



GERMANY

REPORT RESIDENTIAL INVESTMENT MARKET

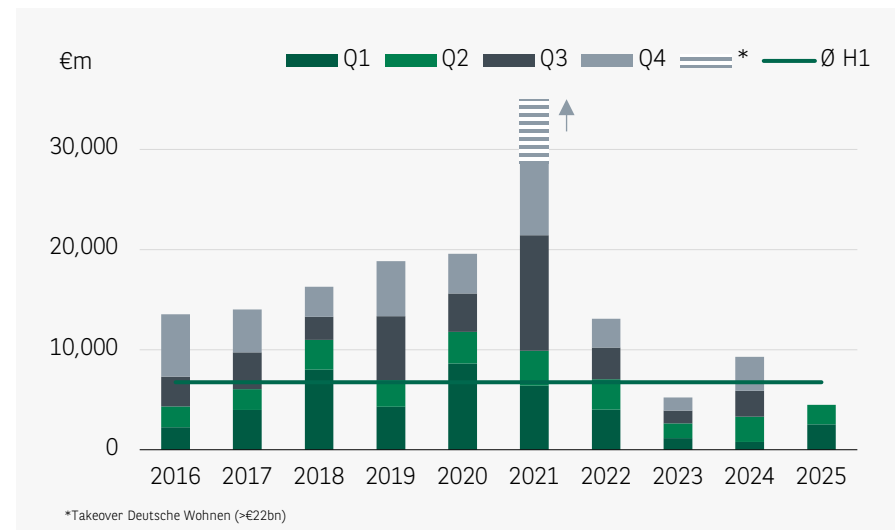
H1 2025



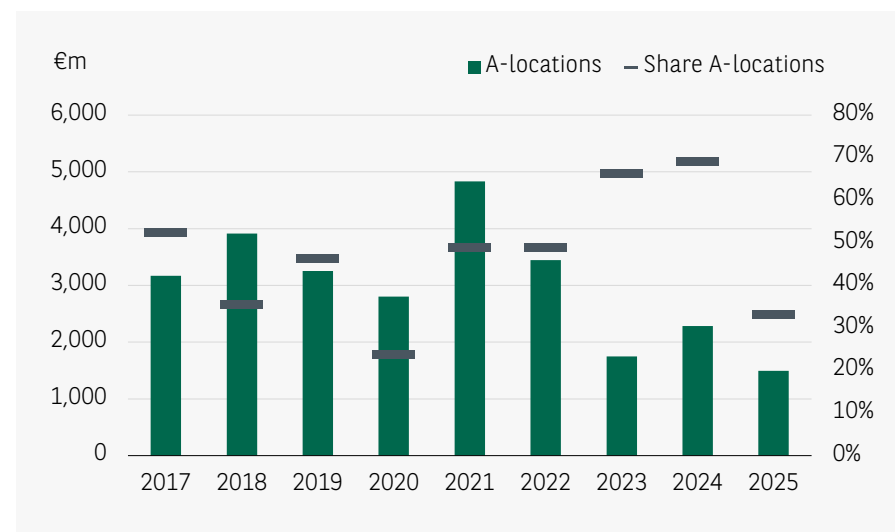
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Investment volume residential portfolios



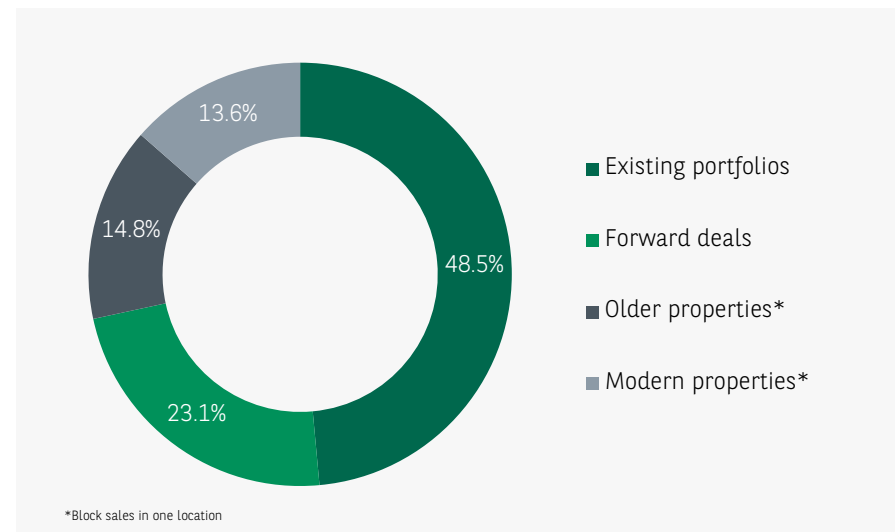
Residential investment volume in A-locations



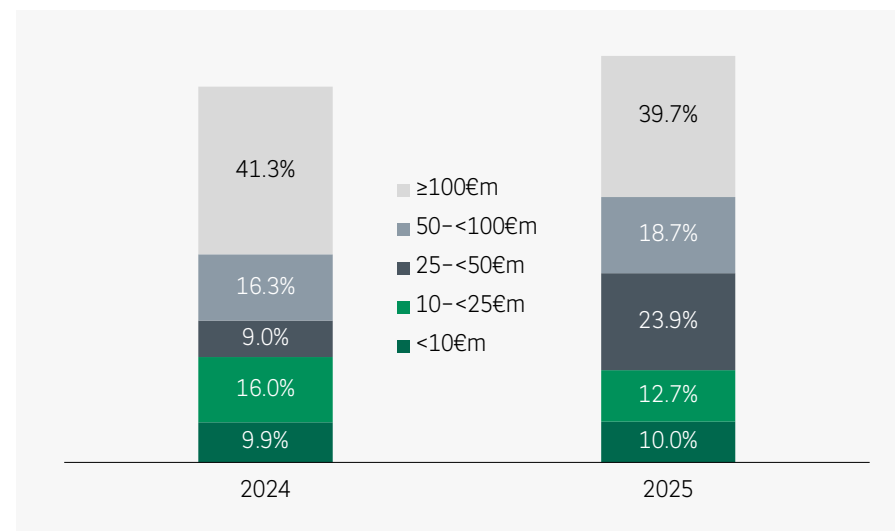
RESIDENTIAL INVESTMENT CONTINUES TO RECOVER

- After the first six months of 2025, the volume of residential investments amounted to €4.5 billion. Thus, residential remains the asset class with the highest transaction volume in the German real estate market. A positive indicator of sustained market recovery is the substantial growth of large-scale, nationwide portfolios, including those in the value-add segment. Another sign of significant improvement in market sentiment is the strong commitment of foreign investors, particularly those from the United States, who are once again realizing attractive investment opportunities.
- Overall, the number of transactions in the second quarter decreased slightly from the first quarter. However, the increase in large-volume transactions exceeding €100 million is a positive sign for the market. Despite ongoing economic and geopolitical uncertainties, the German residential investment market is growing in popularity among investors due to healthy demand fundamentals and improved capital availability. This is reflected by the well-filled pipeline of transactions that are likely to be concluded in the coming months and will drive the German residential investment market forward.
- The distribution of the volume by location shows that the stable investment environment of the A cities has recently contributed less to the total transaction volume than in previous years. A cities only account for 33% (Ø10 years: 47%) of total turnover. Berlin remains the top location, with an investment volume of just under €830 million.

Residential investments by asset class H1 2025



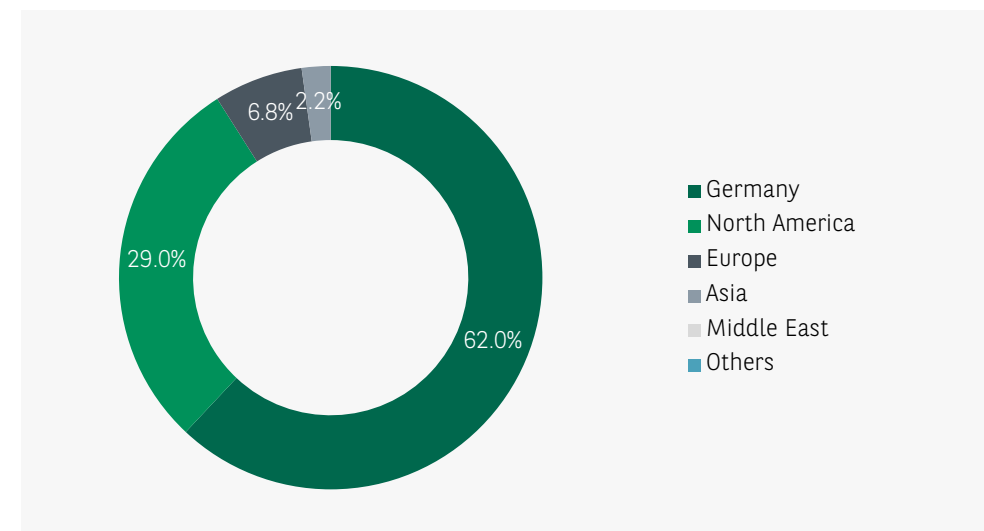
Residential investments by € category H1



EQUITY/REAL ESTATE FUNDS STRONGEST BUYER GROUP

- One indicator that the consolidation phase is ending is the increased importance of large-volume existing portfolios. Currently, this segment dominates the German residential investment market with a 49% market share (Ø10 years: 43%), which is much greater than in previous quarters.
- Large deals over €100 million make the highest contribution to the total investment volume at 40% (Ø10 years: 46%). Eight portfolios have already been included.
- By far, equity/real estate funds are the strongest buyer group, with a market share of 26% (€1.2 billion). This is accompanied by an above-average 38% market share of foreign capital on the buyer side (average over 10 years: 28%). As first movers, these funds and foreign investors are seizing investment opportunities at an increasing rate.

Residential investments by origin of capital H1 2025



OUTLOOK

- The significant increase in registered transactions, portfolio transactions, and investor interest in the value-add segment compared to last year are evidence that the German residential investment market has entered a new phase of recovery. Nevertheless, the overall outlook for investment markets remains mixed. On the one hand, the markets are still feeling the effects of negative geopolitical trends. On the other hand, however, the adopted fiscal policy measures are likely to give the economy a noticeable boost. Additionally, the German government intends to stimulate the housing market by reducing regulatory requirements and bureaucratic hurdles. Overall, the positive developments are likely to clearly outweigh the negative ones and continue to provide a tailwind for the German residential investment market.
- The healthy fundamentals, particularly on the demand side, speak to the strength of the German residential investment market. Interest in German residential real estate will remain high in the medium to long term. The persistently high excess demand in rental markets is likely to continue, ensuring stable rental income and potential for value appreciation. Additionally, residential real estate is a safe asset class, especially in volatile times.
- A broader and more sustained market recovery is expected in the second half of the year. Many investment products entered the market in the second quarter, filling the pipeline with upcoming transactions. Against this backdrop, and in anticipation of further portfolio adjustments, we expect investment volumes in the double-digit billions and a possible resumption of yield compression by the end of the year.

Key facts residential investment market Germany

INVESTMENT VOLUME	H1 2024	H1 2025	CHANGE
Total (€m)	3,297	4,485	+36.0%
Share above €100 million	48.7%	39.7%	-9.0%pts
Share of A-cities	69.3%	33.3%	-35.9%pts
Share of foreign investors	24.0%	38.0%	+14.0%pts
Ø-number of units per transaction	184	266	+44.6%

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