

bulwiengesa Property Market Index

1975 – 2025



Commercial & Residential – Rents & Prices – 125 German Cities – since 1975

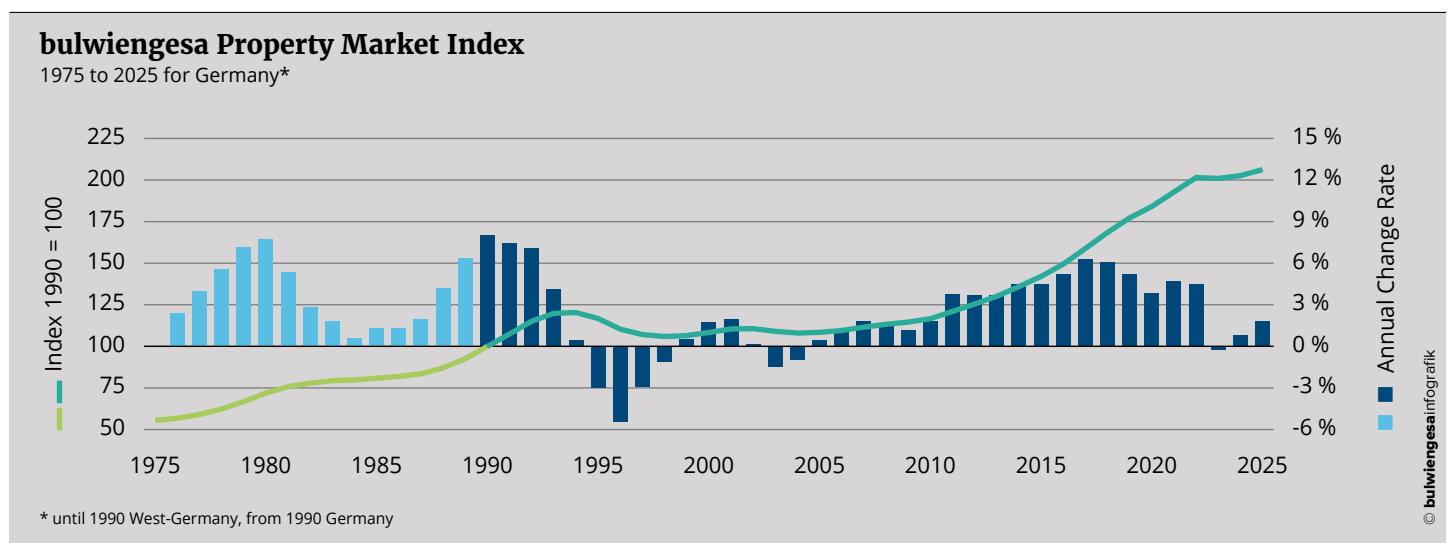
Owner-Occupied Apartments • Terraced Houses • Residential Rents • Building Land • Retail Rents • Office Rents

» **bulwiengesa property market index 50th anniversary:**
+1.8 % despite a challenging market environment

After difficult previous years, the bulwiengesa property market index is recovering with a nominal increase of +1.8 %. However, the real estate industry remains in a phase of cautious restraint. Persistently low completion figures, continuing high construction costs, and hesitant investment decisions by commercial and private players characterize a fragile market environment with high demands on the industry, which is hoping for further economic impetus. Forward deals and pre-letting are showing initial signs of recovery in 2025, but cannot yet provide project developers with the necessary planning security.

The most important findings for 2025:

- The nominal rate of change in the property market index shows a stronger positive trend than in the previous year.
- The residential market is experiencing across-the-board price increases, especially in rents.
- Retail rents continue to adjust, while office rents are rising and prices for commercial space are showing a positive trend.
- The property index remains slightly below the inflation rate.



» Residential market clearly back in positive territory

The strong growth phase of the residential sub-index over the last decade came to an end in 2023. Since then, the sub-index has been battling inflation, which it will once again exceed in 2025 with +2.3 %. Looking at rents for new and existing properties, there has been an increase of +3.7 % and +2.6 % respectively. Prices for terraced houses (+2.7 %) and new-build apartments (+2.0 %) are keeping pace. Only building land prices are stagnating at +1.1 %, similar to the previous year. The 5-year average in the residential sector is falling to +2.3 % p.a.

Overall, the market for residential property – especially building plots and houses for owner-occupiers and apartments for investors – is showing signs of a slight recovery. With mortgage interest rates falling at times, higher prices can be achieved again. Due to the continuing strong demand for rental apartments, the transaction volume of institutional block sales, primarily of subsidised units, is increasing, especially in the second half of the year. In principle, the low point in construction starts seems to have been reached. As a result, higher construction completion figures are expected again from 2027 onwards, albeit at a low level. Construction and transaction activities will continue to diverge between active and stagnating regions.

» Commercial market awaits breakthrough

While stationary retail is expected to see sales growth of +1.5 % in 2025, online retail is set to grow by +4.0 %. The overall economic situation is making many consumers sceptical, meaning that retail demand is hardly rising. Nevertheless, customer footfall in city centres is returning to pre-coronavirus levels and new lettings in prime shopping locations are picking up noticeably. However, this is not having any impact on **prime retail rents**, which continue to fall in prime locations (-1.5 %). In secondary and district locations, the declines

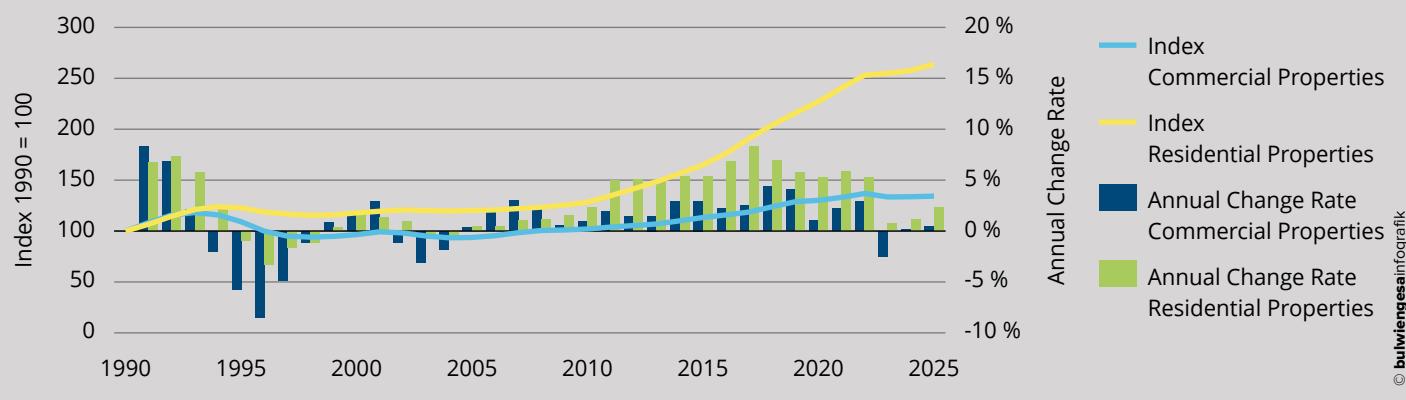
are more moderate at -0.8 %, as food retail with specialist stores, supermarkets and discounters remains in demand among customers and is the focus of investor interest. In the case of large inner-city shopping centres, on the other hand, quality and vacancy management are decisive factors in investment viability. Pressure on brick-and-mortar retail will continue in 2026. Although the HDE consumer barometer shows a slight improvement in sentiment in January 2026, the propensity to buy remains subdued despite improved income expectations.

In 2025, **office rents** in central locations will rise by +1.9 %, driven by all city categories. The main driver is the high demand for modern, energy-efficient office space in central locations, coupled with a decline in new space coming onto the market in the office segment. The market is becoming increasingly differentiated: while prime rents are rising, average rents and rents in peripheral locations are coming under pressure. The continuing rise in vacancy rates is concentrated in older existing buildings with quality deficiencies. Space take-up is declining slightly, with a clear trend towards leasing in higher-quality properties ('flight to quality'). While the volume of new construction is falling steadily, conversions to commercial apartments and hotels are on the rise.

After a moderate increase in the previous year (+0.4 %), prices for **industrial land** continued to stabilise, recording a slight increase of +1.1 % in 2025. Despite ongoing economic uncertainties, demand for commercial land remains robust, particularly in the logistics sector. The economy is once again undergoing a process of transformation, especially in the manufacturing sector. Its weaknesses can only be partially offset by rising defence spending. Measures must be taken to secure the future of energy and transport infrastructure, and solutions must be found for rising financing costs and specific ESG requirements for properties.

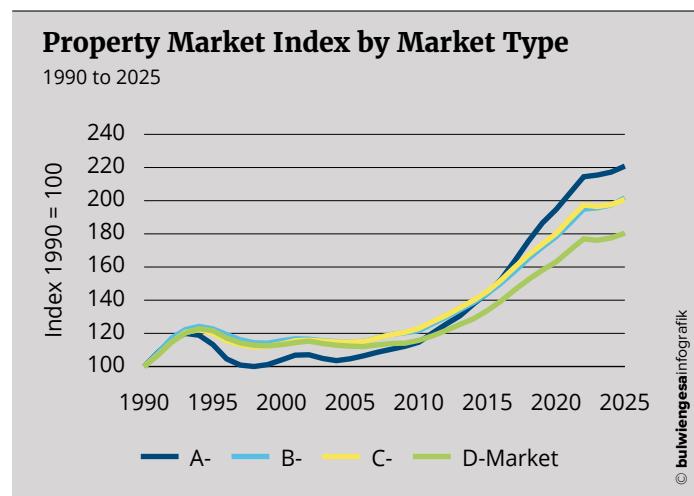
bulwiengesa-Index for Commercial and Residential Properties

1990 to 2025



» ABCD market types: Strongest growth in B-cities

The Property Market Index shows a slight upturn in 2025, reflected in uniform growth rates for all four market types. B-Markets (+2.1 %) record the highest increase, while A-Markets (+1.7 %) and C- and D-Markets show identical growth of +1.6 % each. A-Markets (220.8 points) remain in the lead, followed by B-Markets (201.6 points) and C-Markets (200.7 points), which are at a comparable level. D-Markets (180.4 points) record the lowest increase since 1990.



An analysis of the **residential market variables** reveals differences between the market types, with clear growth patterns emerging. B-Markets are by far the strongest performers. They record the highest growth rates for both new-build rents (+4.5 %) and rents for existing apartments (+3.5 %). Similarly, the increases in prices for new terraced houses (+4.2 %) and new-build owner-occupied apartments (+2.8 %) are the highest. Prices for land for single-family homes are at the upper end of the scale here. This indicates strong demand in medium-sized Markets that are benefiting from urbanisation but are still more affordable than A-Markets. A-Markets are also showing solid growth rates, with +3.6 % for new-build rents and +2.2 % for rents for existing apartments. They stand out with +1.3 % in terms of land price development. C-and D-Markets are developing at a somewhat more subdued pace. C-Markets are achieving +3.3 % for new-build rents, as are D-Markets. It is interesting to note that C-Markets are even ahead of A-Markets (+2.2 %) in terms of rents for existing apartments (+2.9 %). The housing market is therefore developing relatively homogeneously, highlighting the strength of the many regional centres in Germany.

The **commercial market variables** show different trends depending on the type of use. Retail rents are declining across the board, with B- and C-Markets being the hardest hit at -1.9 %. A- and D-Markets are also performing negatively at -1.4 %. Retail rents in secondary locations are developing more moderately. A-Markets are losing -1.3 %, followed by B-

and C-Markets (-0.3 %), while D-Markets are virtually stagnating (-0.1 %). There are continuing rays of hope for office rents: C-Markets (+2.7 %) and B-Markets (+2.6 %) stand out positively, D-Markets recorded growth of +1.7 %, while A-Markets brought up the rear with +1.4 %. Commercial land is developing positively for the most part. A- and D-Markets grew by +1.4 %, C-Markets by +0.7 %. Only B-Markets remained slightly in the red at -0.2 %.

Ranking of Average Change Rates

since 1975 – all Segments

Rank	City	Ø p. a.	Rank	City	Ø p. a.
1	München	4,0 %	40	Göttingen (Stadt)	2,3 %
2	Rosenheim	3,4 %	41	Bremen	2,2 %
3	Regensburg	3,3 %	42	Bielefeld	2,2 %
4	Mainz	3,2 %	43	Bochum	2,1 %
5	Wiesbaden	3,2 %	44	Duisburg	2,1 %
6	Frankfurt (Main)	3,1 %	45	Wuppertal	2,1 %
7	Augsburg	3,1 %	46	Krefeld	2,0 %
8	Stuttgart	3,0 %	47	Saarbrücken	1,9 %
9	Heidelberg	3,0 %	48	Siegen	1,9 %
10	Trier	3,0 %	49	Hildesheim	1,9 %

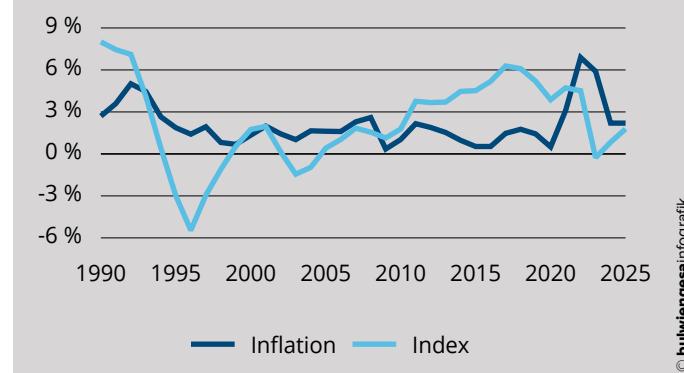
Note: only cities in West-Germany

» Inflation rate stabilises at just over 2%

During the 1990s and 2000s, the bulwiengesa property market index mostly lagged behind the inflation rate. In the 2010s, the property market then experienced significant real increases in value. Since 2022, the property market index has once again fallen below the inflation rate, which stabilised at 2.2 % in 2024/2025. The difference is currently -0.4 percentage points, with this figure broken down as follows: residential property stands at +0.1, commercial property at -1.8 percentage points.

Inflation and Index

Change Rates 1990 to 2025

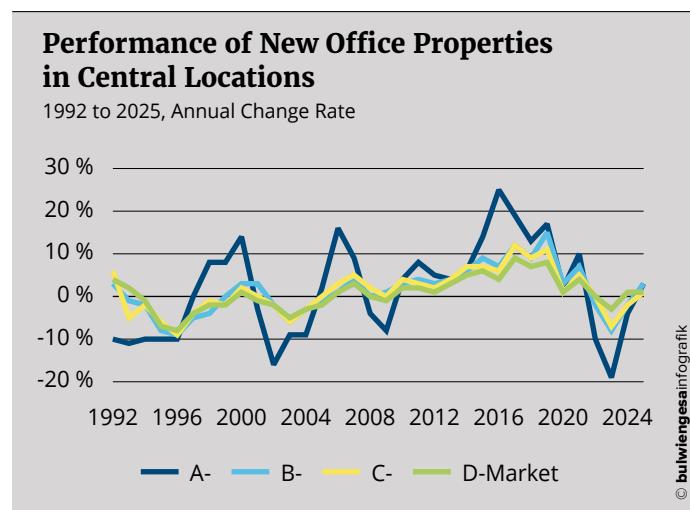


Excuse: Real estate value performance

Despite interest rate cuts by the ECB, the expected market recovery has failed to materialise, as structural uncertainties, weak economic conditions and pricing difficulties continue to weigh heavily on transaction activity. In addition, domestic political uncertainties and protectionist US trade policy are dampening investment appetite.

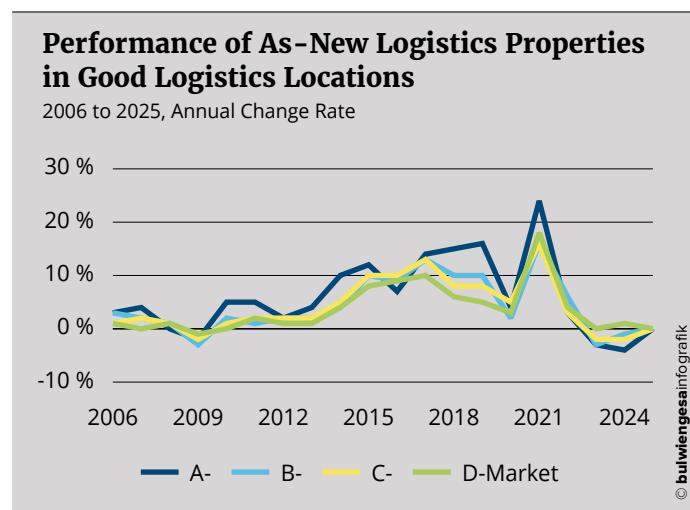
» Office properties return to slight growth after losses in previous years

The structural change in the German office market continues unabated. Value growth is returning to slight positive territory in all four market types. The decisive factor here is the rise in prime rents in this asset class.



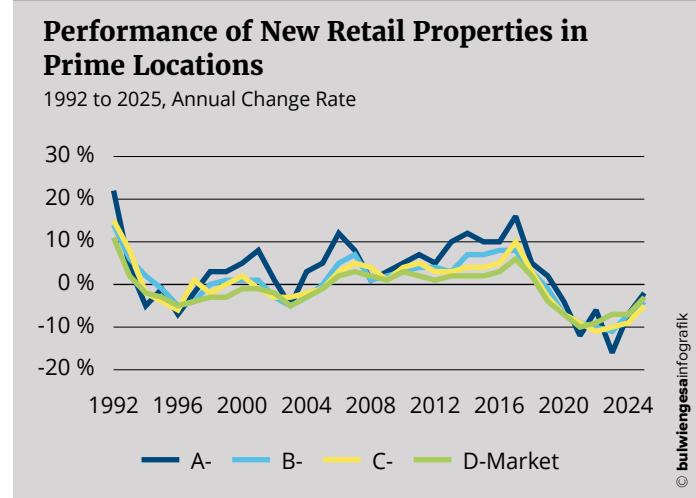
» Logistics properties rely on economic growth as the basis for increasing new construction volume

In 2025, logistics property values will stagnate in all four market categories. Rents and net initial yields will rise only marginally. The bottom line will remain zero growth, with hopes for an economic recovery.



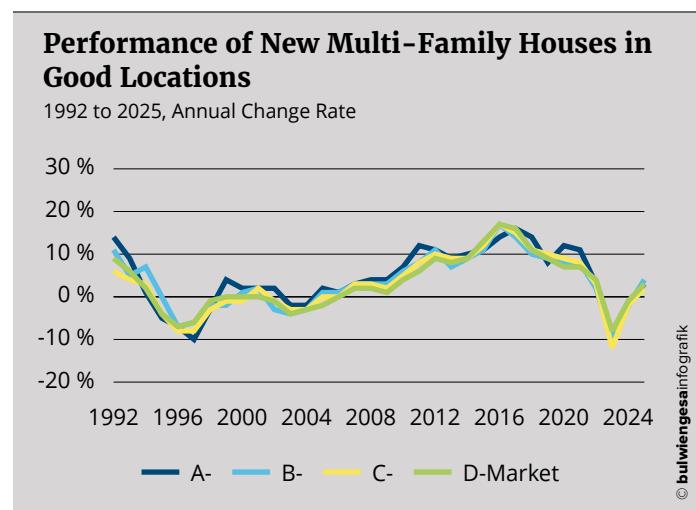
» Retail property: value losses continue, but are slowing down again

The decline in the value of retail property continues, albeit at a slower pace than in previous years. A turnaround in rental trends has not yet been achieved. Germans' high savings rate continues to weigh on consumption.



» Residential property returns to positive growth as rents rise across the board

While rents are rising, multipliers are currently stagnating when comparing the four market categories. This segment is thus returning to positive performance, which can be seen in all four market categories.



Rents and Prices for Residential and Commercial Property in Germany

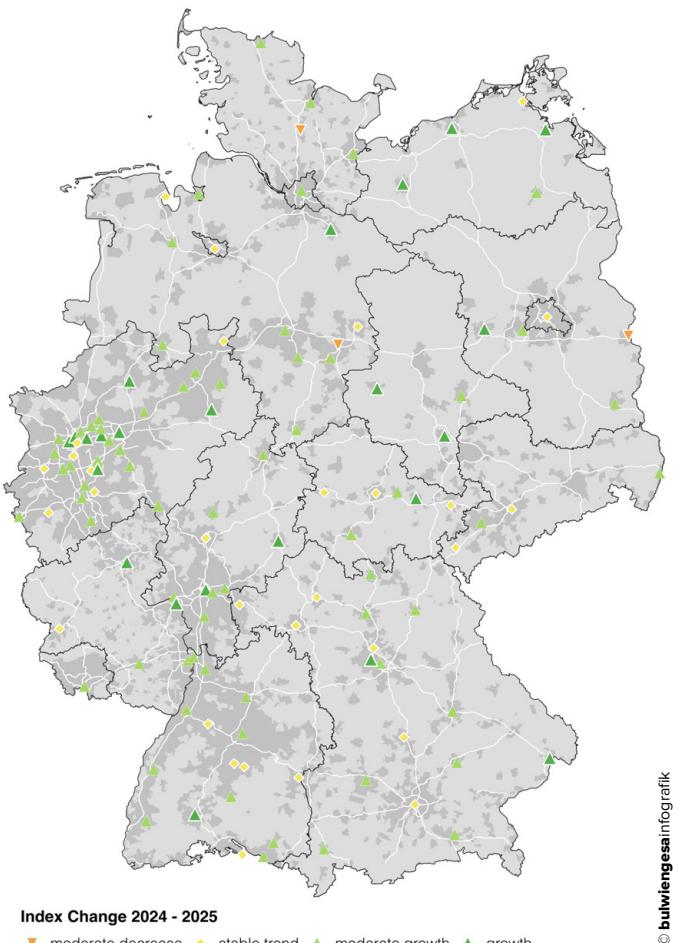
WEST-GERMANY incl. Berlin (West)				GERMANY					
(Euros/sqm)	Value	Change (nominal)		Value	Change (nominal)		bulwiengesa infographic		
	1975	1990	1975-1990	1990	2025	1990-2025			
O-o* Apartments	1.313	2.053	56,3 %	3,0 %	2.026	5.620	177,4 %	3,0 %	2,0 %
Terraced houses (Euros)	128.310	212.295	65,5 %	3,4 %	206.087	567.847	175,5 %	2,9 %	2,7 %
Rents (new)	4,12	6,81	65,3 %	3,4 %	6,79	15,23	124,3 %	2,3 %	3,7 %
Rents (existing)	2,54	5,17	103,5 %	4,9 %	4,49	11,67	159,9 %	2,8 %	2,6 %
Sites for family homes	106	235	121,5 %	5,4 %	152	429	182,0 %	3,0 %	1,1 %
Prime pitch retail rents	33,80	68,74	103,4 %	4,8 %	55,67	66,37	19,2 %	0,5 %	-1,5 %
Suburban retail rents	10,74	18,39	71,2 %	3,7 %	16,47	14,37	-12,8 %	-0,4 %	-0,8 %
City office rents	6,21	10,99	77,0 %	3,9 %	12,33	16,99	37,8 %	0,9 %	1,9 %
Commercial land	69	123	79,3 %	4,0 %	106	204	92,8 %	1,9 %	1,1 %
bulwiengesa Property Market Index		80,3 %	4,0 %		106,2 %	2,1 %	1,8 %		
Residential		79,1 %	4,0 %		163,8 %	2,8 %	2,3 %		
* Owner-occupied Apartments		Commercial	81,9 %	4,1 %		34,3 %	0,8 %	0,4 %	

» Expectations for the future

Under the current conditions, the stabilisation of the property markets will continue in 2026. Inflation will level off at around 2 %, GDP growth driven by government infrastructure and defence investment will be around 1 %, and the ECB's key interest rate is expected to remain at 2 %. The yield curve is likely to steepen, limiting affordability. The economic recovery remains moderate and is exposed to geopolitical risks, particularly US trade policy. The economic stimulus programmes and special infrastructure fund that have been approved will only take effect over the course of the year. From a real estate perspective, with around 185,000 completions, too few apartments are being built again. As a result, rents in metropolitan areas in particular are likely to continue to rise. Vacancy rates for office properties are rising, while demand is concentrated on high-quality core products. The retail sector remains divided: on the one hand, there is a stable, food-anchored local supply sector, and on the other, structural change in city centre locations. The logistics sector is benefiting from new drivers such as the defence industry and data centres, while traditional industrial demand remains subdued due to the economic situation.

» More Details

Detailed information, data series and evaluations are available separately. If you are interested, please get in touch with us.



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