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## The Berlin Hyp Trendbarometer survey: German real estate market scores highly in an international comparison

**Europe is facing major economic and political challenges. The latest Trendbarometer survey by commercial real estate financier Berlin Hyp takes a look at the bigger picture.**

- **Europe also needs less bureaucracy and more investment**
- **German commercial real estate market remains attractive**
- **Germany, Nordics and Benelux are the most popular real estate markets**
- **Cautious optimism regarding transaction volume**

Tariffs, protectionism, trade conflicts: these are turbulent times in which Europe's ability to compete with the giants is becoming ever more crucial. In addition, in the aftermath of the election, Germany urgently needs to shift into high gear and tackle the necessary reforms.

This complex situation is also having a massive impact on the real estate sector and investment behaviour in Germany and Europe. Therefore, Berlin Hyp surveyed just under 140 real estate professionals in its latest Trendbarometer survey in order to gauge their views on the outlook in Europe at the moment and their perception of the German market.

“The last few weeks have shown that the global economy is in a phase of massive upheaval that, of course, Europe cannot escape”, says **Sascha Klaus, Chair of the Board of Management of Berlin Hyp**. “It is important to display European unity now and to focus on the strengths of our common internal market. The results of the latest Trendbarometer show that in order to strengthen European competitiveness, it is essential to address the existing structural challenges, which are very similar to those in Germany.”

It comes as no surprise to Klaus that the German commercial real estate market is still viewed in a positive light: “The German real estate market scores highly in an international comparison, thanks to a political system that remains stable. The strength and value of our functioning state under the rule of law should not be underestimated. Additional security is also provided by the less pronounced volatility of prices and the continued high demand for housing in this country.”

## Key results of the Trendbarometer survey:

The opening question **“What needs to happen for Europe to become economically competitive again?”** immediately shows that national and European issues can no longer be clearly separated. Respondent percentages of 86 per cent and 58 per cent, respectively, were clearly in favour of “Reduced regulation and bureaucracy” and “Improvements in infrastructure” – both of which are factors that are also perceived as obstacles for the German economy. “Greater independence in the energy sector” is desired by 43 per cent, while 40 per cent would like to see “Higher investment in research and development”. “Stronger expansion of common markets” is seen as necessary by 19 per cent, but a “Common industrial policy” by only 10 per cent.

The follow-up question **“How do you currently assess the attractiveness of the German commercial real estate market as compared to the rest of Europe?”** reveals a slight shift in the respondents’ view of the German market, particularly compared to last autumn’s Trendbarometer survey. While 25 per cent rated the attractiveness of the German market as “The same” at that time, there is now a significant increase of 19 percentage points for that response, to 44 per cent. The assessment of “Less attractive” has also declined, from 35 per cent to 30 per cent. 22 per cent in the current survey rate the German market as “A little more attractive”.

The question **“Which European real estate markets do you consider particularly attractive at the moment?”** ties in with this directly and expands the focus to our European neighbours. Here, Germany is rated as the leader at 48 per cent, closely followed by the Nordics at 40 per cent. The Benelux countries still manage to come in at 29 per cent, with Spain in fourth place at 25 per cent. Italy is last here at 9 per cent.

This very positive assessment of the German commercial real estate market is also reflected in the responses to the question **“How will transaction volume develop on the commercial real estate market (all asset classes including residential portfolios) in Germany in 2025 compared to 2024?”**. At 36 per cent, the top answer was “Plus 1 per cent-9 per cent”. Meanwhile, 30 per cent selected “+/- 0 per cent” and 21 per cent “Minus 1 per cent-9 per cent”.

Before an actual transaction takes place, there are numerous aspects to take into account. The question **“What do you think investors are paying most attention to at present?”** was meant to identify the criteria that are crucial at the moment. At 47 per cent, the top answer was “Energy efficiency of a property”, followed by “Net initial yield or purchase price” (40 per cent). The percentages for the other possible responses were similar – for example “Potential for rent increases” (28 per cent), “Possible alternative use of a property” (25 per cent), “Micro-location of a property” (24 per cent), “Long-term leases” (24 per cent) and “High degree of tenant creditworthiness” (22 per cent). “Access to funding and other forms of support” was last here at 8 per cent.

**You can view the detailed results of the Trendbarometer survey in the attached presentation, which can also be found on the Berlin Hyp website.**

**About the Berlin Hyp Trendbarometer survey:**

Berlin Hyp has been publishing the “Trendbarometer” expert survey for more than ten years now. Within the framework of this survey, real estate experts from Germany and abroad offer an assessment of the German real estate market in the current real estate year, as well as their opinions on the outlook regarding the further development of the industry.

Just under 140 real estate experts participated in the most recent survey (survey period: 10-16 March 2025).

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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 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.