
2023 IBB Housing Market Report

Summary

Foreword



Christian Gaebler
Senator for Urban
Development, Building
and Housing

In 2022 and 2023, Berlin experienced extraordinary events the likes of which have not been seen since reunification. The war in Ukraine and the resulting movement of refugees presented Berlin with major challenges, which, in addition to the existing pent-up demand on the housing market, led to further tightening of the situation. Berlin's population grew by around 10% over the last ten years, whereas the housing stock increased by just 7%. Berlin will need 272,000 new apartments by 2040. In addition to the developments on the demand side, the economic consequences, including increases in construction, energy and financing costs as well as inflation, presented many citizens and companies with major, sometimes even existential challenges. It is therefore our most urgent goal to provide affordable homes where people in Berlin can live well and safely in climate-adapted neighbourhoods.

In order to meet the pent-up demand, it remains crucial to ensure dynamic construction activity and to achieve the target of at least 20,000 new apartments each year. In an effort to strengthen new construction, we must continue to tear down bureaucratic hurdles and to accelerate procedures. The Fast-Track Construction Act is currently the Senate's most important project to accelerate housing construction. It aims to bundle measures to speed up and simplify planning and approval procedures in order to remove obstacles to the urgently needed construction of new housing. The Fast-Track Construction Act is to be submitted to the Berlin Parliament by mid 2024.

More than ever before, funded housing is an important pillar when it comes to providing affordable housing. More and more households – including middle-income families – are dependent on this. We are strengthening Berlin's housing market by ensuring a noticeable increase in supply in this segment. In 2023, the Federal State of Berlin approved funding for 3,492 apartments. For the years 2024 and 2025, funding for new construction was increased to EUR 1.5 bn annually in the Federal State's budget. As a result, 5,000 funded apartments are to be approved each year.

Even if this issue is sometimes pushed into the background in view of current crises, the fight against climate change is the central task of our time. The building stock is an important factor when it comes to achieving climate targets. The energy-efficient refurbishment projects in around 850 apartments approved in 2023 as part of the newly launched IBB Social Housing Refurbishment Programme, which links funding for energy-efficient refurbishments to rent and occupancy commitments, are therefore a good signal. Our goal must be to achieve both social and ecological justice.

Extraordinary times lead to new stakeholders and market dynamics, as this year's focus topic of the IBB Housing Market Report shows. Temporary furnished accommodation is becoming an increasingly popular segment in Berlin. As a result, rents are being driven ever higher. This thwarts our efforts to offer a safe and affordable home for everyone living in Berlin. This issue must be the focus of the upcoming amendment of the rent freeze at federal level. Berlin will support this endeavour.

A joint commitment to housing policy continues to be important when it comes to creating the framework conditions for adequate action in the public interest – both for those living in Berlin and other stakeholders in the housing market. The IBB Housing Market Report is an important source of information in this regard.

A handwritten signature in blue ink, appearing to read 'Christian Gaebler'. The signature is fluid and cursive, written on a white background.

Foreword



Dr. Hinrich Holm

Chairman of the Board of
Investitionsbank Berlin (IBB)

2022 was once again not an easy year for Berlin's housing market. In 2022, triggered by Russia's war of aggression against Ukraine, Berlin experienced the largest inflow of refugees in decades. As a result, demand for living space in Berlin's already very tight and strained housing market increased rapidly. At the same time, rising energy and living costs increased the financial pressure on households. On a positive note, the number of completed apartments rose again for the first time in 2022 despite high construction costs and a difficult interest rate environment. Even though construction intensity has reached the very high level last seen in the mid 1990s, further efforts in the area of new construction and housing promotion will be necessary in the coming years to ease the situation on the housing market. This is particularly evident when building permits are concerned which in 2022 were below the previous year's approval figures. And for the first time since 2005, we saw fewer permits than building completions.

In 2022, more than 77,000 people – the highest number ever – came to Berlin. Strikingly, Berlin's growth was based exclusively on migration gains, while natural population growth was negative for the first time since 2006.

The steep increase in asking rents made the supply of housing even more difficult in a situation that was already fundamentally tight. EUR 13.99 per sqm. (median): This is how much Berlin's households had to pay on average for a new apartment to rent in 2023, around 21% more than in 2022. This was not the case in the commonhold apartment segment in 2023 where the average asking price remained flat against the previous year's level. The owner-occupier segment even saw a decline. The supply situation even increased in both segments.

Low-income population groups are particularly affected by the tight market situation. Apartments with rent and occupancy restrictions are one way for these households to find affordable housing. However, due to the expiry of old funding schemes, this stock fell by 23,266 apartments in 2022. Since 2014, the IBB New Housing Fund has therefore been promoting the construction of new apartments at socially acceptable rents. In total, 21,064 funded housing units have already been approved, including more than 12,000 that were ready for occupancy by 31 December 2023. The new housing funding regulations added further funding models and improved conditions even further. This enabled us to commit around EUR 717m in funding in 2023 – the highest figure to date.

In addition to existing and new permanent rental apartments, more and more furnished and temporary apartments were offered on online portals. This segment differs fundamentally from the conventional rental property market, for example through furnishing surcharges or all-in rents which already include other services such as Internet and electricity costs. In this segment, the legal requirements also differ from those that apply to regular rental apartments. This year's IBB Housing Market Report therefore also focuses on temporary furnished accommodation.

As in previous years, the housing market is facing multiple crises. In addition to existing tension on the housing market, climate protection and the urgently needed energy transition will be a particular focus in future. In order to fulfil these tasks, further efforts will be needed on the housing market. The analyses in the IBB Housing Market Report continue to support well-founded housing policy and economic decisions.

We wish you an insightful and exciting read!

A handwritten signature in blue ink, appearing to read 'Hinrich Holm', written in a cursive style.

Selected data at a glance

Key figures	Berlin 2022	Change compared to 2021	trend arrow 2024
Economic factors			
Gross domestic product (GDP) (2015 = 100), price-adjusted	123.60	5.8 percentage points	→
Unemployment rate (related to all members of the civilian working population – in %)	8.80	-1.0 percentage points	→
Consumer price index (2020 = 100)	110.10	7.3 percentage points	↗
Construction costs per square metre of living space (new build) (EUR)	1,877	6.2 %	↗
Price index for new residential buildings (2015 = 100)	155.80	22.1 percentage points	↗
Housing demand			
Population (at the main place of residence)	3,755,251	2.1 %	↗
Number of households	1,983,000	-1.3 %	↗
People per household (average household size)	1.90	5.6 %	→
Share of one-person households (%)	49.80	-2.8 percentage points	→
Percentage of needy households within the meaning of German Social Security Code II (SGB II, Sozialgesetzbuch (SGB) Zweites Buch II) per 100 inhabitants	12.16	-0.4 percentage points	↘
Average monthly net household income in EUR (median)	2,550	10.9 %	↗
Housing supply			
Housing stock	2,014,562	0.8 %	↗
of which leasehold flats	1,693,600	0.8 %	↗
of which council housing (pursuant to housing law)	93,499	-2.8 %	↘
Number of apartments completed (total)	17,310	9.1 %	↘
of which completed flats (new build**)	15,404	6.7 %	↘
Building permits (total)	16,968	-9.3 %	↘
of which building permits (new build**)	15,186	-10.7 %	↘
Rents and housing market			
Occupancy density (residents per housing unit)	1.91	1.1 %	→
Living space per residential unit (in sqm)	73.20	0.0 %	→
Living space per resident (in sqm)	38.30	-1.0 %	↗
Rent index, net rent without heating costs (2020 = 100)	102.10	2.1 %	↗
Ancillary rent costs index (2020 = 100)	101.00	0.0 %	↗
Asking rents (in EUR net without heating per sqm. of living space)*	13.99	21.2 %	↗
Asking purchase prices (commonhold apartments) (EUR per square metre of living space)*	5,746	-1.2 %	↘

Sources: Statistical Office for Berlin-Brandenburg; Senate Department for Urban Development, Construction and Housing; VALUE Marktdatenbank

* Evaluation period: 2023, change compared to 2022; data basis: VALUE Marktdatenbank

** including non-residential buildings

Supplementary and detailed data can be found in the supplementary list of tables of the Housing Market Report at www.ibb.de/wohnungsmarktbericht

Housing policy in the city in 2023

Housing policy in 2023 was shaped by a number of events. The most important of these are listed below in chronological order:

January 2023	The Housing Allowance Plus Act (Wohngeld-Plus-Gesetz) into force, including a significant improvement in benefits, an expansion of the group of beneficiaries and the addition of the heating costs and climate component.
February 2023	The IBB Social Housing Refurbishment (IBB Soziale Wohnraummodernisierung) funding programme comes into force. It is designed to support the socially responsible implementation of climate protection targets in existing buildings and create economic incentives for building owners to refurbish existing buildings. Berlin repeats the election to Berlin's Parliament from September 2021. The CDU becomes the strongest party.
March 2023	The ordinance to reduce the cap on general rent increases is passed: In Berlin, rent increases are limited to a maximum of 15% in three years for a further five years in accordance with section 558 (3) of the German Civil Code (BGB, Bürgerliches Gesetzbuch).
May 2023	The Administrative Court of Berlin issues a positive ruling on the effectiveness of agreements preventing the sale of properties with rental apartments in social conservation areas.
June 2023	Termination protection clause extended: In Berlin, a ten-year lock-up period will continue to apply from 1 October 2023 if owners intend to divide their property into commonhold units. The 2023 simple representative list of rents for Berlin (einfacher Mietspiegel) is published. It is based on an index update and is considered a transitional rent index until the qualified representative list of rents can be published in 2024. The 'Socialisation of Large Housing Portfolios' commission (Kommission 'Vergesellschaftung großer Wohnungsbestände') presents its final report: Based on a six-month process, the commission considers socialisation to be feasible. The 2023 Housing Subsidy Regulations (WFB 2023, Wohnungsbauförderungsbestimmungen 2023) are published: The conditions for the IBB New Housing Fund (IBB Wohnungsneubaufonds) are significantly improved by introducing construction cost subsidies, among other things.
July 2023	The 'Alliance for New Housing Construction and Affordable Housing' (Bündnis für Wohnungsneubau und bezahlbares Wohnen) presents its first monitoring report.
September 2023	The Senate and the state-owned housing companies sign a new cooperation agreement, valid from January 2024. (Contents: very moderate rent increases, promises of affordability for social rental policy, more funding for new construction). The 6th Amendment Act to the Building Code for Berlin is passed with significant changes for timber construction methods and accessibility and other elements The Bundesrat approves the amendment to the Building Energy Act (GEG, Gebäudeenergiegesetz). In future, every newly installed heating system must be operated using 65% renewable energy. In a first step, municipalities must submit a municipal heating plan by 2028 and large cities by 2026. The law comes into force on 1 January 2024.
October 2023	The update of the 'Alliance for New Residential Construction and Tenant Advisory Services in Berlin' (Bündnis für Wohnungsneubau und Mieterberatung in Berlin) is signed with the districts. The decisions made include, among others, the rapid creation of planning and building law, the application of the Berlin model of cooperative building land development, the activation of new construction potential and cooperation in digitalisation.
November 2023	The Federal Constitutional Court rules that the reallocation of funds from the Special-Purpose Covid Fund to the Climate and Transformation Fund is unconstitutional.
December 2023	Approval of a total of 3,492 funded newly build apartments (WFB/IBB New Housing Fund (IBB Wohnungsneubaufonds)) distributed over the year 2023. Entry into force of the IBB Social Institutions Apartments (IBB Soziale Trägerwohnungen), WFB Social Demand Groups (WFB – Soziale Bedarfsgruppen) and IBB Young Living (IBB Junges Wohnen) funding programmes. Application stop for the KfW programmes 297 and 298 for climate-friendly new construction (Klimafreundlicher Neubau) as the funds provided under these programmes are exhausted.

General situation and important trends

Demographic and economic challenges are having a drastic impact

Berlin faced new challenges in 2022 and 2023, which were also reflected in the dynamics of the housing market. The Russian war of aggression in Ukraine and the resulting refugee movement resulted in a substantial increase in the German capital's population: In 2022, a net total of 77,779 people came to Berlin (+2.1%). At the same time, rising interest rates and difficult economic conditions hit many market players hard. This widened the gap between supply and demand for housing even further, bringing the situation on Berlin's housing market to a head. Asking rents in 2023 are clear evidence of this development: At a mean value of EUR 13.99 per sqm., the listed rent level for the city as a whole rose sharply both as a percentage and in absolute terms compared to the previous year (+21.2% and EUR +2.45 per sqm. compared to 2022). At the same time, Berlin once again recorded a decline in the number of listings which hit households looking for a home particularly hard.

Trend in demand

In 2022, Berlin's population grew and reached a new high of 3,755,251 in total. The gains were entirely due to positive net migration – primarily caused by refugee migration from Ukraine (46,432 people). Increased immigration from other regions was also recorded, resulting in an increase of around 78,000 people in 2022. On the other hand, the natural population growth trend reversed: For the first time since 2006, more deaths than births were recorded.

The number of inflows from the greater Berlin area and the old and new federal states in 2022 remained at roughly the same level as the previous year, with only the inflows from the old federal states decreasing by around 3,000 compared to 2021. The outflow trend seen in recent years continued: For a number of years now, the greater Berlin area and the new federal states (especially Brandenburg) have been the destination for many Berlin households. In 2022, 11,012 people were recorded to have moved to the municipalities in the greater Berlin area. A total of 6,984 Berliners moved to the new federal states – the second-highest figure since 2013.

An unusual picture emerged when it comes to age groups: For the first time in over ten years, only the group aged 65 and above showed a net migration loss. Migration gains were recorded in the other age groups in 2022, above all in the 18 to under 30 age group with a balance of 52,096 people. The gains in migration among under 45-year-olds were clearly characterised by migration from Ukraine. The internal migration rate increased by 0.3

percentage points to 7.4% in 2022, while people moving to the inner city also rose by 13,294. This trend reversal must certainly be seen in the context of refugee movements. While inner-city relocations were predominantly from the inner to the outer city, the inner-city districts recorded migration gains due to people moving into the city from outside.

The extent to which households can provide themselves with housing also depends on the employment status of the household members. In October 2023, the unemployment rate increased by 0.5 percentage points year-on-year to 9.3% (192,771 people). At district level, ten districts also recorded a higher unemployment rate than in the previous year. Neukölln once again saw by far the highest number of unemployed – at 14.1% – measured in terms of civilian labour force. This was followed by Mitte with 11.1%. Steglitz-Zehlendorf again had the lowest rate at 6.7%.

Trend in supply

With the increase in supply, new construction and expansion continues to be the most important instrument for relieving pressure on the housing market. The focus here is on pent-up construction demand, which describes the potential of apartments that can be added to the housing stock in the coming years. In 2022, pent-up construction demand corresponded to 62,361 apartments. Compared to 2021, this figure decreased slightly, but still remained at a high level. Around 53,000 apartments were in the new build sector. Many of these apartments (70.1%) were already under construction. Construction permits for most of them were issued between 2020 and 2022. Looking at the years 2013 to 2019, the realisation rate was 86.5%, which is not surprising given the average processing time of 28 months.

Building permits mark the beginning of the construction phase. In 2022, permits for 16,968 apartments were issued in Berlin – 1,748 fewer than in 2021 (-9.3%). Fewer and fewer building permits have been reported each year since 2017. In a ten-year comparison, only 2013 saw fewer permits issued. Classified by sub-segment, multi-storey residential construction continued to dominate with 13,967 approved apartments (around 82%). Trep-tow-Köpenick recorded the highest figure with 3,099 approved apartments in 2022, followed by Lichtenberg (2,157 apartments) and Pankow (1,817 apartments). The three eastern districts together accounted for around 47% of all new building permits. Steglitz-Zehlendorf and Neukölln recorded a strikingly low number of new building permits of 293 and 379 residential units, respectively. A look at the previous year shows that the decline in the number of new building permits was mainly driven by Lichtenberg and Spandau, which together recorded 3,200 fewer

building permits than in 2021. However, the focus of new construction in 2022 continued to be on the eastern part of the city. Housing companies were once again the main building owners, followed by public contracting parties.

In terms of completions, a total of 17,310 new apartments were built, 1,440 more than in the previous year (+9%). Although the Senate's new construction target of 20,000 apartments per year was not achieved, this did mark the first increase in completions since 2018. Most of the apartments were built in apartment buildings: Around 83% (14,393 apartments) of all completed apartments fell into this segment. Compared to 2021, the number of apartments in apartment complexes increased by 1,511. In addition, a total of 975 detached and semi-detached houses were built in the year under review. This corresponded to a decrease of 277 residential units, meaning that this segment accounted for around 6% of new construction activity. In the last ten years, construction of new owner-occupied homes has effectively halved (-49%). In terms of the geographical distribution of all segments, most residential units were completed in Treptow-Köpenick (3,904 apartments) and Marzahn-Hellersdorf (2,761 apartments). Neukölln recorded the fewest completions with 392 realisations in 2022.

Since 2014, the construction of new apartments with socially acceptable rents has been funded by the Federal State of Berlin as part of the IBB New Housing Fund (IBB Wohnungsneubaufonds). A total of 21,064 funded apartments were approved between 2014 and 2023, including 12,407 funded apartments that had already been completed by 31 December 2023. Since the start of the new construction funding programme, funding provided by the Federal State of Berlin has risen steadily from a maximum of EUR 1,200 per sqm. of living space in 2014 to up to EUR 5,300 per sqm. of living space in 2023. The year 2023 saw a peak with an approved funding volume of EUR 717 million for 3,492 funded apartments. A total funding volume of around EUR 2,288m was approved from 2014 up to and including 2023. Depending on the funding model, different initial rent levels are possible as part of new-build funding. These range between EUR 6.50 per sqm. to EUR 7.00 per sqm. of living space in the 1st funding model and in the newly introduced 3rd funding model of the 2023 Housing Subsidy Regulations (WFB 2023, Wohnungsbauförderungsbestimmungen 2023) with an extended income limit of up to 220% at a maximum of EUR 11.50 per sqm. of living space.

Division of apartment blocks into commonhold units

The structure of owners on the supply side changes particularly as a result of subdivision into commonhold units. In 2022, a total of 17,123 apartments resulted from the division into apartment units and 9,472 apartments were sold. Compared to the previous year, this corresponds to a decrease in the allocation rate (in relation to the

rented housing stock) from 1.71% (2021) to 1.01% (2022). The division into commonhold units was observed throughout the city, with a geographical focus on the city centre. A particular focus was on Charlottenburg-Wilmersdorf, Mitte and Friedrichshain-Kreuzberg – districts with structurally high shares of rented apartments. In 2022, the majority of the apartments sold (55.9% or 5,292 apartments) were vacant at the time of sale. 6,192 apartments – 71.9% of all sales – were sold by private sellers. On the acquisition side, almost every apartment was purchased by private buyers (93.4%). This suggests an increasingly small-scale privatisation of residential property in Berlin.

Market for detached and semi-detached homes

In terms of price development, owner-occupied homes experienced a trend reversal in 2023: After rising for several years, the asking purchase price fell again for the first time in 2023. On average, owner-occupied homes were listed for EUR 639,000, corresponding to 8.5% against the previous year. The price decline was evident in both the new-build and existing property segments, with existing properties especially experiencing a drastic price slump of around 9.5% (EUR 66,000 in absolute terms). By contrast, prices for new builds fell more moderately by around 3.8% (EUR 29,030 in absolute terms). The decline must be seen in particular in the context of high interest rates and the economic situation. Price momentum was driven by the top price category above EUR 700,000, which fell from 48% of all listed apartments in Berlin as a whole to 38% within just one year. Large shares of owner-occupied homes in this category were recorded particularly frequently in Charlottenburg-Wilmersdorf (76%) and Steglitz-Zehlendorf (71%). The lowest price category of less than EUR 500,000 was mostly seen in Marzahn-Hellersdorf with 35% and Treptow-Köpenick with 34% of listings. Throughout Berlin, the share of owner-occupied homes on offer with an asking purchase price of less than EUR 500,000 rose by 9 percentage points to 28%. The decline in asking prices was accompanied by a parallel increase in the number of listings: Since 2021, this has risen by around 1,000 listings per year, including in 2023. A total of 5,235 owner-occupied homes were offered (+23% compared to 2022).

Market for commonhold apartments

For many people, home ownership is an important element of personal fulfilment and retirement security. Compared to the previous year, the number of commonhold apartment listings registered in 2023 increased by 1,969 and most recently totalled 25,598 listings, which is a first in a multi-year comparison: For the first time, more owner-occupied apartments than rented apartments were listed on public platforms. Existing apartments (20,469 listings) accounted for the lion's share here, whereas only 2,068 new-build apartment listings were recorded. In contrast to owner-occupied homes, median

asking prices for commonhold apartments stagnated recently. In 2023, households had to pay EUR 5,746 per sqm., which is EUR 71 per sqm. less (-1.2%) than in the previous year. The minimal decline in prices was more pronounced in new builds than in existing properties: Newly built residential units were listed for an average of EUR 8,038 per sqm., 4.4% less than in the previous year. The median asking price for existing apartments remained almost at the previous year's level at EUR 5,380 per sqm. In structural terms, the most recent completion years and very small residential units of less than 40 sqm. and very large apartments of 90 sqm. and more once again stood out due to their high asking prices. The highest median purchase price was found to be EUR 8,650 per sqm. for apartments under 40 sqm. built in 2011 or later. In geographical terms, the highest values above EUR 6,000 per sqm. were seen in the inner-city districts of Friedrichshain-Kreuzberg, Mitte, Pankow and Charlottenburg-Wilmersdorf. Marzahn-Hellersdorf, Reinickendorf and Spandau recorded the lowest values.

Market for rented apartments

In 2023, Berlin experienced a sharp rise in median asking rents. Within one year, the median rose from EUR 11.54 per sqm. to EUR 13.99 per sqm. – an increase of 21.2%. Over the longer period from 2014 to 2023, this represents an increase totalling EUR 5.75 per sqm. (around 70%). This means that the level for newly let and re-let apartments was twice as high as the local comparative rent. Existing apartments accounted for the majority of units offered. In this segment, the asking rent rose from EUR 10.53 per sqm. to EUR 12.45 EUR per sqm. (EUR +1.92 per sqm. or 18.2%). These price trends become clear over a multi-year period of analysis: In 2023, asking rents for existing apartments were 55.6% higher than in 2014. The building stock is contrasted by new construction, where current developments in construction costs and interest rates as well as the special position in tenancy law are noticeably reflected: In 2023, an apartment that was newly built between 2022 and 2023 fetched an average asking rent of EUR 19.85 per sqm. – around 22% more than in 2022 (EUR +3.58 per sqm.). This represents a 61% increase in rents in this segment since 2014.

The increase in asking rents was accompanied by a parallel decline in the number of listings: Compared to the previous year, the number of listings fell by around 2,000 to around 24,000. The average publication time of a listing for a rented apartment was less than one week; as recently as 2014, rented apartments in Berlin were listed for more than four weeks. While the number of listings for regular rented apartment decreased, the number of temporary furnished apartment on offer increased noticeably. Around 30,000 listings were recorded in this segment in 2023, compared to around 16,000 in 2014. In addition, according to IBB Wohnungsmarktbarometer private contacts were used as one of the most important letting channels.

In the overall view of the price structure by age category and living space, there was few changes in 2023 compared to previous years. Once again, apartments built since 2011 were the most expensive, with rents of between EUR 18.57 per sqm. and EUR 23.21 per sqm. The highest value was recorded for the smallest flats with less than 40 sqm., which were well above the EUR 20 per sqm. mark for the first time. Very high asking rents of over EUR 14.00 per sqm. were also reported in the neighbouring building age category (2002 to 2010). The highest median asking rent was again seen in Mitte at EUR 18.26 per sqm., followed by Friedrichshain-Kreuzberg (EUR 18.33 per sqm.) and Charlottenburg-Wilmersdorf (EUR 17.20 per sqm.). On the other hand, Marzahn-Hellersdorf and Reinickendorf were at EUR 10.61 per sqm. each and Spandau at EUR 10.13 per sqm. The view of the various geographical structures painted an impressive picture: In 2023, Berlin's city centre became increasingly separated from the rest of the city. With a median of EUR 17.80 per sqm., the mean value was EUR 6.76 per sqm. higher than in the outer city districts. Away from Berlin's city borders, the greater Berlin area (excluding Potsdam) stood out with a high median of EUR 12.38 per sqm. Potsdam also recorded EUR 13.00 per sqm. The increase was seen in all geographical structures in 2023, but particularly in Potsdam's city centre.

Key topic: Temporary furnished accommodation

The decreasing number of listings for regular rented apartments was offset by an increasing number of listings for temporary furnished accommodation. According to our own analyses, this segment comprised at least around 15,000 to 20,000 apartments in the capital city in 2022 and dominated the supply situation with a total of 27,402 listings in 2022. These registered listings mainly concerned inner-city districts such as Mitte, Charlottenburg-Wilmersdorf and Friedrichshain-Kreuzberg. However, the peripheral districts also recorded a significant increase over the ten-year period. The majority of listings were placed by commercial players who offered the apartments on large, specialised service platforms and who listed permanently. A look at the price structure showed that temporary furnished apartments were significantly more expensive than regular rented apartments. The median asking rent for temporary furnished apartments in 2022 was EUR 24.44 per sqm. (all-in rent). This discrepancy can be partly explained by the different composition of the prices offered for furnished and temporary apartments. Rents are often all-in rents and can include a furnishing surcharge, operating costs with and without heating, electricity costs, Internet access and, if necessary, additional services such as final cleaning, etc. Nevertheless, it was found that the average net rent, without heating, of these apartments, which was recorded in some cases, was also above the regular rent level. As a consequence, temporary furnished apartments are only relevant for a certain group of tenants. The offer is aimed primarily at young, educated and working people with above-average net household

incomes or additional income. Despite the enormous significance of temporary furnished apartments in Berlin's rental housing market, there are numerous legal uncertainties and unclear data bases. No official figures are available for this segment, nor is there a clear basis under tenancy law. On the one hand, this leads to risks for tenants and landlords; on the other hand, it makes it more difficult to monitor the housing market and subsequently to take political action based on this. Further studies and clarification of legislation are urgently needed.

Where does Berlin's housing market stand today?

Last year, Berlin's residential property market experienced very dynamic population growth in the face of deteriorating economic conditions, above all the difficult interest rate environment. This had a noticeable impact on Berlin's housing market. The capital city remained an attractive destination, especially for young adults, as evidenced by the high migration gains in the city centre. According to the current population forecast, Berlin is set to grow by 5.0% by 2040. The creation of affordable and needs-orientated living space therefore remains a key issue.

Compared with other major German cities, Berlin's housing market was in a special position in 2022 and 2023 – as can be seen from the sharp rise in median asking rents. While Berlin's rent cap appeared to be a short-term easing phase, in the current year under review, i.e., 2023, the capital city recorded the highest increase in asking rents since the start of the survey. In no other comparable city was gap between asking rents and local comparative rents so wide. In this tense situation, the construction of new affordable housing plays is essential. However, rising interest rates proved to be particularly challenging. While an increase in supply can be achieved in the short term by realising the construction overhang, a stable approval process is of great importance in the long term. Although the total number of building completions recently rose again slightly, the number of building permits continued to fall. Continued efforts are needed here. In addition, the implementation of climate protection and energy-efficient refurbishment of the building stock will remain key tasks in the coming years.

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Senatsverwaltung für Stadtentwicklung, Bauen und
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Building and Housing)
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The summary of the 2023 IBB Housing Market Report is made available to the public for information purposes only. All underlying information has been carefully researched and compiled. We do not assume any guarantee for correctness or completeness.

The 2023 IBB Housing Market Report, the supplementary list of tables for 2023 as well as additional interactive presentations and a summary in German and English can be found at: www.ibb.de/wohnungsmarktbericht.

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