



Catella: Increasing multiples and rising rents in urban centres make German residential markets attractive in 2017

The latest annual residential map from Catella, covering analysis of 80 German residential markets, continues to show a largely positive picture. Demand will exceed supply going forward, and price effects are a result of shortages, land price increases and rising rent expectations.

The sharpest increase in rents during the past twelve months was in the “very good residential areas in the seven A locations” category, at 12%. This was followed by the “very good residential areas throughout Germany” category, at 7%. Average prices in the very good residential areas of the top 7 locations exceeded the EUR 15/m² mark for the first time, and at a nationwide level average prices in very good residential areas of the 80 towns and cities analysed are now higher than EUR 10/m².

“This change is clear evidence that demand combined with rising rents is a development which is concentrated primarily to the very good residential areas in Germany. Rents have also gone up in mid-range residential areas, but the increase has been nowhere near as sharp,” explains Dr. Thomas Beyerle, Head of Group Research at Catella.

With an average of EUR 21/m², Munich currently leads the field for rents in very good residential areas, while the lowest recorded figure in this category is in Remscheid at EUR 7/m². Recklinghausen is bottom of the table in the “mid-range residential areas” category, at EUR 6/m², while Munich recorded the highest value in this category as well, at EUR 17/m².

With an average top yield of 5.1%, compared with 5.5% in 2016, this figure is approaching the 5% mark for the first time since 1990, which is evident in the very strong investor interest in A locations and very good residential areas. Leading the way in the A locations is Munich, with a top yield of 3.2%. The highest recorded figure is in Herne (8.0%), followed by Cottbus (7.9%) and Hamm (6.9%).

The complete Catella map “Investment location Germany 2017 – Residential – rents and yields” is now available at catella.com/research.

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