areas most potential buyers are now once again looking for smaller apartments with total areas of 70 m² at most.

How will the market develop in future?

The current economic and political situation and corresponding hesitancy of potential buyers means that temporary stagnation of the residential property market in Düsseldorf appears likely. Due to the scarcity of properties available, it is, however, expected that there will be a moderate increase in price levels in the mid- to long-term. Over and above this, the uncertainties regarding the rise in interest rates should diminish.



FRANKFURT



753,626

Population
+ 1.7% (over 2016)



26,458 euros

Per capita purchasing power
106.0 (Purchasing power index)



0.3%

Vacancy rate
8.6 (Vacancy rate index)



19.2%

Home ownership rate
44.0 (index)

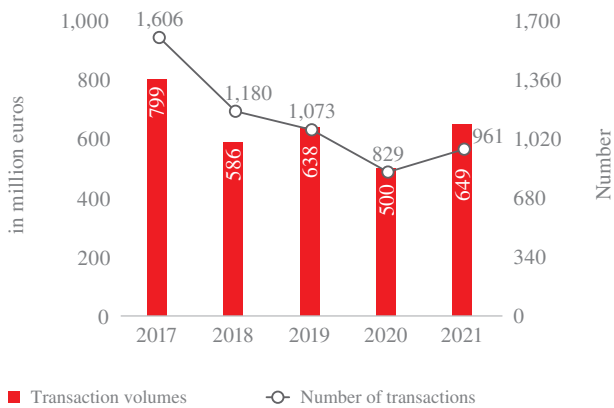


18.56 euros/m²

Rents quoted for new-builds
- 1.1% (over 1st half of 2021)

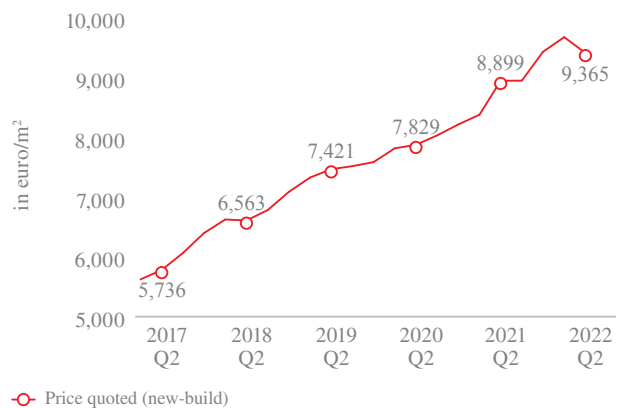
Sources: Melderegister der Stadt, Nexiga, CBRE-empirica-Leerstandsindex, empirica regio, VALUE Marktdatenbank, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Frankfurt Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



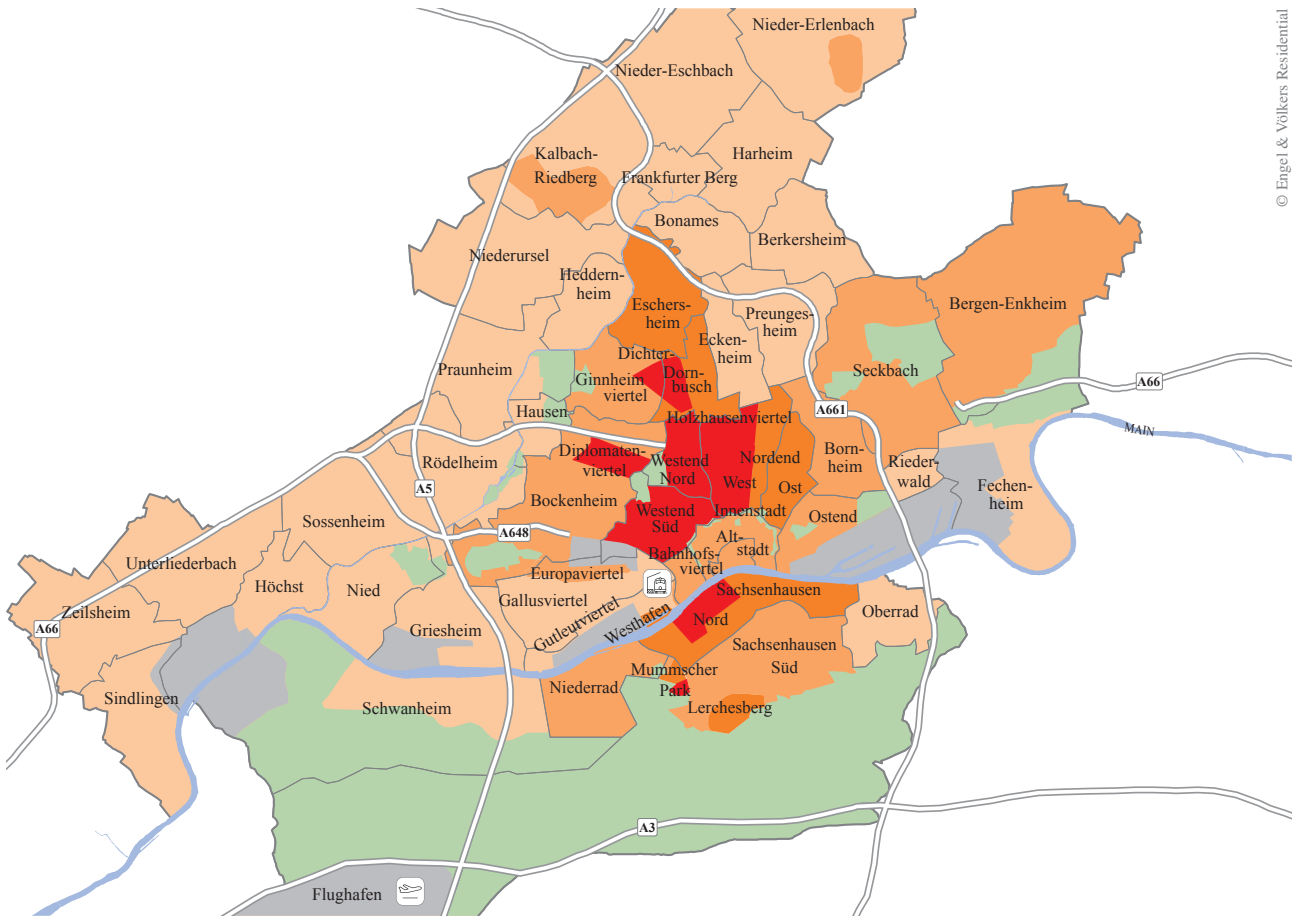
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2021 in euros/m ² (over 2020)
Bockenheim	207	8,062 (+4.3%)
Gallus	155	10,968 (+19.0%)
Ostend	103	11,114 (+30.7%)
Kalbach-Riedberg	68	9,115 (+11.4%)
Sachsenhausen-Nord	53	9,948 (+18.7%)
Oberrad	52	6,903 (+8.4%)
Seckbach	45	7,362 (+5.5%)
Bergen-Enkheim	42	7,056 (+4.7%)
Nordend-West	35	11,205 (+13.4%)
Sachsenhausen-Süd	35	8,694 (-1.0%)
Eckenheim	22	7,041 (-)
Griesheim	18	6,787 (-)

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Residential real estate market locations



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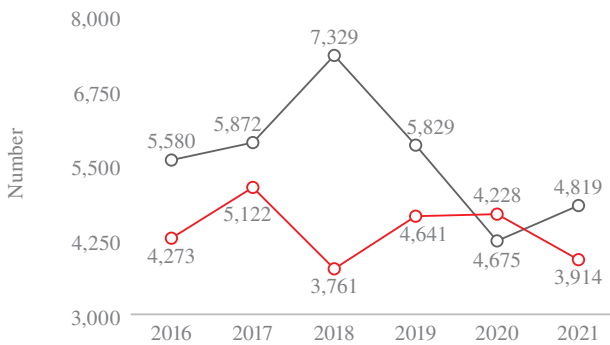
■ Prime location ■ Good location ■ Average location ■ Basic location ■ Commercial area ■ Water ■ Greenarea

Prices by location for new development apartments

	2020	2021	2022	Forecast
Price in euros/m ² ■ Prime location	10.600 – 16.500	11.000 – 16.500	11.000 – 16.500	→
■ Good location	8.200 – 11.200	9.500 – 11.500	9.500 – 11.500	→
■ Average location	5.900 – 8.300	6.500 – 9.000	6.500 – 9.000	→
■ Basic location	4.300 – 6.700	5.500 – 7.500	5.500 – 7.500	→

Source: Engel & Völkers Residential

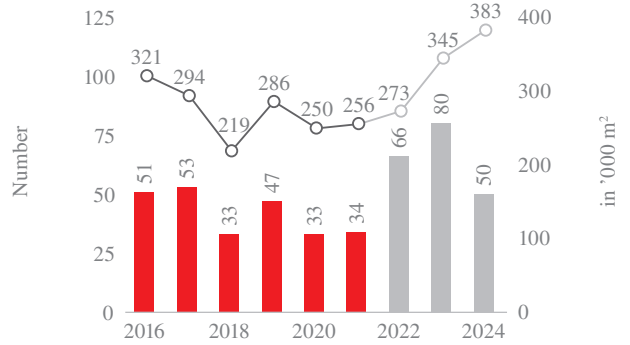
Construction activity



○ Completed apartments ○ Approved apartments

Sources: empirica regio, Destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects ○ Living space

■/○ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 20.05.2022

Interview with a local expert



David Schmitt
Engel & Völkers
Development Services
Frankfurt am Main

How is Frankfurt's market for residential projects currently developing?

The level of construction activity in Frankfurt continues to be high although the speed of work has slowed down somewhat. The current market environment has resulted in a slight stagnation in demand for new-builds while changes in interest rates and political uncertainty are impacting buyers' purchasing behaviour. They are now examining projects with a more critical eye. The current market is characterised by a much larger offering than in previous years, meaning that potential buyers now once again have the possibility to compare multiple offerings before making any decision.

What impact are current economic trends having on Frankfurt's market?

As an international financial centre Frankfurt reacts particularly sensitively to changes in the market. Many buyers are concerned about the increase in interest rates. Developers have responded to this by placing an even stronger emphasis on delivering the highest possible quality fixtures and fittings for planned projects in an effort to set themselves apart from competitors. For many developers

choosing the right estate agent is also crucial to ensuring that their projects generate the highest possible revenue.

Are there any special forms of development in specific locations in the city?

A lack of building plots means that attention is increasingly being focused on second tier locations. Interesting,



Project: SkyView Villas

Three houses with views of the city's skyline in Kalbach, private gardens

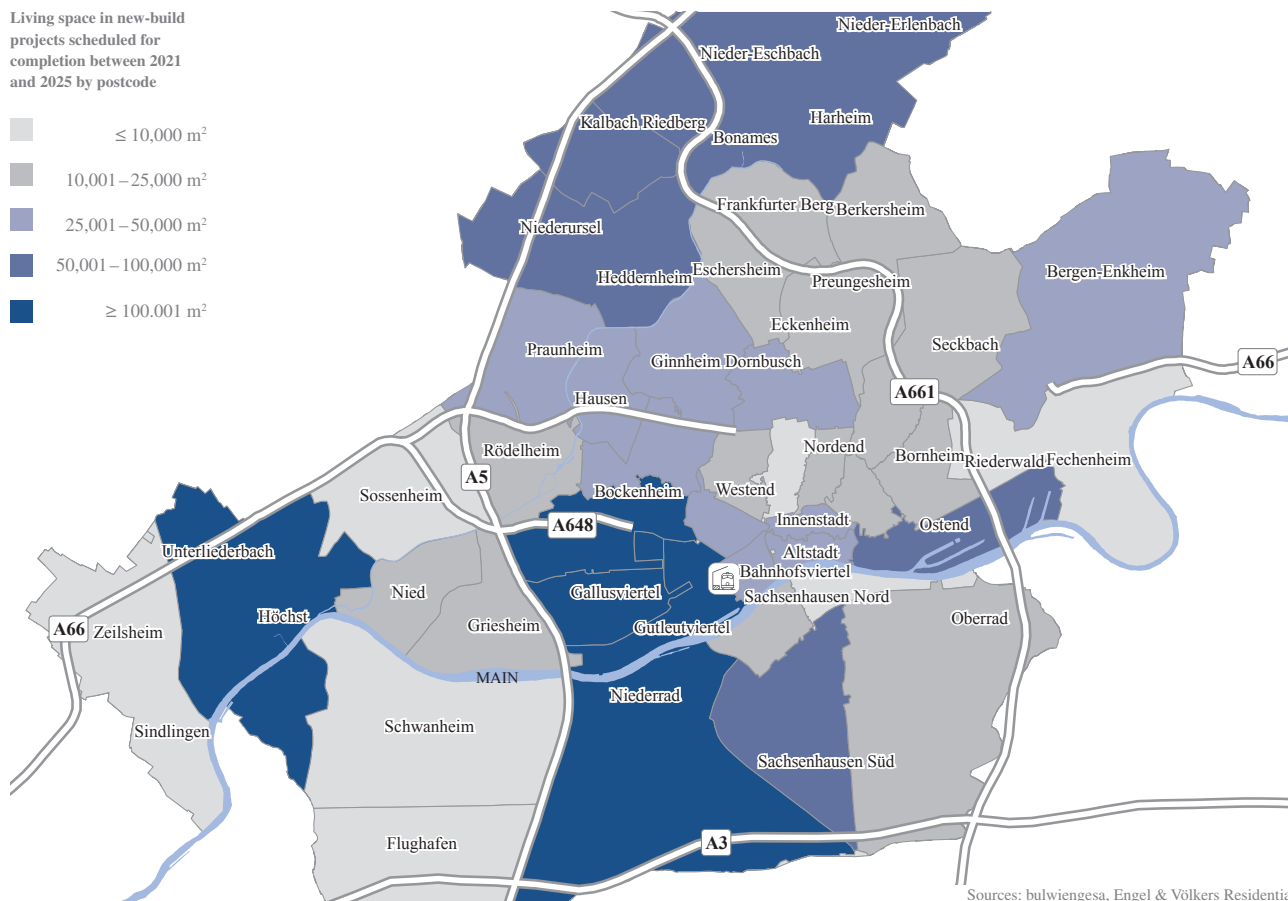
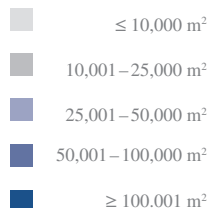
Living area: 200 m²

Purchase prices: From 1.75 million euros



Planned residential projects by living space

Living space in new-build projects scheduled for completion between 2021 and 2025 by postcode



Sources: bulwiengesa, Engel & Völkers Residential

innovative projects are thus emerging in Rödelheim for example. Locations such as Kalbach or the Sachsenhausen-Oberrad axis are also attracting more attention.

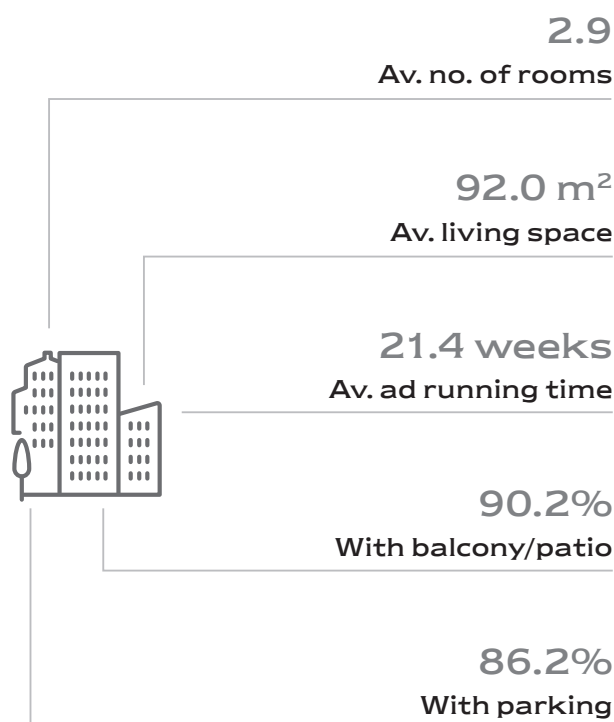
What type of properties are currently in particular demand?

Demand for new-build houses remains high, whereby it is irrelevant whether properties are townhouses or semi-detached or detached houses. In Frankfurt this segment in particular is subject to what could be described as a chronic shortage of offerings. Due to the lack of building plots within the city boundaries this situation is unlikely change in the future. Buyers are prepared to pay up to two million euros to fulfil their dream of owning a house.

How will Frankfurt's new-build market develop in future?

Frankfurt will continue to be a location with stable values and consistent performance. Numerous international employers, institutions and European authorities such as the ECB ensure that the city remains an attractive investment location. Purchasers can currently take advantage of attractive market entry options.

New-build apartments in Frankfurt 2022



Sources: VALUE Marktdatenbank, Engel & Völkers Residential



HAMBURG



1,906,411

Population
+1.4% (over 2016)



26,221 euros

Per capita purchasing power
105.1 (Purchasing power index)



0.4%

Vacancy rate
18.2 (Vacancy rate index)



23.3%

Home ownership rate
53.3 (index)

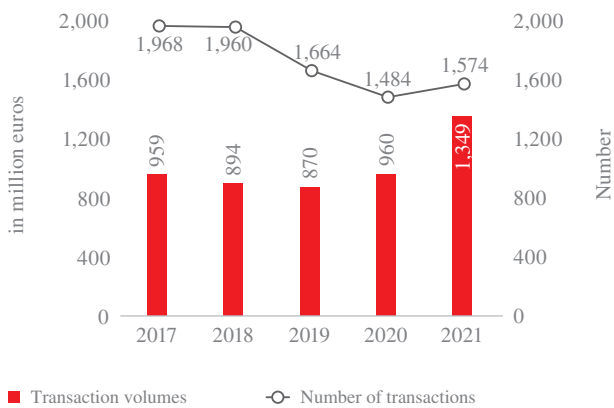


16.36 euros/m²

Rents quoted for new-builds
+2.8% (over 1st half of 2021)

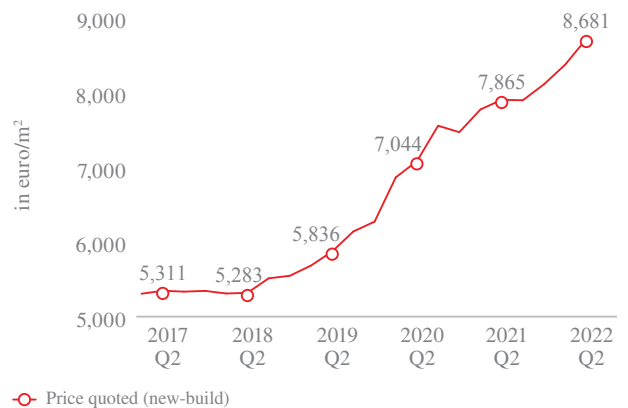
Sources: Melderegister der Stadt, Nexiga, CBRE-empirica-Leerstandsindex, empirica regio, VALUE Marktdatenbank, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Hamburg Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



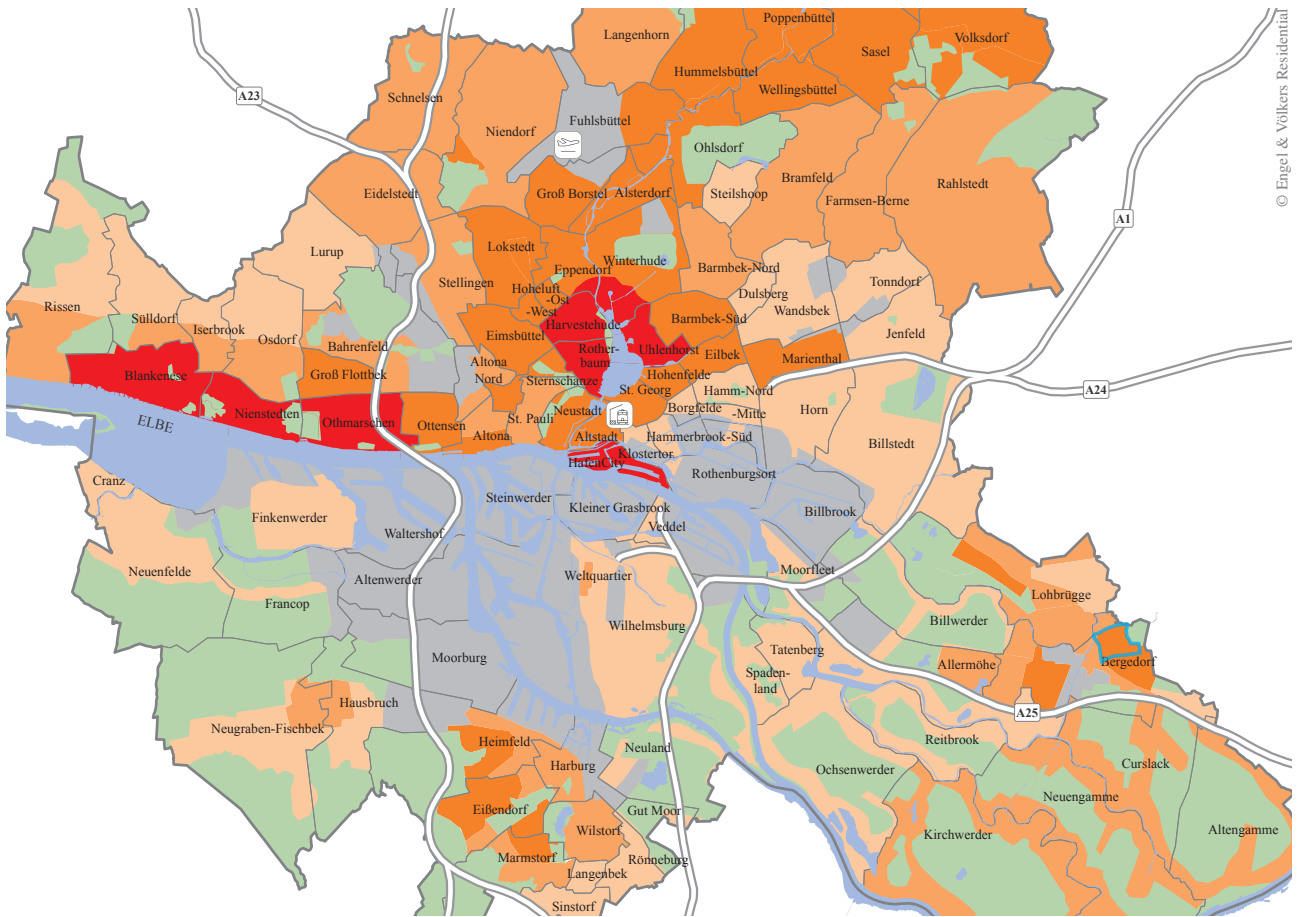
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2021 in euros/m ² (over 2020)
Schnelsen	130	6,116 (+10.5%)
Uhlenhorst	115	11,753 (+5.9%)
Rahlstedt	97	5,700 (+9.3%)
Osdorf	94	7,519 (+10.5%)
Niendorf	69	6,768 (+12.2%)
Stellingen	63	7,244 (+16.0%)
HafenCity	63	12,397 (-3.8%)
Lokstedt	58	9,268 (+16.1%)
Groß Flottbek	57	8,614 (-1.9%)
Winterhude	57	8,574 (+1.4%)
Bergedorf	55	6,029 (+1.5%)
Barmbek-Nord	54	7,908 (+4.8%)

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Residential real estate market locations



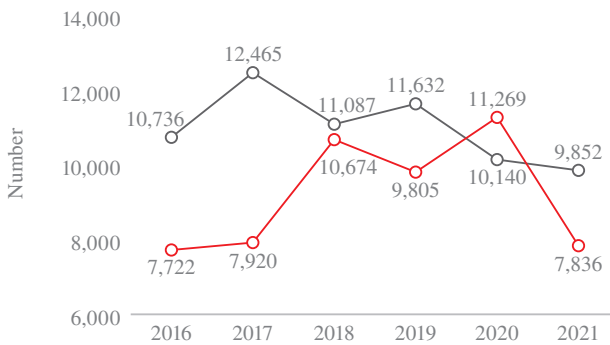
■ Prime location
 ■ Good location
 ■ Average location
 ■ Basic location
 ■ Commercial area
 ■ Water
 ■ Greenarea

Prices by location for new development apartments

	2020	2021	2022	Forecast
Price in euros/m ² ■	13.000 – 23.000	14.000 – 24.000	15.000 – 25.000	↗
■	10.000 – 13.000	11.000 – 14.000	12.000 – 15.000	↗
■	7.000 – 9.000	8.000 – 11.000	8.000 – 12.000	→
■	4.500 – 6.000	5.000 – 8.000	5.000 – 8.000	→

Source: Engel & Völkers Residential

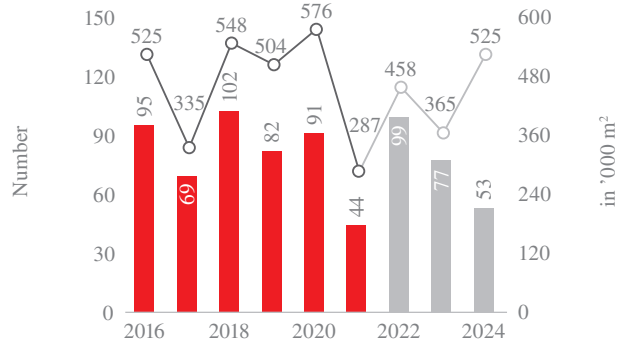
Construction activity



○ Completed apartments
 ○ Approved apartments

Sources: empirica regio, Destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects
 ■ Expected/Under construction
 ○ Living space

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 20.05.2022

Interview with a local expert



Philip Bonhoeffer
Engel & Völkers
Development Services
Hamburg

How is Hamburg's market for residential projects currently developing?

Demand for new-build properties in Hamburg continues to be strong. Hamburg's port ensures that it is both an attractive city and also an important business centre. As a result its population is expected to continue to grow in future. Going forward, the rapid rise in construction costs means that there is likely to be less building activity. This in turn will see continuing strong demand faced with a smaller offering and prices are expected to continue to increase in good and prime locations.

What impact are current economic trends having on Hamburg's market?

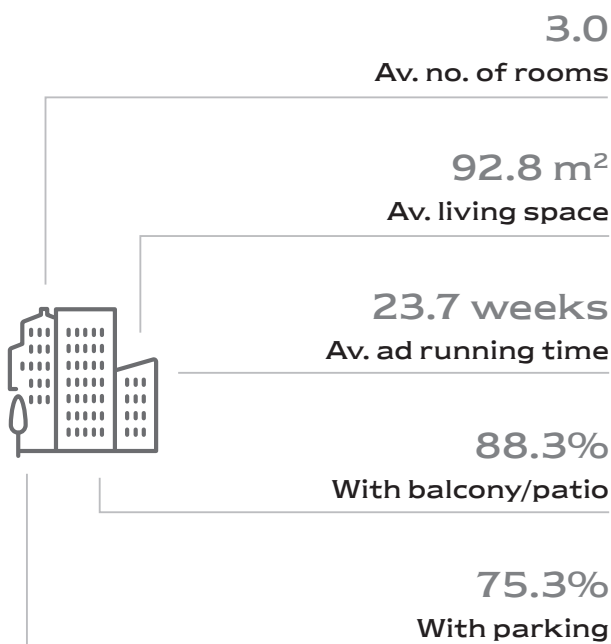
Due to the current inflationary trend together with fears that the global economy will experience a slowdown new-build real estate will continue to be an interesting

investment option despite higher interest rates. Although there has been a rapid surge in interest rates in recent months, when viewed in historical terms they are still at a moderate level. In addition to this, new-build properties will become increasingly attractive thanks to ever stricter requirements as regards energy efficiency and sustainable construction methods. The fact that new-build homes which are rented out are not subject to rent caps also means that they offer better yield options for investors in comparison to existing properties.

Are there any special forms of development in specific locations in the city?

Demand in established locations around the Alster lake and along the Elbe river remains strong. In addition to this, other centrally located and neighbouring districts with excellent transport links have the potential for positive development. Along the Elbe river the focus is on developing the Baakenhafen and Elbtor areas of the eastern HafenCity district and the Elbtower project as well the Kleiner Grasbrook district on the other bank in future. Areas such as Bahrenfeld, which is the extension of the Ottensen district; Rothenburgsort which borders directly onto the HafenCity or Bramfeld are likely to attract a high degree of interest, not least due to the significant rise in prices in districts which are already established.

New-build apartments in Hamburg 2022

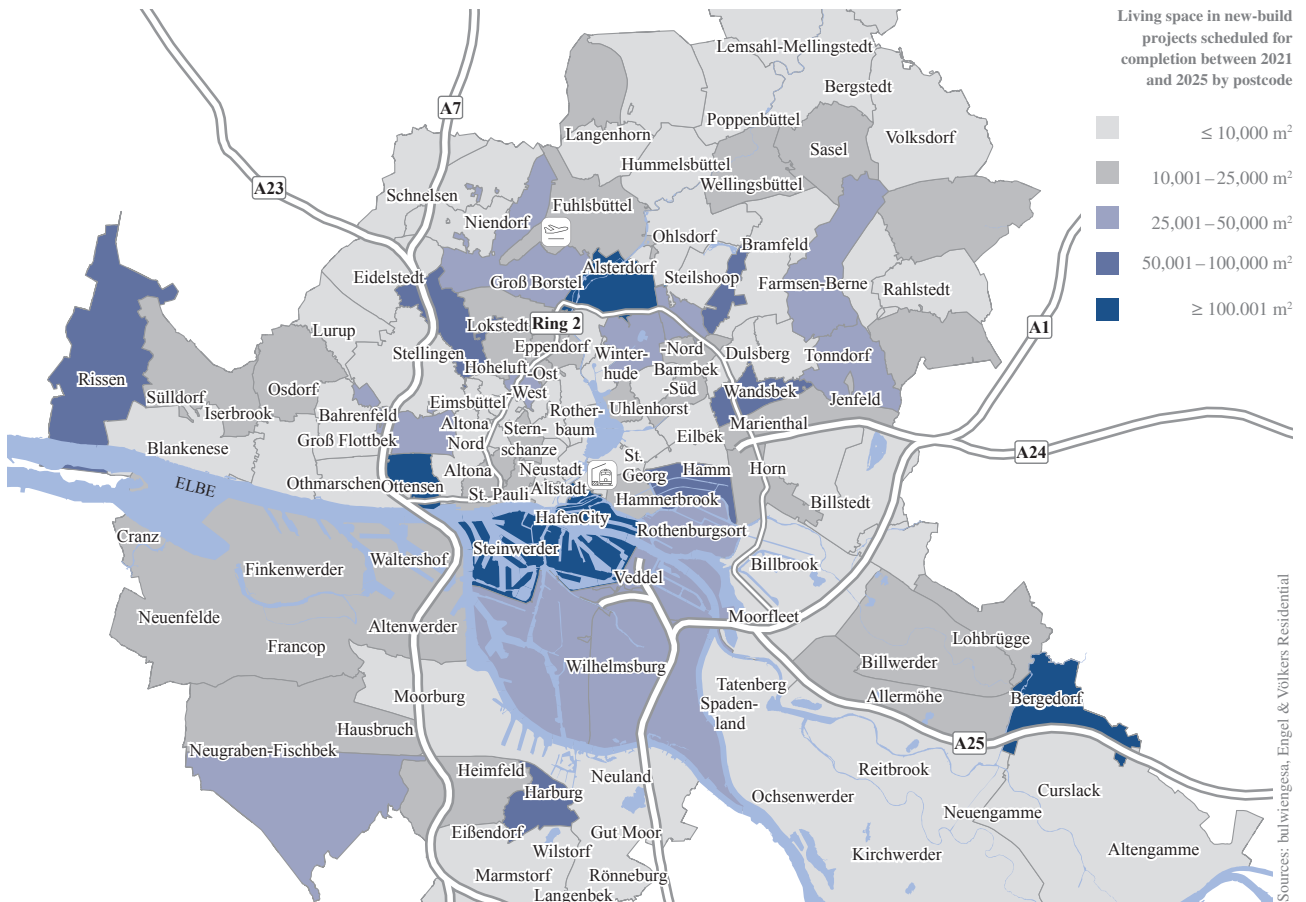


What type of properties are currently in particular demand?

Construction projects are not always delivering what is popular and on trend. Demand is strong for apartments which have a large number of rooms but the smallest possible footprint. In addition to this, high ceilings and light, airy rooms, for example with floor-to-ceiling windows, are also very popular. Apartments with large balconies and outdoor space are also on purchasers' wish lists. Energy-efficient, sustainable concepts including well thought out mobility options, such as e-mobility infrastructure or car/ cargo bike sharing concepts, are becoming increasingly dominant topics and in future will take precedence over conventional car parking spaces. As a general rule, attractive architecture generates higher sale prices than standard new-build designs in the same location.

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Planned residential projects by living space

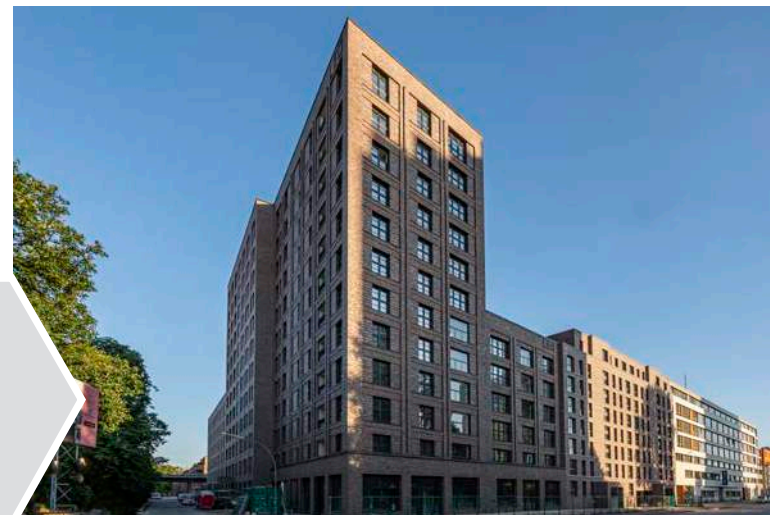


How will Hamburg's new-build market develop in future?

Demand for housing in both inner city and central locations has risen sharply and this trend is likely to continue despite current interest rate developments and the effects of the Ukraine war. Hamburg not only offers good job opportunities but also an attractive urban lifestyle in trendy districts where amenities are in close proximity to one another and there are attractive shops and nightlife. In addition to this, there are also numerous cultural and leisure offerings, in particular green recreational areas in almost every district of the city, such as the Alster lake or the Elbe river. The city remains an important business centre for the diverse, strongly growing start-up segment and is also popular with older people as a place to live.

It has good transport links and an excellent infrastructure. The challenge faced by Hamburg is to provide sufficient housing in the future – especially in inner city areas. This is particularly relevant since the current surge in construction costs means that the number of new-build units which are realised is likely to further decrease.

Picture source: Bucher/Prexel Hamburg



Project: LEO-Uhlenhorst

Residential units: 128

No. of rooms: 2 – 4

Living spaces: 49 – 133 m²

Purchase prices: 425,000 – 1,505,000 euros



COLOGNE



1,072,306

Population
-0.5% (over 2016)



26,374 euros

Per capita purchasing power
105.7 (Purchasing power index)



0.7%

Vacancy rate
27.1 (Vacancy rate index)



26.5%

Home ownership rate
60.6 (index)

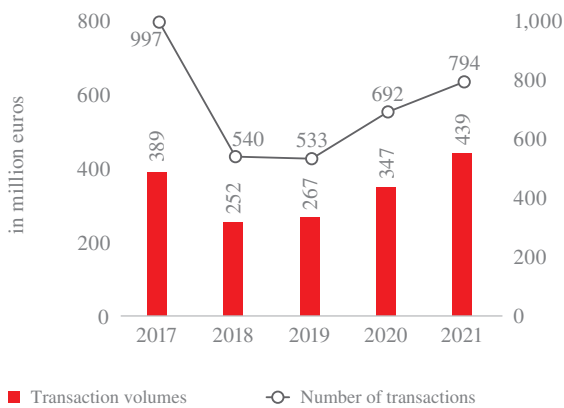


15.41 euros/m²

Rents quoted for new-builds
+2.5% (over 1st half of 2021)

Sources: Melderegister der Stadt, Nexiga, CBRE-empirica-Leerstandsindex, empirica regio, VALUE Marktdatenbank, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Cologne Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



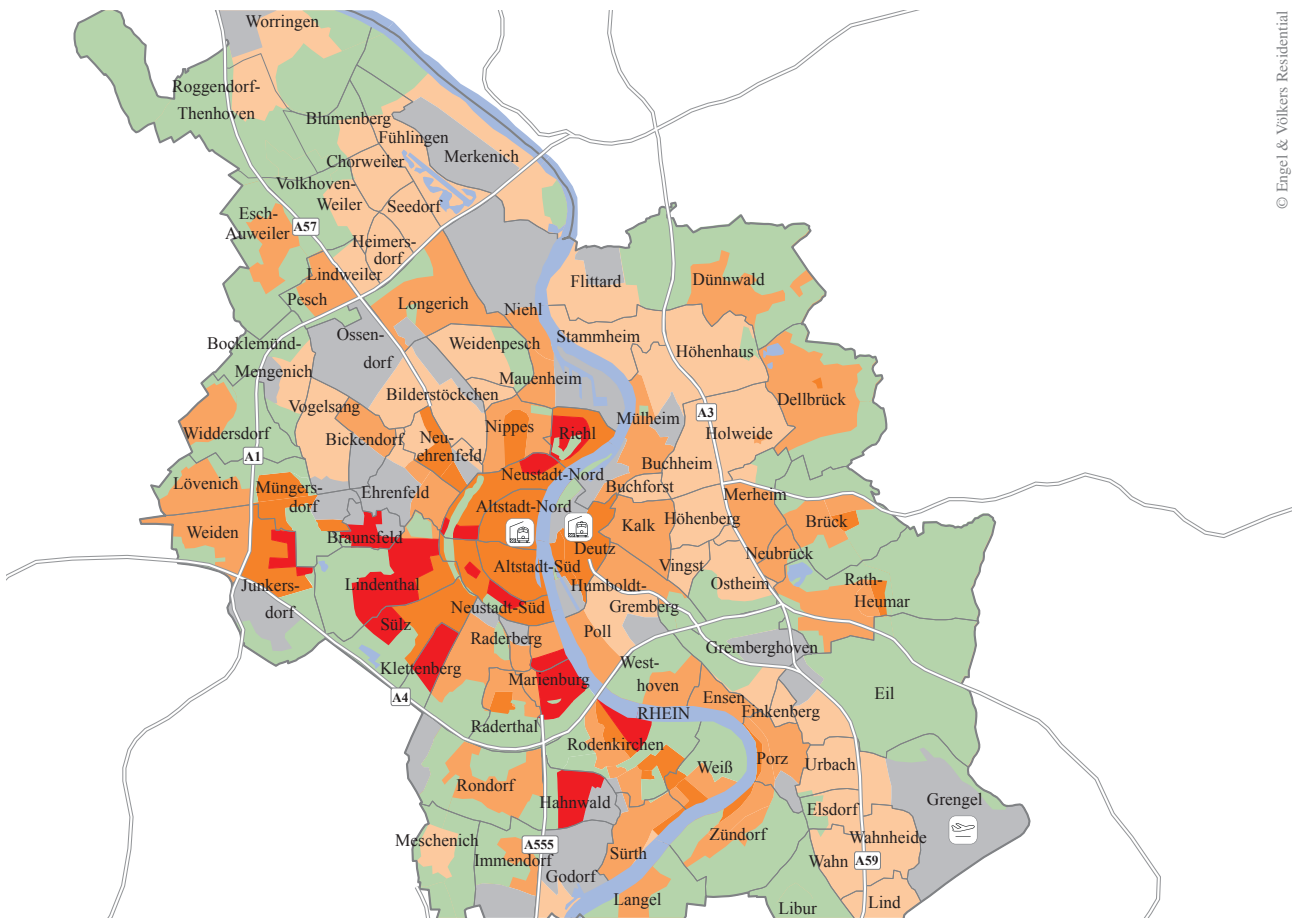
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2021 in euros/m ² (over 2020)
Ehrenfeld	120	6,540 (+5.3%)
Rodenkirchen	71	6,728 (+7.7%)
Kalk	41	5,426 (+11.2%)
Innenstadt	33	7,032 (+14.5%)
Lindenthal	32	8,026 (+22.3%)
Nippes	29	6,449 (+20.0%)
Mülheim	24	5,119 (+4.7%)
Chorweiler	14	5,142 (+51.1%)
Porz	14	6,510 (+60.4%)

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Residential real estate market locations



© Engel & Völkers Residential

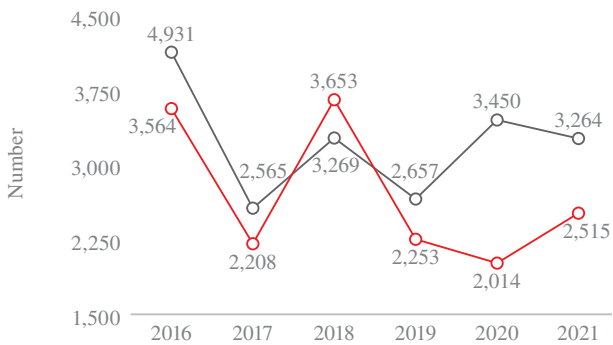
■ Prime location ■ Good location ■ Average location ■ Basic location ■ Commercial area ■ Water ■ Greenarea

Prices by location for new development apartments

	2020	2021	2022	Forecast
Price in euros/m ² ■ Prime location	6.750 – 8.500	8.500 – 12.000	11.000 – 15.000	→
■ Good location	5.550 – 6.600	6.500 – 8.800	8.500 – 10.500	→
■ Average location	4.750 – 5.750	5.200 – 6.800	7.000 – 9.000	→
■ Basic location	3.800 – 4.600	4.500 – 5.600	6.000 – 8.000	→

Source: Engel & Völkers Residential

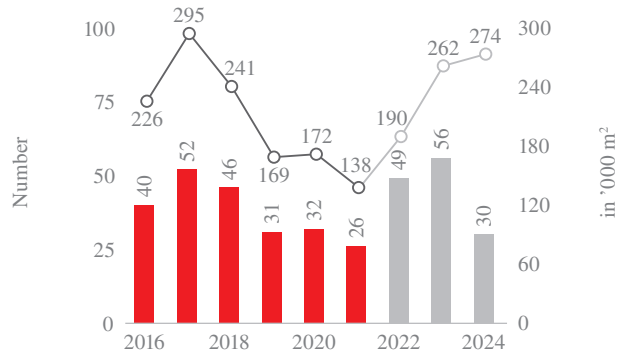
Construction activity



○ Completed apartments ○ Approved apartments

Sources: empirica regio, Destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects ○ Living space

■/○ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 20.05.2022

Interview with a local expert



Christian Sprave
Engel & Völkers
Development Services
Köln

New-build apartments in Köln 2022

3.1

Av. no. of rooms

88.7 m²

Av. living space

22.5 weeks

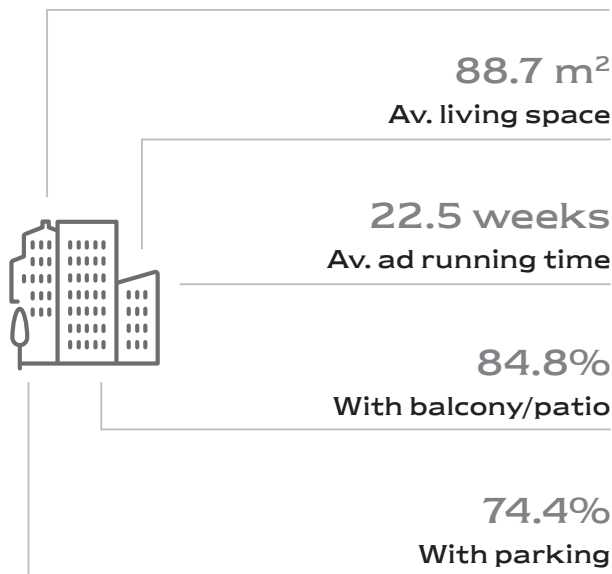
Av. ad running time

84.8%

With balcony/patio

74.4%

With parking



How is Cologne’s market for residential projects currently developing?

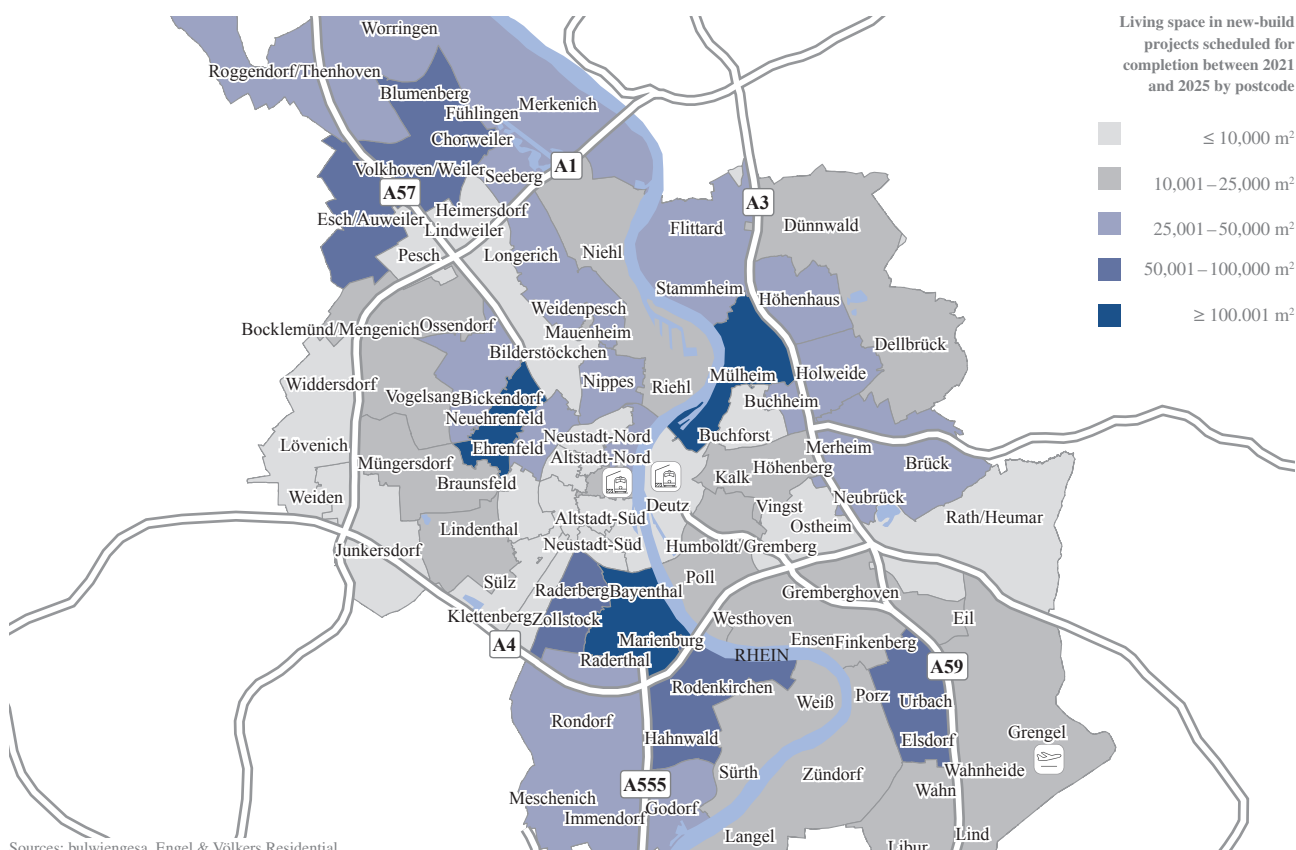
The changes in financing terms have resulted in a slow-down in market activity, as shown in particular by potential buyers’ hesitancy to make decisions. Following a significant increase in new-build sales and completed buildings in 2021, the current market is characterised by a more subdued dynamic in response to these changes in financing terms.

What impact are current economic trends having on Cologne’s market?

In common with the German national market, Cologne has been experiencing some uncertainty on the part of its players in 2022. Developers have not only been

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Planned residential projects by living space



Sources: bulwiengesa, Engel & Völkers Residential

Project: An outstanding development with views of the Rhine
Freehold apartments: 7
Purchase prices: 8,500 – 10,500 euros/m²



impacted by declining demand but also by significant cost increases and additional expenses, both for construction and also for financing. These higher costs mean that prices are not currently expected to fall, even if many potential buyers are hesitant to commit. Over and above this, supply times for construction materials are now longer, resulting in delayed completion of buildings. The combination of higher costs and longer supply times is also causing delays in the commencement of construction work.

What type of properties are currently in particular demand?

At present we are not seeing any clear preference for a specific type of property. There is fundamental demand for all segments, however there is some hesitancy. High- and very high-priced properties are exceptions to this since purchasers in this segment are generally highly solvent. The market for top properties in prime locations also remains stable.

How will Cologne's new-build market develop in future?

As is common at the beginning of a period of uncertainty, buyers will most likely need some time to adjust to the new situation and corresponding conditions before they then adapt. Cologne will continue to be a lively, promising market with great potential. The discussions which have been taking place between the city administration and a number of large property development companies for some time now regarding the designation of areas for new building and the development of residential districts illustrate this and form the basis for a market which will be agile in the long term.





MUNICH



1,562,128

Population
+2.4% (over 2016)



31,195 euros

Per capita purchasing power
125.0 (Purchasing power index)



0.2%

Vacancy rate
10.0 (Vacancy rate index)



24.1%

Home ownership rate
55.1 (index)

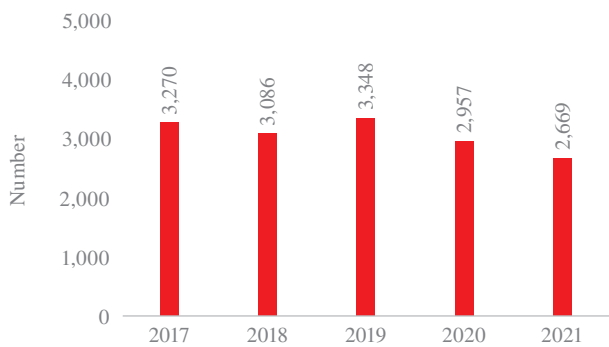


21.46 euros/m²

Rents quoted for new-builds
+1.5% (over 1st half of 2021)

Sources: Melderegister der Stadt, Nexiga, CBRE-empirica-Leerstandsindex, empirica regio, VALUE Marktdatenbank, Engel & Völkers Residential

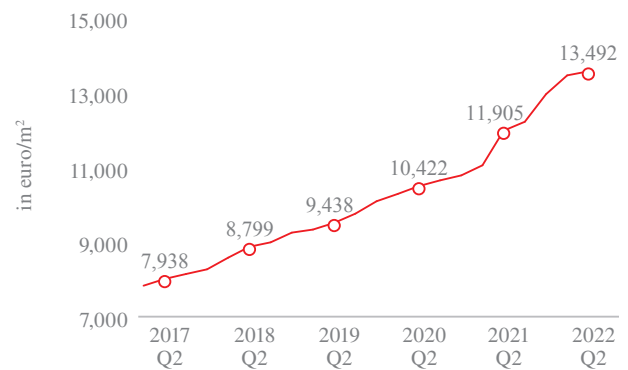
New-build transactions for freehold apt.*



■ Number of transactions * The Munich Committee of Valuation Experts does not provide any figures for new-build transactions

Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



○ Price quoted (new-build)

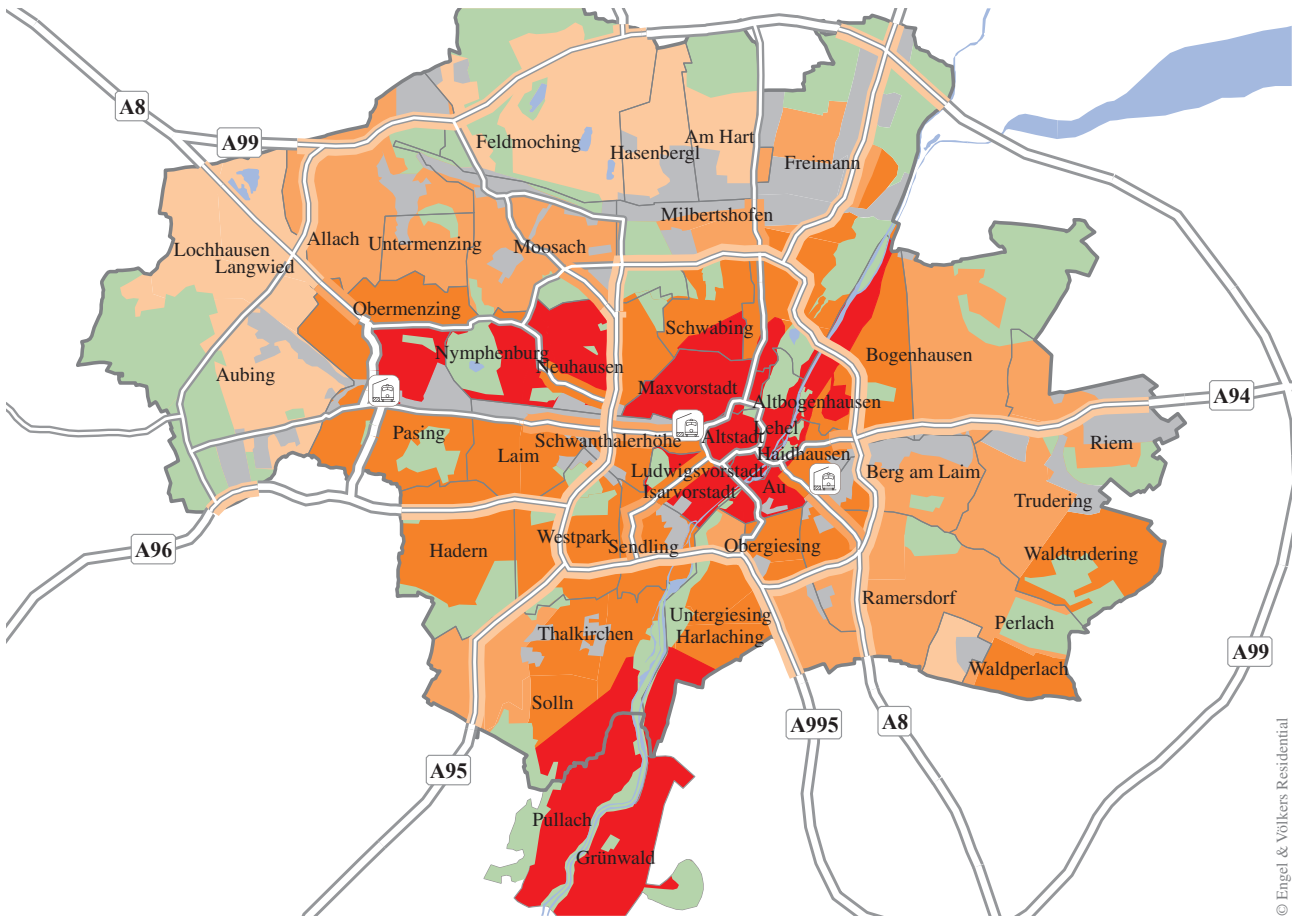
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2021 in euros/m ² (over 2020)
Obermenzing	179	12,137 (+4.2%)
Lochhausen	157	8,588 (+6.1%)
Waldtrudering	142	10,623 (+9.3%)
Pasing	124	10,318 (+5.9%)
Neupasing	115	9,395 (+2.8%)
Aubing-Süd	112	9,532 (+8.2%)
Harlaching	71	13,751 (+9.5%)
Solln	50	12,040 (+10.5%)
Neuhadern	49	10,579 (+7.0%)
Thalkirchen	48	10,754 (-4.2%)
Waldperlach	44	9,769 (+16.8%)
Neuhausen	37	12,394 (-0.1%)

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Residential real estate market locations



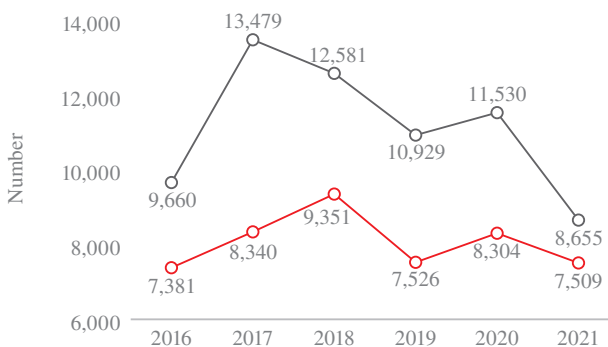
■ Prime location
 ■ Good location
 ■ Average location
 ■ Basic location
 ■ Commercial area
 ■ Water
 ■ Greenarea

Prices by location for new development apartments

	2020	2021	2022	Forecast
Price in euros/m ² ■	11.500 – 25.000	14.500 – 35.000	16.000 – 32.000	↗
■	10.000 – 14.500	11.500 – 16.000	12.000 – 17.000	→
■	8.500 – 11.500	9.000 – 13.000	10.000 – 14.000	→
■	6.500 – 8.500	7.500 – 9.500	8.500 – 10.500	→

Source: Engel & Völkers Residential

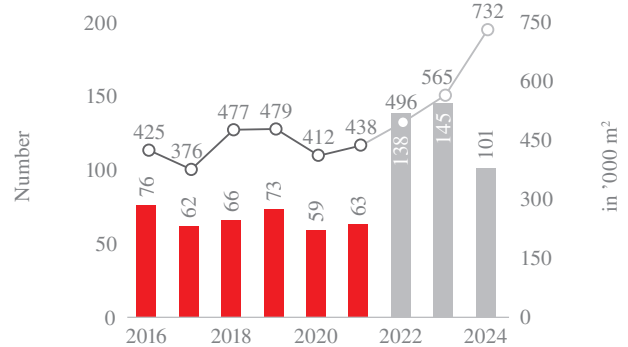
Construction activity



○ Completed apartments
 ○ Approved apartments

Sources: empirica regio, Destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects
 ○ Living space

■ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 20.05.2022

Interview with a local expert



Silke Peschmann
Engel & Völkers
Development Services
Munich

How is Munich’s market for residential projects currently developing?

Munich’s real estate market is currently being impacted by increased construction costs. They are primarily being caused by supply chain problems and the lack of skilled building workers in combination with significantly increased financing costs. In response to this, many project developers are delaying the commencement of new-build projects, in turn further increasing pressure on the city’s market. Prices in prime and good locations have thus remained stable even under the current difficult circumstances. In average to basic locations there is a trend towards price erosion since buyers who are willing

to make purchases in these areas have been harder hit by the rise in interest rates in recent months and consequently are often unable to secure mortgages.

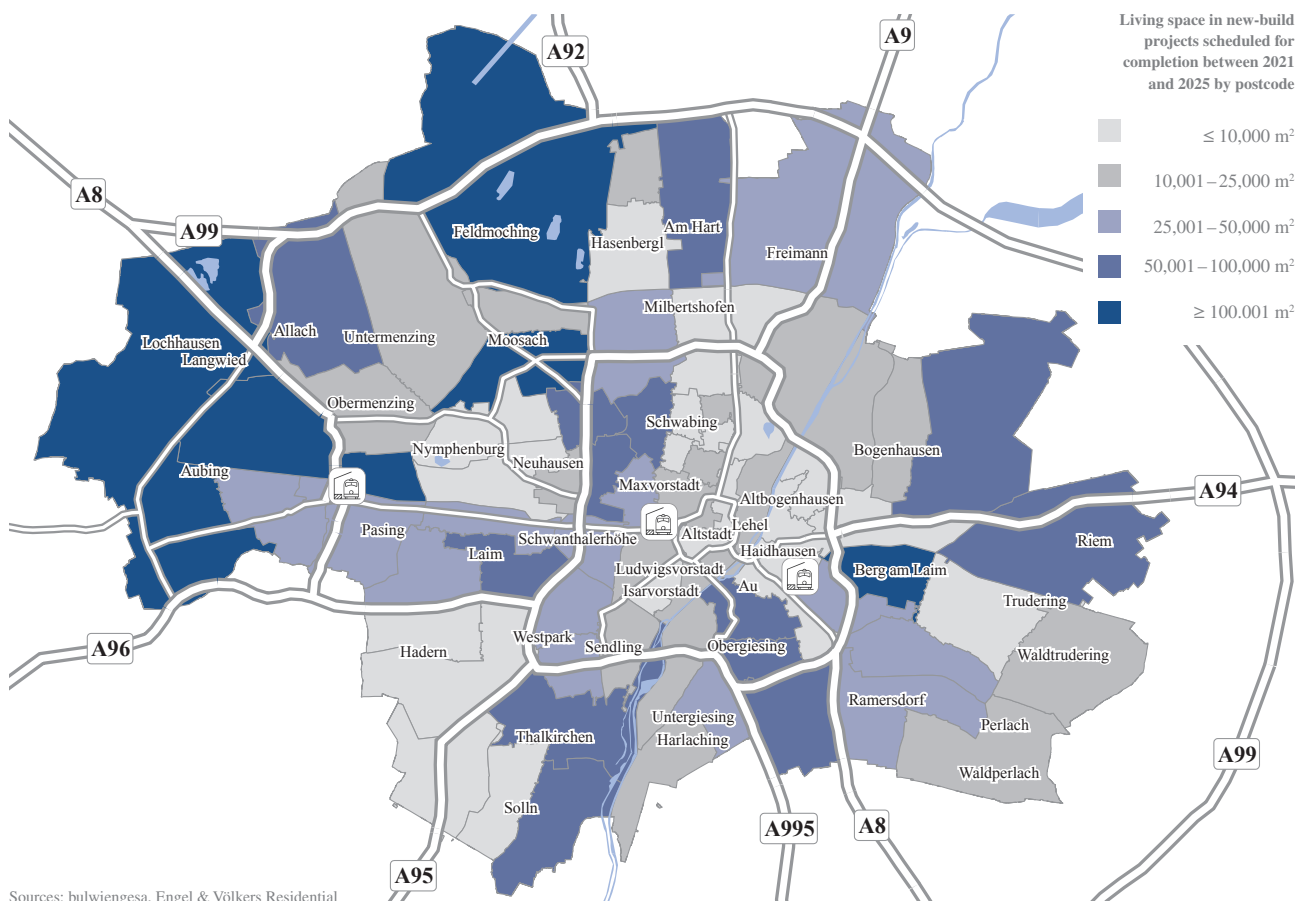
What impact are current economic trends having on Munich’s market?

The continuing strong underlying demand for housing in Munich’s metropolitan region has remained fundamentally unaffected by current conditions. This demand is due to, and sustained by, unbroken high income and equity levels in combination with the region’s stable economic strength. Demand from foreign private investors also continues to be high in Munich, particularly for new-build projects in attractive locations. In contrast to this, there is a growing scarcity of new-build offerings.

Are there any special forms of development in specific locations in the city?

Overall we are seeing more selective demand on the

Planned residential projects by living space



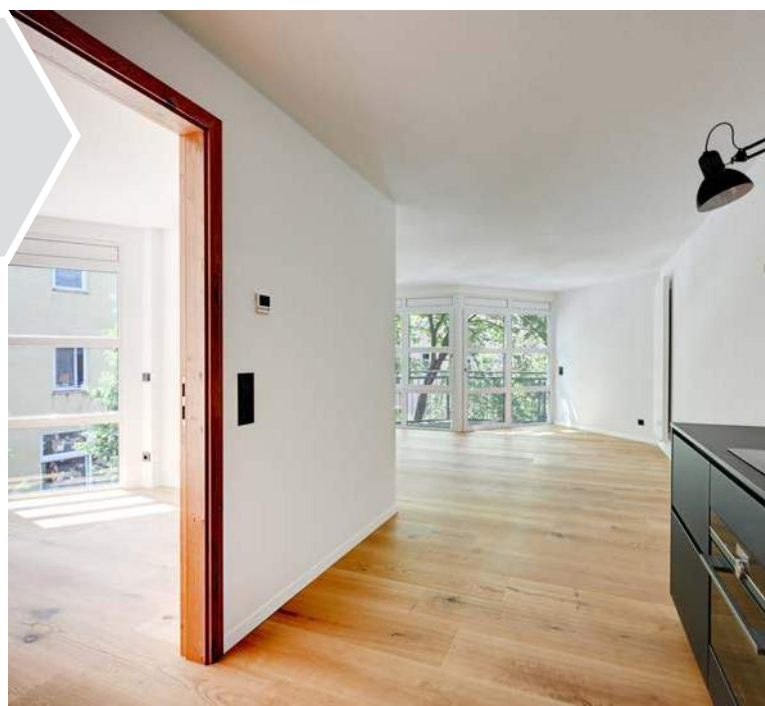
High-end refurbished apartment building

Westend / Schwanthalerhohe district

Residential units: 37

Apartment sizes: 38 – 104 m²; 1 – 4 rooms

Purchase prices: 589,000 – 1,719,000 euros



buyer side. For the first time in years, less advantageous microlocations with mediocre usage concepts are not selling as well and thus experiencing slight pressure on prices.

Construction activity remains high in areas near the city centre, such as the western districts of Allach/ Untermenzing, Aubing, Neuauubing, Lochhausen and Pasing. In addition to this, buyers' desire to live in a green environment continues to be strong and hinterland areas with good S-Bahn rapid transport links and existing social and economic infrastructures are benefitting most from this trend.

What type of properties are currently in particular demand?

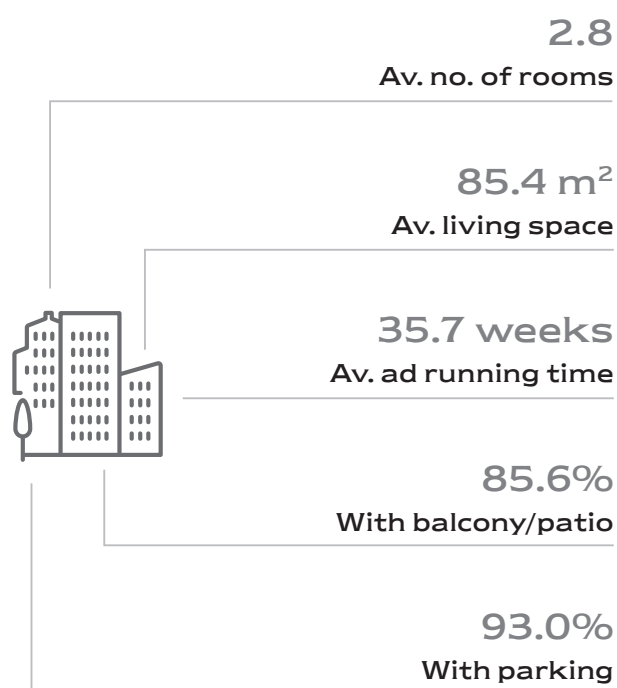
Demand from affluent couples and small families for larger apartments with three to four rooms in good and prime urban locations remains strong. Over and above this, there is a continued trend for working from home and the layouts of needs-oriented new-build projects are now clearly taking this into account.

Munich's top locations are still very popular, however in districts such as Altstadt, Lehel, Alt-Bogenhausen and Schwabing the lack of possibilities to increase housing density or add extra storeys means that there are hardly any noteworthy classic new-build projects which would ease pressure on the market. Peripheral areas and communities surrounding the city with good transport links are continuing to experience strong demand for semi-detached, detached and townhouses.

How will Munich's new-build market develop in future?

At present sales cycles are becoming noticeably longer. Even in a strong market such as Munich interest rate rises are causing a decline in demand, at least in the short term. Should inflation continue to rise in the com-

New-build apartments in München 2022



Sources: VALUE Marktdatenbank, Engel & Völkers Residential

ing months, then we may see this influencing demand for “cast iron” investments to protect private equity in the Munich region.



STUTTGART



603,713

Population
-1.3% (over 2016)



27,910 euros

Per capita purchasing power
111.9 (Purchasing power index)



0.5%

Vacancy rate
12.2 (Vacancy rate index)



31.2%

Home ownership rate
71.4 (index)

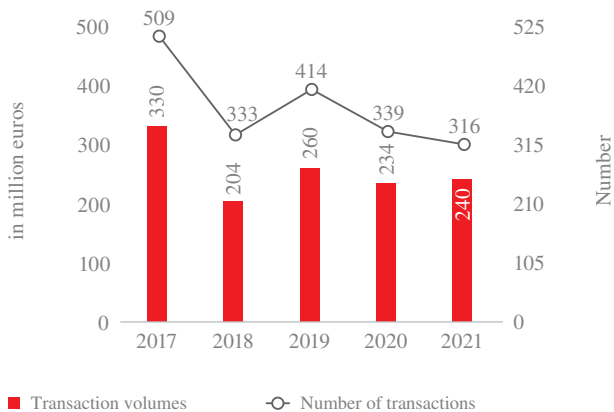


16.97 euros/m²

Rents quoted for new-builds
-3.0% (over 1st half of 2021)

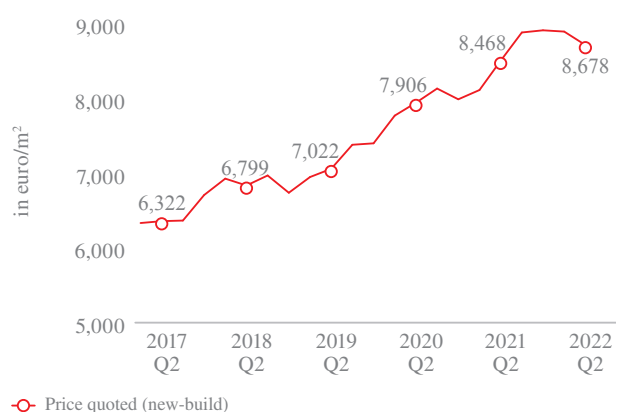
Sources: Melderegister der Stadt, Nexiga, CBRE-empirica-Leerstandsindex, empirica regio, VALUE Marktdatenbank, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Stuttgart Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



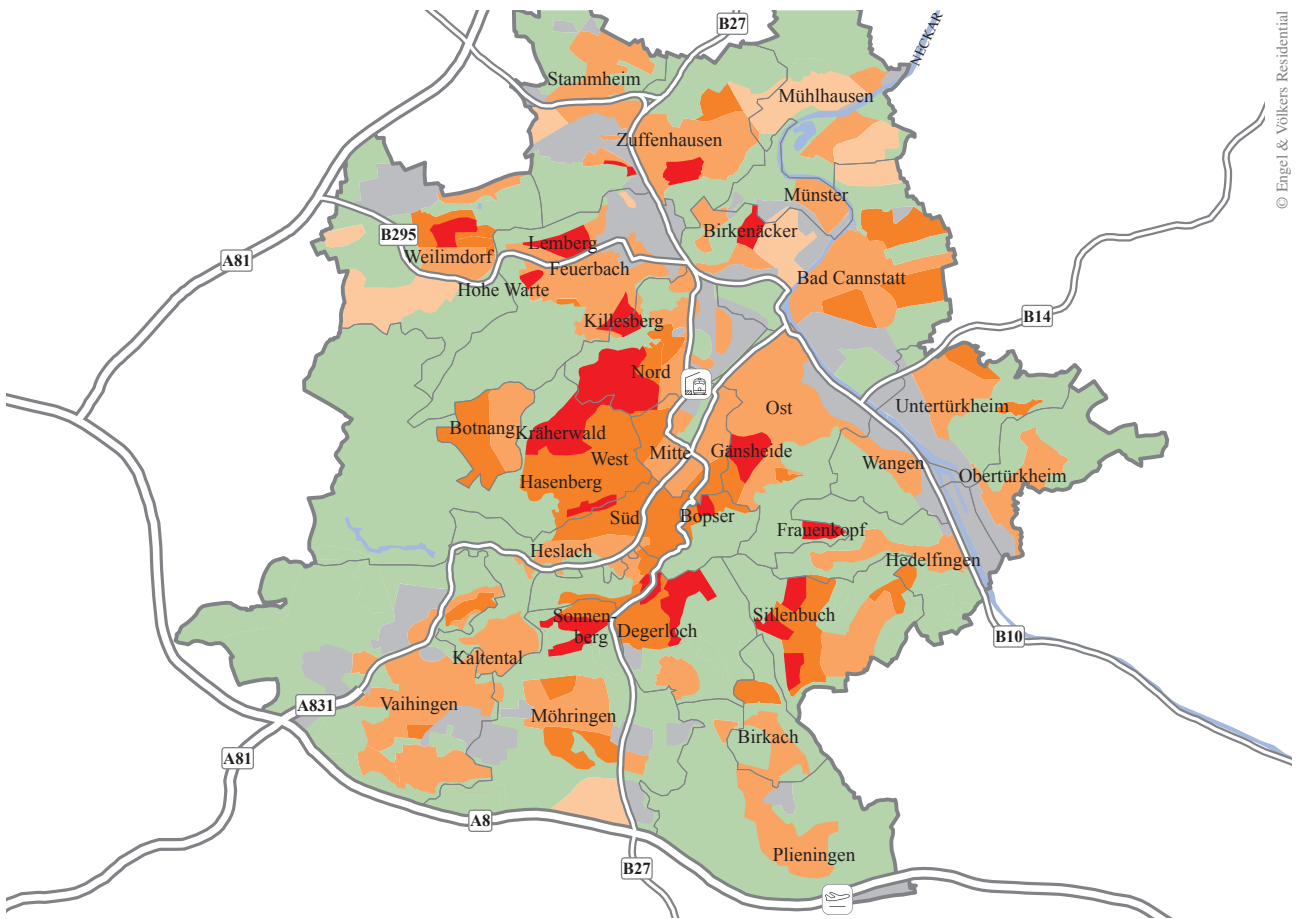
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2021 in euros/m ² (over 2020)
Vaihingen	59	8,220 (+12.4%)
West	50	9,346 (+3.7%)
Zuffenhausen	47	7,680 (+7.5%)
Nord	30	11,472 (+17.4%)
Bad Cannstatt	24	8,660 (+6.4%)
Ost	23	8,797 (-2.9%)
Feuerbach	18	8,416 (+10.9%)
Degerloch	17	9,096 (+0.2%)
Plieningen	15	6,517 (-)
Sillenbuch	14	9,384 (+5.9%)

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Residential real estate market locations



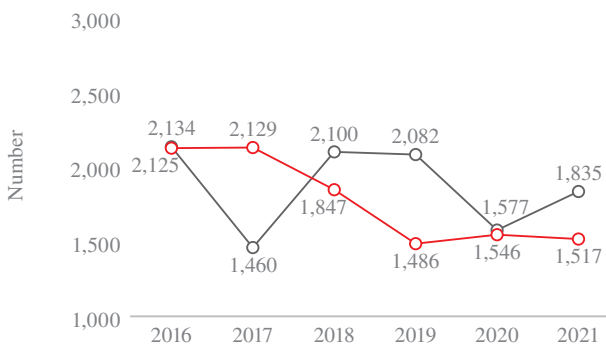
■ Prime location
 ■ Good location
 ■ Average location
 ■ Basic location
 ■ Commercial area
 ■ Water
 ■ Greenarea

Prices by location for new development apartments

	2020	2021	2022	Forecast
Price in euros/m ² ■	5.900 – 15.000	7.800 – 16.000	9.500 – 20.000	↗
■	5.900 – 10.000	6.500 – 12.000	7.500 – 10.500	↗
■	5.200 – 9.000	5.800 – 9.000	7.000 – 10.000	↗
■	4.500 – 6.000	5.500 – 7.500	6.500 – 8.000	↗

Source: Engel & Völkers Residential

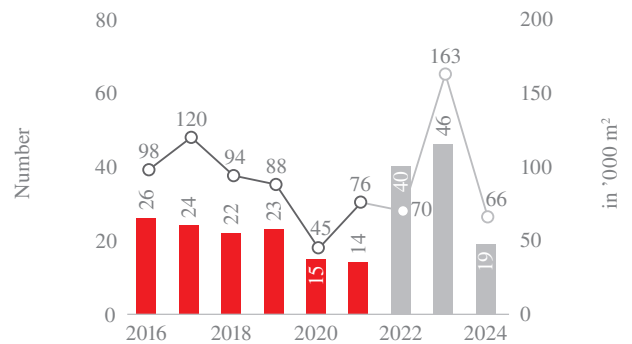
Construction activity



○ Completed apartments
 ○ Approved apartments

Sources: empirica regio, Destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects
 ○ Living space
■ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 20.05.2022

Interview with a local expert



Stephan-Andreas Philipp & Isabel Eppler
Engel & Völkers Development Services Stuttgart

How is Stuttgart's market for residential projects currently developing?

Most recently there has been a slight decrease in the number of new-build projects in Stuttgart. Extremely long waiting times for building permits and rising construction costs together with the continued severe lack of building land are putting a large amount of pressure on the market for new-build projects. Demand continues to be high, particularly in districts halfway up the surrounding hills, with the result that entry prices in popular locations are around 9,500 euros/m². Excess demand in the medium price segment continues to result in attention being shifted to Stuttgart's peripheral areas, which have good infrastructures and transport links. The market's volatility is causing overall demand to fall and the active sellers' market could thus gradually become a buyers' market. As a result it is no longer possible to achieve unrealistic top prices, causing supply in some areas of the city to slowly start to increase. Clients are increasingly able to reflect on purchases before making any decision.

What impact are current economic trends having on Stuttgart's market?

Economic developments are resulting in some uncertainty

on the market. The sudden surge in interest rates has resulted in a stagnation in demand. Nevertheless, real estate is still perceived as a safe investment and there is still demand despite the current volatile climate. In popular districts of the city buyers now require a higher amount of equity. Since interest rates are rising while real estate prices are still the same or even increasing, clients who need to take out loans to finance their purchases are currently experiencing some difficulties.

Are there any special forms of development in specific locations in the city?

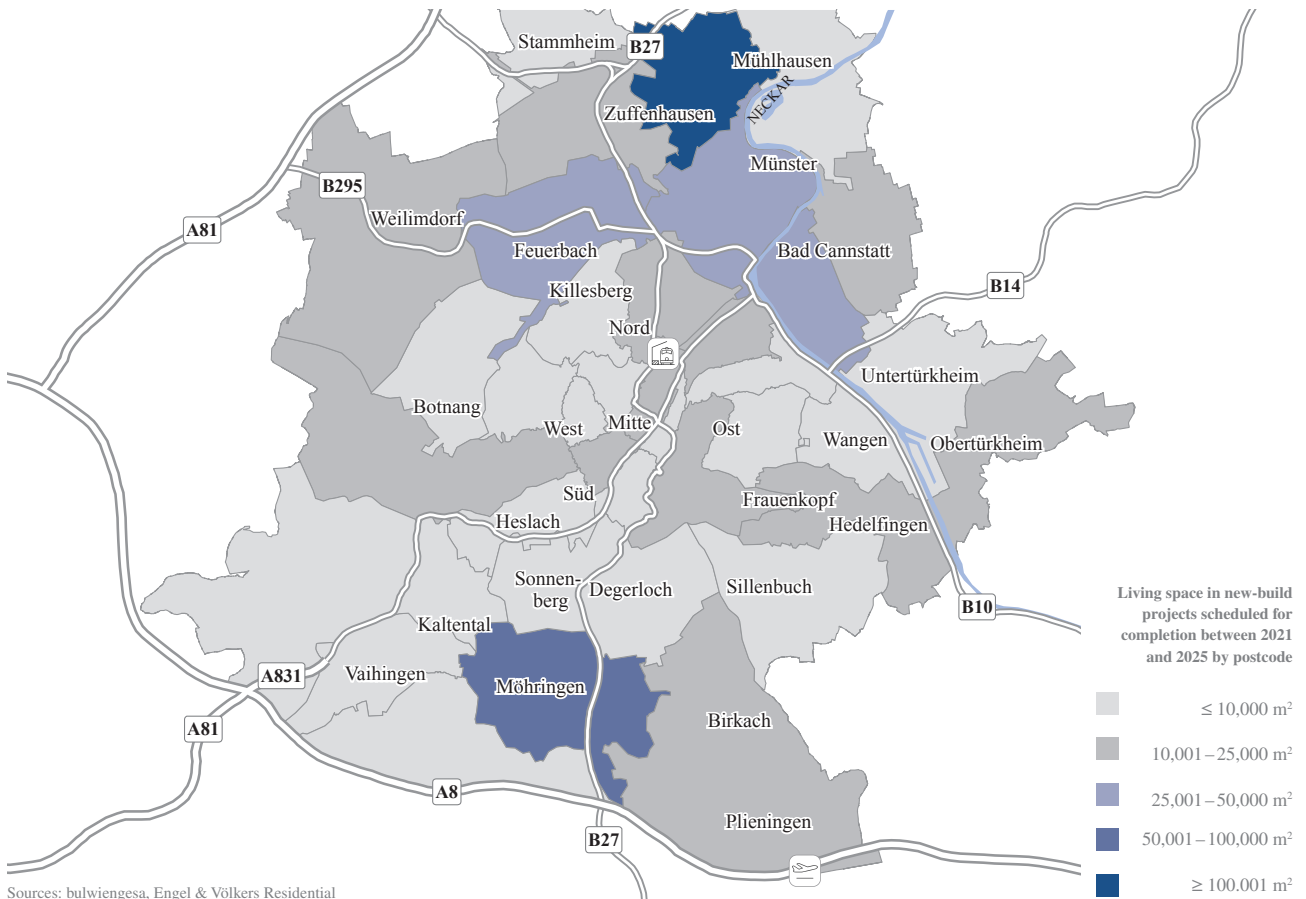
Demand in Stuttgart is still focused on the areas located halfway up the surrounding hills. The lack of offerings together with high prices has, however, resulted in a further shift in demand to peripheral districts. Bad Cannstatt for example is experiencing strong demand thanks to its proximity to Stuttgart and good transport links. Popular residential locations include the Heusteig and Lehenviertel districts in the south of the city while "classic" areas, such as in the west or south, also remain very popular. Attractive old buildings and rear courtyard districts within walking distance of the Königstrasse main shopping area make these locations attractive for young buyers and tenants as well as also for over 50's. Families are particularly keen on the quiet areas located halfway up or at the top of the surrounding hills in Killesberg, Degerloch, Gänseheide and Bopser, where there are numerous villas and detached houses. A number of varying trends have emerged in the north of the city over recent months. Prices for new-build projects in the Feuerbach district have, for example, gone up by 10.3% over the previous year, while the Weilimdorf district has, in contrast, seen prices fall by 0.1%.

What type of properties are currently in particular demand?

Demand for properties in green surroundings, which was already a trend prior to the COVID-19 pandemic, has increased most. Detached houses with gardens and



Planned residential projects by living space

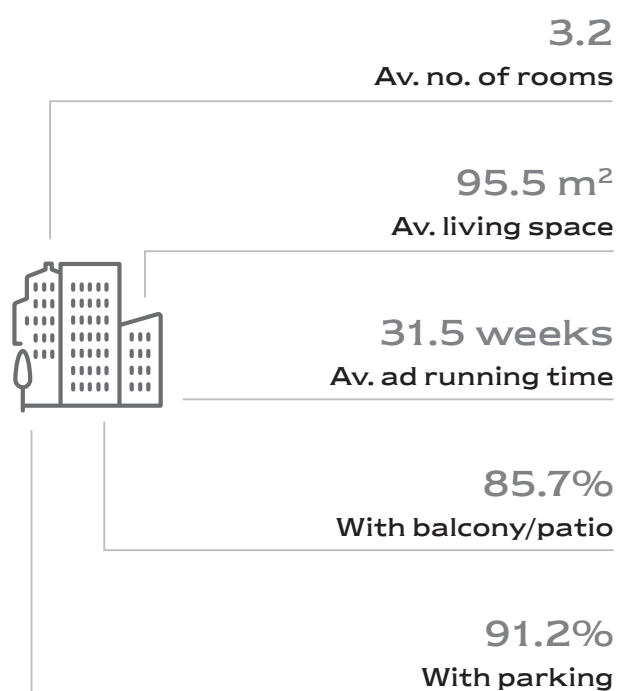


family-friendly large apartments with balconies or patios are thus extremely popular. The energy efficiency of a property continues to be a key factor for many potential buyers. In addition to this there is also strong demand for housing which is suitable for older people as well as for investment properties which generate good yields.

How will Stuttgart's new-build market develop in future?

The real estate market will continue to be an established element of the investment segment. No major slump is expected; the only trend may be that it will no longer be possible to achieve previous excessive high prices in future. Due to inflation we may see a decline in owners who are willing to sell, while rising mortgage rates will make things increasingly difficult for clients who only have a small amount of equity. As a result, there may be a slump in demand. Stricter regulations and higher construction costs mean that a downward trend in real estate prices is, however, unlikely and demand may be even more strongly concentrated on Stuttgart's peripheral areas.

New-build apartments in Stuttgart 2022



Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Stuttgart's hinterland - A growth region



Anton Wenz
Engel & Völkers
Development Services
Stuttgart's hinterland

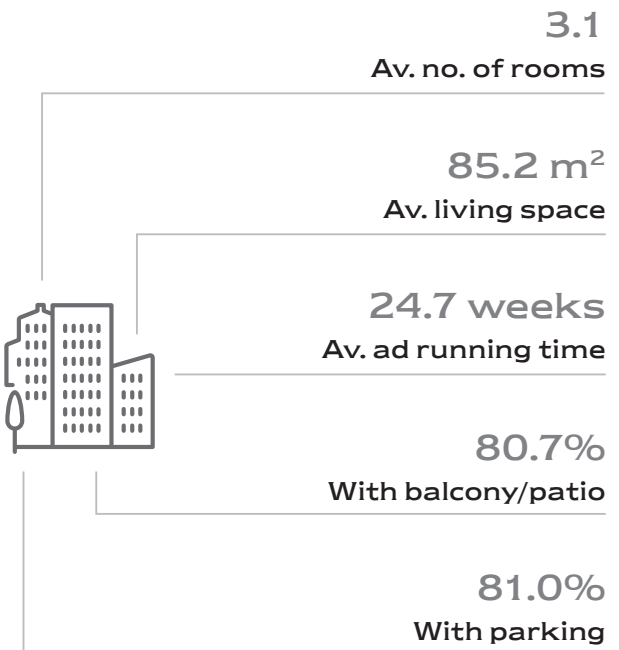
How is the market for residential projects developing in Stuttgart's hinterland?

The surge in interest rates has caused great uncertainty on the market, both among sellers and also buyers. To date the market is stable and there has been very little price fluctuation either up or down. Good quality properties in good to prime locations are key in this regard. In average locations there have been price reductions for specific project although most property developers are confident that demand will pick up again in the autumn. In response to this, sales launches for a number of larger residential projects have been postponed until the fourth quarter of this year or even until next year. Companies which began marketing in the spring are, however, still offering their properties for sale.

What impact are current economic trends having on the market in Stuttgart's hinterland?

Following a strong month-on-month increase in demand despite, or perhaps even because of, the pandemic, at present we are experiencing the opposite trend. Young people in particular, who tend to have less equity, are

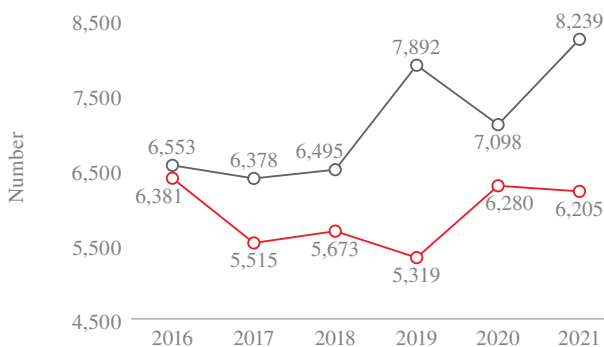
New-build apartments in Stuttgart's hinterland 2022



Sources: VALUE Marktdatenbank, Engel & Völkers Residential

suddenly discovering that they can no longer afford to buy property. In consequence, there has been a noticeable fall in demand for 3-room apartments in particular. Capital investors are also reluctant to make purchases at present, preferring to wait and see how the market develops. On the other hand, owner-occupiers with higher amounts of equity continue to be eager to invest in their

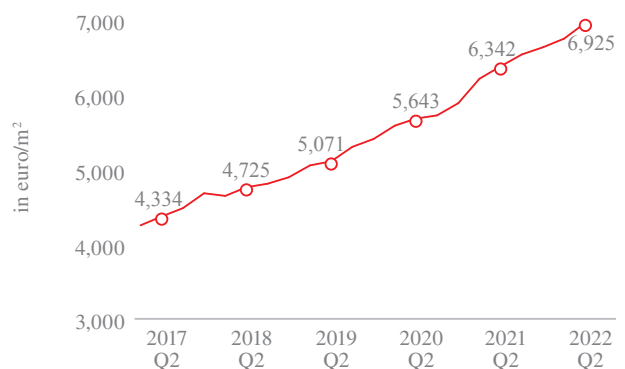
Construction activity*



* Rural districts bordering Stuttgart

Sources: empirica regio, Destatis, Engel & Völkers Residential

Prices quoted for new-build freehold apt.*



* Aggregate of the most important parishes
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Parishes	Number of new-build apartments offered	Ø-Price quoted 2021 in euros/m ² (Δ 2020)
Ludwigsburg	137	6,702 (+5.1%)
Leonberg	130	6,257 (+5.2%)
Sindelfingen	85	6,477 (+8.8%)
Böblingen	72	6,076 (+8.8%)
Korntal-Münchingen	71	6,714 (+9.4%)
Herrenberg	42	5,581 (+15.2%)
Filderstadt	41	5,967 (+13.7%)
Remseck am Neckar	39	6,251 (+19.3%)
Leinfelden-Echterdingen	38	6,485 (+14.1%)
Ditzingen	25	6,001 (-)
Kornwestheim	21	6,371 (+8.7%)

Sources: VALUE Marktdatenbank, Engel & Völkers Residential

own four walls. In this context location and the property's specific layout are much more important than they were a year ago. Developers of new-build projects are preparing themselves for longer selling times.

What type of properties are currently in particular demand?

The pandemic has made many people realise how important it is to have their own home. Housing needs have changed insofar as having an additional, separate room which can be used to work from home is now a bigger factor. A third or even fourth room is now almost a must. Freehold apartments with four or more rooms and areas upwards of 100 m² plus a garden or lift; townhouses and semi-detached houses of all types are in demand. Central and quiet locations as well as projects in established residential areas are most popular.

How will the new-build market in Stuttgart's hinterland develop in future?

The enormous increases in prices over the last ten years are probably over for now. Should mortgage rates remain at the current level or only rise slightly, then we expect

the market to remain stable with little increase in value. In popular hinterland areas houses of all types will continue to be sought after; however the offering is not expected to increase. Prices for smaller apartments in rural areas could even fall slightly. Should the number of new-build projects decrease because developers consider the current market to be too uncertain and there is thus less construction activity, then we will see prices for existing properties and rents start to rise. This in turn could be an interesting indicator for capital investors to recommence investment in real estate. Should inflation and uncertainty on the stock market remain high in the long term, then many capital investors could rediscover real estate as a "safe bet".



Project: Kanal 8
Apartment building in Gartringen
Residential units: 6
Purchase prices: 519,000 – 729,000 euros

Thuringia - A growth region



André Dufft
Engel & Völkers
Development Services
Thuringia

How is Thuringia's market for residential projects currently developing?

The inflow of new residents to Thuringia's larger conurbations remains at a high level. The resulting demand for housing is being met by major construction projects with large numbers of residential units. In urban planning, special focus is therefore placed on multi-storey residential construction.

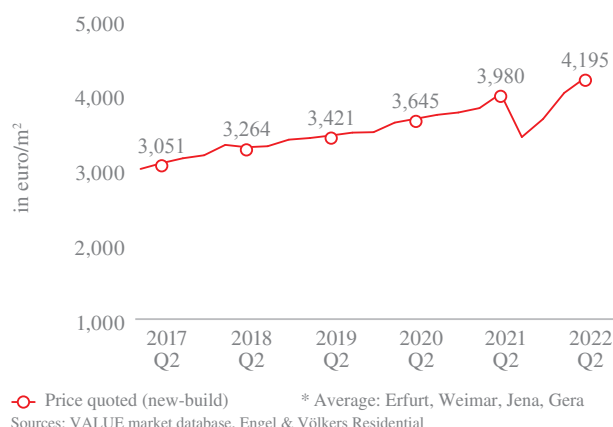
What impact are current economic trends having on Thuringia's market?

In view of the economic situation and increased interest rates small investors and owner-occupiers are currently waiting to see how the market will develop. Real estate is, however, still viewed as a "safe bet" for capital investment and it is thus expected that these groups will soon be buying property again. In the case of capital investors there is still strong demand for freehold apartments which qualify for special write-downs (historic building depreciation for capital assets).

Construction activity



Prices quoted for new-build freehold apt.*



Prices quoted for new-build freehold apartments

Independent cities/Rural districts	Number of new-build apartments offered	Ø-Price quoted 2021 in euros/m² (Δ 2020)
Erfurt	94	4,011 (+10.6%)
Gotha	65	2,849 (+1.2%)
Jena	52	4,210 (+0.8%)
Weimar	35	4,002 (+13.8%)
Ilm-Kreis	25	2,949 (-2.8%)
Schmalkalden-Meiningen	20	3,000 (-)
Gera	18	2,994 (-3.5%)
Eichsfeld	13	3,712 (-)
Wartburgkreis	12	2,443 (+11.5%)

Sources: VALUE Marktdatenbank, Engel & Völkers Residential



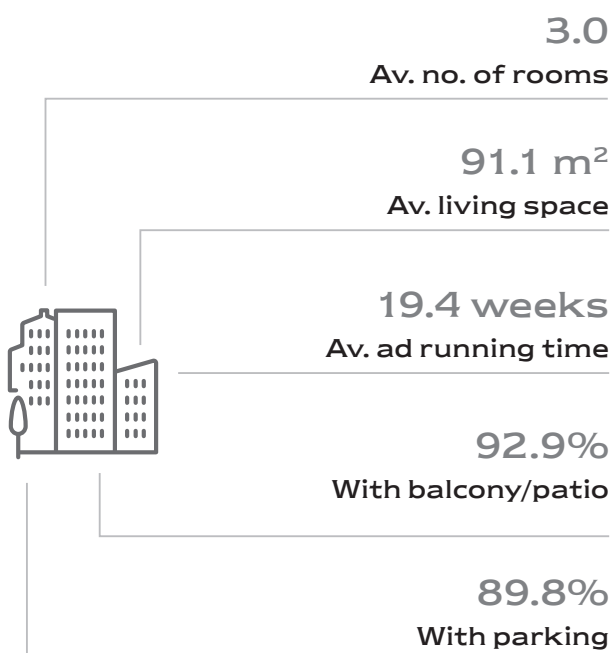
Are there any special forms of development in specific cities?

The cities of Erfurt, Weimar and Jena in particular are popular and demand is very strong. High construction costs and scarcity of properties in urban areas mean that families are increasingly moving to the hinterland in order to fulfil their dream of owning a house. In addition to this, customised new-build projects with their own special charm are in great demand in Thuringia's middle sized towns and cities.

Project: CHRONICLE

Central Erfurt
 Residential units: 120
 No. of rooms: 1 – 3
 Living areas: 38 – 98 m²
 Purchase prices: 4,600 – 5,800 euros/m²

New-build apartments in Thuringia 2022



What type of properties are currently in particular demand?

At present capital investors are looking for smaller residential units, while owner-occupiers continue to prefer larger apartments with four or more rooms. High-end fixtures and finishes with all the convenience of modern living are at the top of their list of priorities. These include a balcony, a lift, smart home technology and a second bathroom as well as energy efficiency and a modern architectural style. There is growing demand for residential properties with long-term sustainability as well as for special residential concepts for students and older people.

How will Thuringia's new-build market develop in future?

Home ownership continues to be a hot topic. Buyers' desire and demand for their own four walls still significantly exceed the number of properties which are available. As soon as construction prices stabilise and mortgage rates become plannable in the long term, we expect clients' willingness to make purchases to increase again. Our conclusion is that there is an enormous desire to purchase residential property!

Sources: VALUE Marktdatenbank, Engel & Völkers Residential



ENGEL & VÖLKERS DEVELOPMENT SERVICES

Forward-looking concepts for long-term benefits

The range of services we offer is tailored to each project's location, type, scale and scope. Not every project requires every service, but all projects benefit from our involvement early and in every aspect of the process.

Competent advice from a single firm is becoming ever more important for the planning and implementing of real estate projects. It is becoming more difficult to build housing in urban conurbations in particular. Various complex factors must be taken into account for real estate development process. They include the demanding requirements and special needs of today's tenants and buyers. Usage and location analyses must also be carried out and target group-specific design concepts must be produced. Comprehensive expert advice on purchasing land; project conception; project management and marketing services all from one firm ensures that everything is done to meet the schedule and that real estate development runs smoothly for all involved. In addition to this, cooperation with Engel & Völkers ensures as early as the design phase that the future property will be ideally suited to the demands of the market so that your real estate development project is a success.

The brand addition "Development Services" positions Engel & Völkers as a strong partner providing consulting and marketing services for real estate development projects from the beginning to the very end. From the idea to the concept to marketing of real estate projects, Development Services encompasses all the services which Engel & Völkers offers to investors and project developers for main or second homes in Germany and abroad. Take advantage of our national and international network's over 40 years of expertise in the residential property market. Monthly sessions to share experiences with experts in Germany and close cooperation between our offices allow access to several thousand clients searching for real estate; the exchange of information regarding market and residential trend developments and extensive new development know-how. In addition to this, we have an "International Board", a team of new development experts drawn from five countries.



Your marketing success is our top priority – Our experts will accompany you on the journey to get there. Visit the **Engel & Völkers Development Services homepage**.

1. Concept

From land acquisition to target group analysis – we can help get your project off to an optimum start.

- Target and needs oriented land or property acquisition
- Location analyses based on continuous market and trend research
- Detailed market and competition analysis
- Definition of the profiles and priorities of target buyer groups
- Identification of use-specific market characteristics



2. Project development

Whether layout, unit mix or amenities, we will assist you to implement your plans in line with the market.

- Advice on the optimisation of layout sizes and characteristics
- Assistance with unit mix planning
- Recommendation of fixtures and finishes
- Sound initial pricing recommendations for your project Development of a tailored marketing concept



3. Marketing services

From strategic project marketing to contract closure, we can smooth your path to successful sales.

- A dedicated project team made up of specialists
- Review and advice on the suite of sales and notarisation documents Handling of visits and open-house dates
- Assistance with buyers' unit specifications
- Assistance with meetings to fit out show properties
- Ongoing reporting on all marketing activities
- Negotiation of contracts and handling of closure



4. After Sales

From leasing of individual units to final reporting, we can also assist you following handover.

- Communications with clients until completion of closure
- Individual financing concepts produced by Engel & Völkers Finance Leasing of units for capital investors
- Detailed final project reporting
- Project-specific event management



Well-informed on every topic

The following section provides useful notes and explanations regarding the terms, diagrams and figures used in this market report.

New development

'New development' is the term used to describe the sale of individual residential units in newly constructed and/or fully redeveloped properties. The residential units are often sold prior to completion of the project.

Figures:

Population figures are based on information provided by communal statistical offices. They include all residents with a registered main place of residence as of 31.12.2021.

Purchasing power refers to available per capita income (net income excluding taxes and social insurance contributions and including any benefits received) of a city's population. The data was obtained from Nexiga GmbH and dates from 2022.

The '**market active' vacancy rate** is based on information provided in the CBRE-empirica vacancy index (as of 31.12.2020).

Home ownership rate describes the percentage of all residential units in a city which are used by the owners themselves. The index refers to the national German average of 43.7%. Figures are based on data provided by the German Federal and State Statistical Offices (current as of 31.12.2021).

Rents quoted are based on evaluations of the VALUE market database. This refers exclusively to newly constructed properties. Evaluation period – First half of 2022 and the first half of the preceding year for comparison.

New-build transactions:

Transactions are the result of properties sold within the scope of normal business transactions and their corresponding turnover volume (transaction volume) for the relevant city. In this context, new-build transactions are usually the first sale of apartments which were completed in the reporting year or in the two years prior to this.

Prices quoted:

Prices quoted for each quarter are based on evaluations of the VALUE market database and This refers exclusively to newly constructed properties. Price quoted for each city district are based on the same source and relate to offerings in 2021.

Prices by locations:

The purchase price ranges for new-build apartments are stated in euros/m² and based on estimates made by Engel & Völkers Residential. The forecast arrow indicates the estimate for the second half of 2022 for the relevant market under consideration.

Construction activity:

The 'Construction activity' diagram shows the total of all residential units completed or approved in the period under consideration and is based on data provided by the German State Statistical Offices or the German Federal Statistical Office, all up to the cut-off date of 31.12. of the stated year.

Completed residential projects:

The number and living area of completed residential development projects are based on data provided by bulwiengesa AG. From 2022 onwards the projects stated for each year are those which are expected/forecast to be completed in that year. This forecast is also based on data provided by bulwiengesa AG.

Number of rooms:

The average number of rooms refers to the mean value for the number of rooms in the apartments offered in the 1st half of 2022. This information is based on evaluations of the VALUE market database and This refers exclusively to newly constructed properties.

Living area:

The average living area refers to the mean value for the floor space of the apartments offered in the first half of 2022. This information is based on evaluations of the VALUE market database and This refers exclusively to newly constructed properties.

Advertisement running time:

The average advertisement running time refers to the average length of time before an advertisement was taken offline. The median value is used. This information is based on evaluations of the VALUE market database and This refers exclusively to newly constructed properties.

Balcony/patio proportion:

This refers to the proportion of apartments which were offered with a balcony/patio. This information is based on evaluations of the VALUE market database. This refers exclusively to newly constructed properties.

Proportion with parking:

This refers to the share of apartments which were offered with parking on the property. This information is based on evaluations of the VALUE market database. This refers exclusively to newly constructed properties.

YOUR CONTACT FOR NEW DEVELOPMENTS AT THE EXAMINED LOCATIONS

Wherever you are, we are there.

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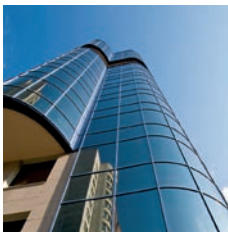
We are also represented at over 270 further locations in Germany.

Our diverse company profile



ENGEL & VÖLKERS

The success story of Engel & Völkers began in 1977 when the company started brokering prestigious residential property. Our strong brand is now bolstered by an acclaimed franchise system with a unique shop concept and a comprehensive range of services, as well as innovative marketing and IT capabilities.



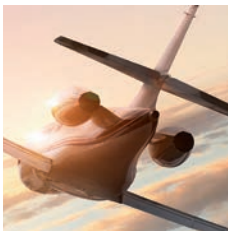
ENGEL & VÖLKERS COMMERCIAL

The Commercial division, founded in 1988, specialises in the brokerage of multi-purpose apartment and office blocks, office, industrial and retail space, agriculture and forestry, hotels and investment portfolios – and is represented with commercial offices in Europe, South Africa, South America, and the Middle East.



ENGEL & VÖLKERS YACHTING

Since 2007, the Yachting division has also formed a part of Engel & Völkers' comprehensive range of services. Alongside the brokerage of high-end yachts, this incorporates a charter service and management of new constructions and refitting projects.



ENGEL & VÖLKERS AVIATION

Our company's Aviation division was launched in 2015. It is dedicated to the global brokerage of business aircraft and private jets – from a charter service to sales, and from small propeller aircraft through to superjets for transatlantic flights.



ENGEL & VÖLKERS CHARITY

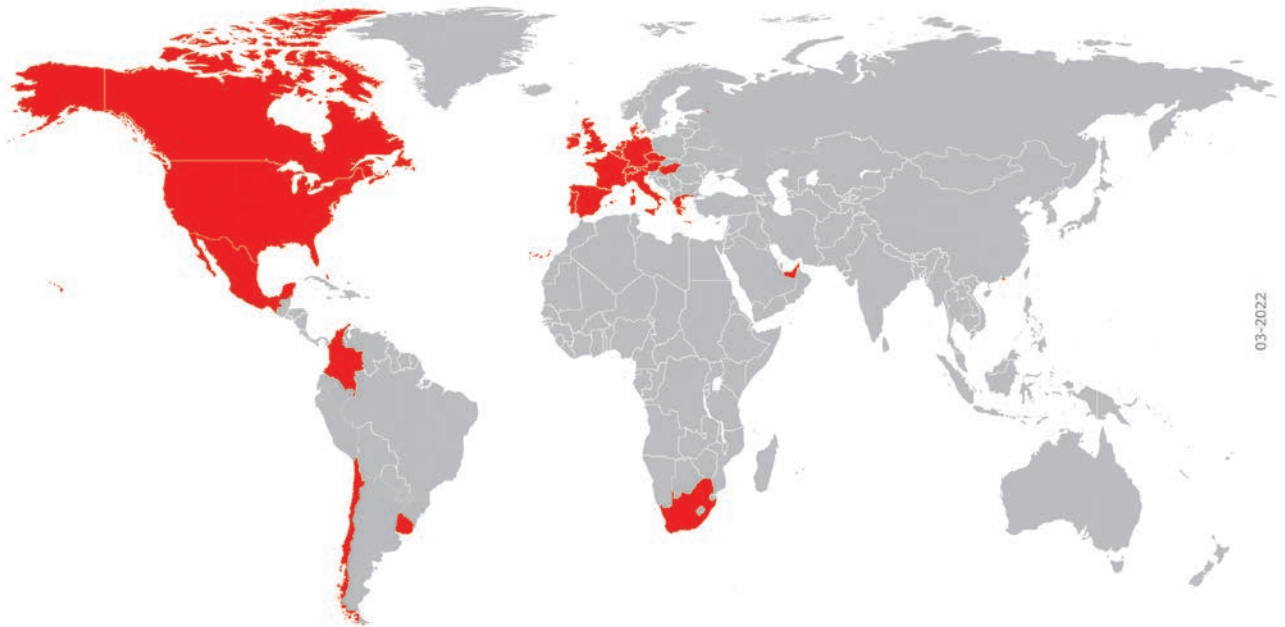
As part of our commitment to corporate social responsibility, we founded the Charity e.V. in 2008. With our primary school project in the village of Agbetiko, we aim to work with our cooperation partners to give the children there a dignified future. More information can be found at www.engelvoelkers.com/charity



As an independent magazine, GG offers enjoyment at its most sophisticated. Insightful interviews, trends and news from the worlds of architecture, lifestyle, design, fashion and luxury travel feature alongside exclusive homes and yachts from around the globe. Published quarterly in six languages, GG has a circulation of 300,000 copies.

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