

Press Release, 12 January 2026

## Trendbarometer Survey: Property market continues to face challenges: noticeable refinancing pressure, “building turbo” with delayed effect

Many challenges await Germany, its economy and the real estate sector in the new year. The latest trendbarometer survey by commercial real estate financier Berlin Hyp reveals the most important determinants for 2026:

- **Interest rate stabilisation leads to more predictable and plannable financing**
- **Refinancing pressure is present – capital contribution and term extensions as means of choice**
- **Accelerated approvals at heart of construction boom – noticeable effect expected only after 2026**
- **German commercial real estate market solid by European standards**

In its latest trendbarometer, Berlin Hyp asked more than 130 real estate professionals about their expectations for the new real estate year.

“The market — especially in Germany — apparently needs more time to recover. The results of the current trendbarometer clearly show that the market continues to face challenges. Nevertheless, much points to further stabilisation in the coming year,” said Sascha Klaus, Chair of the Board of Management at Berlin Hyp and member of the Board of Managing Directors at LBBW. “The forthcoming refinancing issues are known in the market — the approach remains pragmatic and the refinancing wave is being handled in a structured manner. Banks will, in principle, support refinancings only where they can be economically justified — beyond that, little leeway is to be expected.”

### **Interest rate stability and housing demand as beacons of hope: Market confidence increasing, transactions and projects could pick up**

When asked about signals for positive development in the real estate sector in the coming year, 76% of respondents cited the stabilization of interest rates – and therefore more reliable financing – as the most important factor. This could increase the willingness of buyers and sellers to conclude transactions and boost transaction volumes anew. Another glimmer of hope is the continuing excess demand in the residential sector, which 53% of participants agree with. It cements high rental levels and, if new construction continues to lag, is likely to lead to further — in some cases significant — rent increases.

The increasingly reliable transaction and valuation data (34%) only strengthen confidence to a limited extent: they improve orientation but do little to change structural problems such as high financing costs, construction costs, and

regulatory hurdles. Projects that have been paused or newly planned are therefore likely to be resumed only selectively — above all where demand and cost structures exceptionally align. In many sub-markets, the restart remains uncertain and the recovery fragile.

### **Focus on refinancing: Cautious risk outlook, more equity and prolongations, targeted sales for portfolio optimization**

The upcoming refinancing wave is present and expected on the market. The combination of higher interest rates, decreasing mortgage lending values and structural problems (e.g. online trading) could make follow-up financing more difficult, especially as banks are becoming more restrictive in their lending practices. When it comes to the refinancing risk of their portfolios, a clear picture emerges among the real estate professionals surveyed: 38% see no to low risk, while 66% expect a medium to high risk. Accordingly, they are focusing on stabilisation measures: 46% plan equity inflows, 45% aim for extensions of maturities, and 30% intend to selectively sell assets. A pragmatic course is thus emerging: strengthening balance sheet buffers, managing term dates and selectively streamlining portfolios. This should support prices in sought-after locations, while selective selling pressure and yield spread persist in weaker segments. Overall, caution rather than alarmism dominates – with a focus on cash flow quality, reliable data and constructive discussions with financing banks.

### **"Construction turbo" – relief only expected in medium term**

The "construction turbo", i.e. a temporary special regulation in the German Building Code, is intended to relieve the strained housing market, primarily by increasing speed and efficiency. But which key points of the policy are decisive in the eyes of real estate experts? First and foremost are accelerated approval and planning procedures (87% of survey participants see potential here), which bring projects to construction sites more quickly and increase planning security. Furthermore, the respondents rely on digitalization in authorities and approval procedures (45%) to make processes smoother and more transparent. Standardization and serial construction (40%) are also expected to shorten construction times, reduce costs and facilitate approval.

The assessment of the short-term impact of the "construction turbo" is clearly sceptical, however: 61% of respondents do not expect any noticeable relief as early as 2026. This is based on the assumption that time will pass between decision and impact – for implementation in authorities, the digitalization of procedures and the adjustment of capacities. External factors such as construction costs, a shortage of skilled workers and financing conditions are also slowing things down. In short: the course is right, but the effects will only be visible in the medium term.

### **Germany's real estate market in EU comparison: solid, but selectively attractive**

Looking abroad, the attractiveness of the German real estate market is generally judged to be solid in a European comparison, yet uneven — perceptions are mixed, and the picture remains clearly divided: 44% see it as unchanged, 23% consider Germany to be more attractive, while 34% find it less attractive or not attractive at all. Germany remains a reliable market with a high level of

transparency and predictability, but regulatory pressure, costs and slow procedures are dampening enthusiasm. In addition to the expected positive effects of interest rate stability and increasingly reliable valuation data, the "construction turbo" may be able to provide impetus. Capital is currently continuing to flow, but more selectively – with a focus on quality, strong locations and clear approval prospects.

**About the Berlin Hyp Trendbarometer:**

Berlin Hyp has been publishing the "Trendbarometer" expert survey for over ten years. In the survey, real estate experts from Germany and abroad provide an assessment of the German real estate market in the current real estate year and an outlook for future developments. More than 130 real estate experts took part in the current rendition in December 2025. The detailed results can be found in the attached evaluation. They can also be found on the Berlin Hyp website.

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**About Berlin Hyp:**

Berlin Hyp is the centre of expertise for commercial real estate financing within the LBBW Group. With a direct presence in Germany and the core markets in Europe and North America, comprehensive expertise, and modern processes, we support investors and real estate companies in realizing their goals. We combine the agility of a specialist financier with the stability and broad range of services of a leading mid-tier universal bank. We provide German savings banks with a broad range of commercial real estate financing products. With our comprehensive range of services and driven by our commitment to being the most modern and sustainable real estate financier, we create new opportunities.