

Press Information, May 19<sup>th</sup> 2025

## Berlin Hyp and CBRE: Housing Market Report Berlin 2025: Asking rents continue to rise rapidly

- **Number of rental apartments on offer slightly increased compared to the previous year**
- **Further increase in asking rents by 12.0 per cent to an average of €15.79 per square metre**
- **Large rental housing construction projects, especially outside the S-Bahn ring and in the Berlin metropolitan area**
- **Further slight decline in asking prices for condominiums and apartment buildings in 2024**

After an extreme increase of almost 20 per cent from 2022 to 2023, asking rents on the Berlin housing market rose by 12.0 per cent in 2024, somewhat more moderately, but still with high dynamics. This put Berlin in the top position among the seven most populous cities in Germany. In 2024, the average asking rent was €15.79 per square metre. This is the third-highest figure of all cities in Germany after Munich (€21.69) and Frankfurt am Main (€16.24). The growing pressure from persistently strong demand for too little new construction can also be seen in the low market-active vacancy rates in multi-storey residential construction. This rate remained unchanged year-on-year in Berlin and has declined by 0.4 percentage points since 2018. A balanced market is generally defined as having a vacancy rate of 2 to 3 per cent. The federal capital is at the same level with Hamburg and Stuttgart, while the situation is more severe in Munich and Frankfurt (0.1 per cent each).

These are the key findings of the Berlin Housing Market Report 2025, which was published by the real estate financier Berlin Hyp and the global commercial real estate services company CBRE. For this report, around 32,100 rental offers, 31,400 sales price offers for condominiums and apartment buildings and 215 new construction projects with around 43,530 apartments were evaluated for 2024.

### **Rental housing market**

"The Berlin housing market remains tense despite numerous new construction projects. There is simply too little available housing while the population continues to grow. A small ray of hope is the larger supply of rental apartments that were advertised in 2024," says Michael Schlatterer, Managing Director at CBRE Germany. The population forecast for the period from 2021 to 2040 assumes an increase of 5 per cent. By 2040, Berlin will need 222,000 new apartments and land provision for a further 50,000 units, according to the Urban Development Plan Housing 2040.

"In order to boost the construction of affordable housing, and thus not just in Berlin, the industry is now pinning its hopes on the federal government's economic stimulus package and the measures to reduce bureaucratization. Both would contribute to an overall revival of the market," says Sascha Klaus, Chair of the Board of Management of Berlin Hyp.

Asking rents in Berlin rose significantly again in 2024 by 12.0 per cent to €15.79 per square metre. This means that the Berlin housing market once again shows the highest dynamics in price development compared to the other top 7 German cities. There is a wide variety of reasons why the rent control does not apply to many properties: ignorance of private landlords, illegal subletting of actually inexpensive apartments at inflated rents, but also considerable investments made in the course of modernization.

In contrast to previous years, there was a decline in asking rents in the top market segment. Across Berlin, rents here have fallen by an average of 3.9 per cent to €29.41. In the bottom market segment, asking rents rose again by 11.6 per cent to €7.03. This means that the gap between the bottom and top market segment has narrowed, but remains extremely high at around €22, although this is due to the heterogeneous range of apartments in terms of location and quality of furnishings.

**Discrepancy: low existing rents, high level of new lettings**

The discrepancy between existing rents and new contract rents is getting bigger and bigger. In Berlin, for example, existing rents in privately or institutionally rented apartments are on average less than €9.00 per square metre, and at state-owned companies even less than €7.50 on average. It is difficult for tenants with new leases, which average at €15.79. This affects newcomers as well as Berliners looking for a new apartment and therefore also explains the extremely low fluctuation within the city.

**Condominium and apartment building market**

Across all market segments, asking prices for condominiums decreased slightly by 0.9 per cent to €5,696. "The geopolitical tensions and the resulting uncertainty, as well as the higher interest rate level compared to the almost zero interest rate phase, are making themselves felt in the market for condominiums," explains Klaus. "In economically uncertain times, people are reluctant to make major investments, which dampens demand and thus prices. In addition, apartments were often built with too many or too large rooms, where the absolute purchase price is approaching one million euros and thus becomes unaffordable for many buyers, especially the local ones," adds Schlatterer. Exceptions are new construction projects in sought-after residential areas.

This trend continues in both the bottom and top market segments. While prices in the top segment fell slightly by an average of 2.7 per cent, the bottom market segment recorded a much sharper decline of 3.6 per cent because price reductions are enforced in negotiations for apartments with defects.

For apartment buildings, asking prices fell by 4.4 per cent to €3,041 in

2024. "The recalibration of the real estate market to the new price level should thus be almost complete. Due to the shortage of housing and the associated rent increases as well as the crisis resilience of residential properties, we are also seeing increased interest from institutional investors again," says Klaus. "Core and Core Plus holdings in particular will play a greater role in 2024."

**New construction**

Fortunately, in addition to the seven state-owned housing companies, some private property developers are still actively involved in planning and building. In 2024, a total of 215 construction projects were in concrete planning, development or already in the construction phase. Around 43,530 new apartments will be built, which represents a significant increase compared to the previous year (34,940).

The geographical distribution of large rental housing projects, which are mainly concentrated in the outlying districts, remains striking. Just 14.6 per cent of the construction projects were realized within the S-Bahn ring, which signals a significant exhaustion of the new construction potential there. On average, around 200 apartments were built per project and, despite persistently difficult conditions, the number of projects in which state-owned companies were involved increased by five to a total of 71 projects.

**Investment market**

Even though an increase in portfolio transactions from €1.8 billion in the previous year to a volume of €2.9 billion was observed in the institutional transaction market in 2024, the volume is still well below the 10-year average of around € 5.5 billion.

More than half of the transaction volume, around €1.5 billion, was implemented with project developments (forward deals and forward funding). Here, the state-owned housing companies are responsible for around 80 per cent, as many of these projects, some of which are district developments, contain publicly subsidized portfolios.

"The state-owned housing companies thus support the private and institutional project developer business to a considerable extent," says Schlatterer. In comparison, a total of just under €200 million was invested in project developments in 2023.

"If interest rates remain stable, we can expect a further slight increase in the transaction market in 2025," Klaus and Schlatterer agree.

**Berlin metropolitan area**

Especially in view of the continued high demand for housing as a result of population growth and migration gains, the Berlin metropolitan area also remains in high demand on the real estate market. In order to do justice to this circumstance, the report analyzes the individual districts around Berlin in detail for the fifth time in a row.

"As in the inner-city districts of Berlin, the effects of the economic

framework conditions on price developments are also evident here. In 2024, prices for detached and semi-detached houses fell again, in some cases significantly," comments Schlatterer.

## Current rental development. Rental price range for new lettings, 2024

District	Number of rental offers	Medium market segment <sup>1)</sup> price range in €/m²/month					Bottom market segment		Top market segment		All market segments		
		6	12	18	24	30	Median in €/m²/month	Change from 2023 in %	Median in €/m²/month	Change from 2023 in %	Median in €/m²/Monat	Change from 2023 in %	
Charlottenburg-W.	2,967	<div><div></div></div>					10.00–28.56	8.51	16.7	31.82	−6.2	19.26	8.0
Friedrichshain-K.	2,634	<div><div></div></div>					8.76–29.00	7.28	9.6	32.54	−12.0	19.39	2.0
Lichtenberg	2,735	<div><div></div></div>					7.26–23.80	6.58	13.8	27.08	−1.5	15.12	20.0
Marzahn-H.	1,710	<div><div></div></div>					6.42–18.47	6.22	14.8	21.01	9.9	11.39	5.1
Mitte	4,339	<div><div></div></div>					9.54–30.77	7.74	9.2	34.42	−6.4	20.00	2.5
Neukölln	1,985	<div><div></div></div>					7.40–23.81	6.80	6.4	27.94	−0.3	14.49	9.4
Pankow	3,697	<div><div></div></div>					9.17–26.67	7.56	13.5	29.43	−11.2	17.00	12.2
Reinickendorf	2,001	<div><div></div></div>					7.40–21.90	6.91	22.3	24.04	12.9	12.22	14.5
Spandau	2,428	<div><div></div></div>					7.26–20.82	6.75	14.6	23.11	12.7	12.00	15.0
Steglitz-Zehlendorf	1,930	<div><div></div></div>					8.66–22.99	7.78	8.1	25.71	−3.3	14.67	8.4
Tempelhof-S.	2,426	<div><div></div></div>					8.00–25.32	7.34	14.9	28.00	−3.1	14.78	8.6
Treptow-Köpenick	3,264	<div><div></div></div>					8.24–22.00	7.18	8.8	24.14	0.4	14.46	4.4
Berlin total	32,116	<div><div></div></div>					7.88–26.00	7.03	11.6	29.41	−3.9	15.79	12.0

1) Excl. bottom and top tenth percentile of quotes Source: CBRE based on VALUE market database

## Current price development. Purchase price range for condominiums, 2024

District	Number of sales offers	Medium market segment <sup>1)</sup> price range in €/m²				Bottom market segment		Top market segment		All market segments	
						Median in €/m²	Change from 2023 in %	Median in €/m²	Change from 2023 in %	Median in €/m²	Change from 2023 in %
		2k	5k	8k	11k						
Charlottenburg-W.	5,170				4,293–10,420	3,837	–2.2	12,484	–2.4	6,414	–1.2
Friedrichshain-K.	3,396				4,345–9,648	3,877	–5.9	10,965	–7.6	6,544	–3.0
Lichtenberg	938				3,214–8,605	2,734	–9.6	9,471	–3.2	5,304	6.1
Marzahn-H.	447				2,997–6,595	2,633	–8.4	6,866	0.0	4,200	–9.7
Mitte	3,762				3,967–10,396	3,381	1.9	12,143	–6.8	6,667	–0.2
Neukölln	1,635				3,367–7,509	2,887	–4.7	8,460	3.2	4,918	–1.2
Pankow	3,533				3,809–8,650	3,327	–6.9	9,411	–5.1	6,219	–3.9
Reinickendorf	1,597				2,944–6,650	2,589	–1.4	7,606	–0.1	4,308	–1.4
Spandau	1,292				2,771–6,362	2,556	1.0	7,400	–2.0	3,986	–3.2
Steglitz-Zehlendorf	3,147				3,671–8,484	3,245	–4.9	10,500	10.5	5,263	–0.1
Tempelhof-S.	3,032				3,532–8,867	3,182	2.2	10,252	10.7	5,430	4.9
Treptow-Köpenick	2,043				3,192–7,261	2,941	0.5	8,002	–4.1	4,846	–3.8
Berlin total	29,992				3,554–9,053	3,084	–3.6	10,473	–2.7	5,696	–0.9

1) Excl. bottom and top tenth percentile of quotes Source: CBRE based on VALUE market database

## Current price development. Purchase price range for apartment buildings, 2024

District	Number of sales offers	Medium market segment <sup>1)</sup> price range in €/m <sup>2</sup>				All market segments		Top and bottom market segment:
		2k	4k	6k	8k	Median in €/m <sup>2</sup>	Change from 2023 in %	
Charlottenburg-W.	121				2,357–7,879	3,906	–5.4	In the apartment building segment, different quality levels and locations have a substantial impact on price development. There were relatively few purchase offers at the district level during the observation period, meaning that in the top and bottom segments, prices and price comparisons with the previous year are not significant. For this reason, they are not represented in this report.
Friedrichshain-K.	109				2,044–7,251	3,071	–12.5	
Lichtenberg	50				2,053–5,488	3,146	6.6	
Marzahn-H.	60				2,034–4,198	2,904	–10.9	
Mitte	162				1,644–7,739	3,137	–7.0	
Neukölln	118				1,881–5,387	2,690	–8.0	
Pankow	120				1,629–6,427	3,035	–8.5	
Reinickendorf	121				1,957–5,102	2,846	–4.3	
Spandau	103				1,833–4,124	2,402	–13.5	
Steglitz-Zehlendorf	171				2,050–7,558	3,682	7.4	
Tempelhof-S.	124				2,029–4,887	3,012	–3.2	
Treptow-Köpenick	159				2,017–4,987	3,160	–4.2	
<b>Berlin total</b>	<b>1,418</b>				<b>1,921–6,118</b>	<b>3,041</b>	<b>–4.4</b>	

1) Excl. bottom and top tenth percentile of quotes Source: CBRE based on VALUE market database

The full report can be found here:

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### About Berlin Hyp

Berlin Hyp is a wholly owned subsidiary of LBBW and specialises in large-volume real estate financing for professional investors and housing companies. It also provides German savings banks with a comprehensive range of products and services. Sustainability has been a central component of the Bank's business

strategy for years. Berlin Hyp plays a pioneering role on the capital market in the development of sustainable refinancing products. At the same time, the Bank also promotes the financing of sustainable real estate in order to help drive the transformation of the real estate market and contribute to achieving the goal of climate neutrality. Berlin Hyp's clear focus, more than 155 years of experience and the ability to actively shape digital transformation in the real estate sector characterise the Bank as a leading German real estate and Pfandbrief bank.

## **About CBRE**

CBRE Group, Inc. (NYSE: CBRE), a Fortune 500 and S&P 500 company headquartered in Dallas, is the world's largest commercial real estate services and investment firm (based on 2024 revenue). The company has more than 140,000 employees (including Turner & Townsend employees) serving clients in more than 100 countries. CBRE serves a diverse range of clients with an integrated suite of services, including facilities, transaction and project management; property management; investment management; appraisal and valuation; property leasing; strategic consulting; property sales; mortgage services and development services.

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