



GERMANY

REPORT

RESIDENTIAL INVESTMENT MARKET

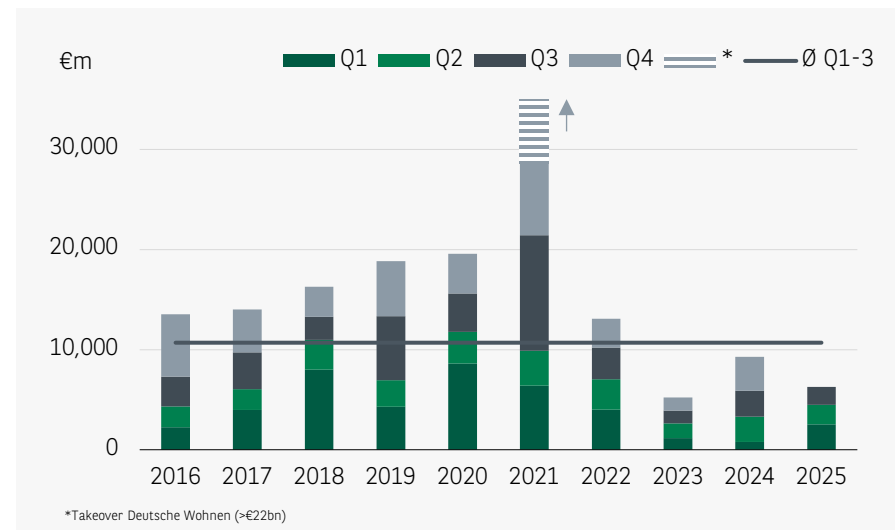
Q1-3 2025



BNP PARIBAS
REAL ESTATE

REAL ESTATE for a changing world

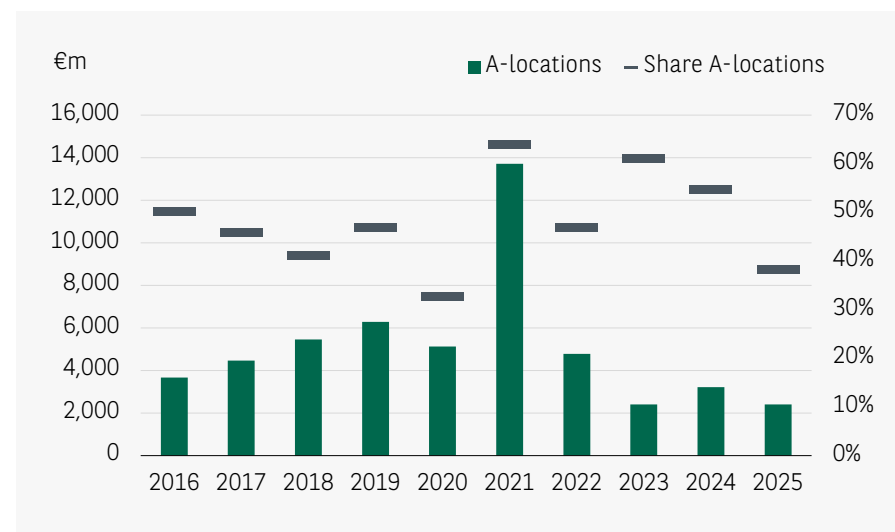
Investment volume residential portfolios



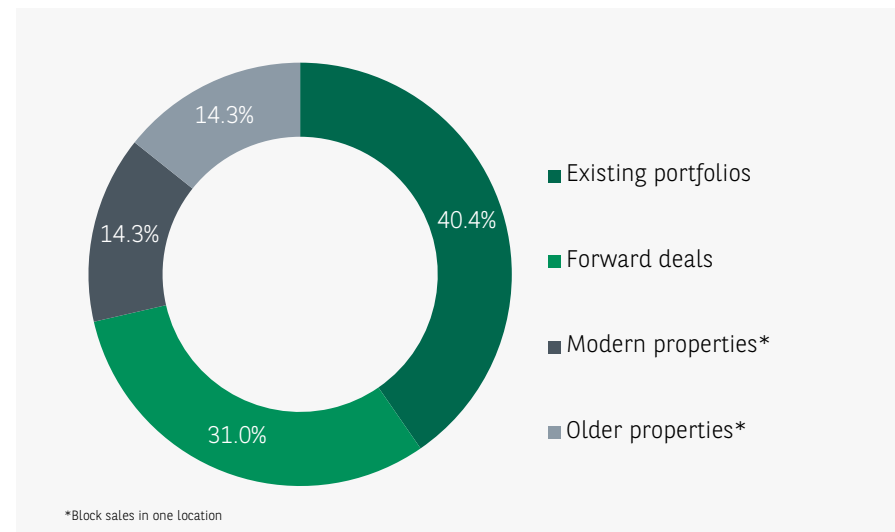
MARKET RECOVERY IN RESIDENTIAL INVESTMENTS CONTINUES

- After the first three quarters of 2025, the volume of residential investments amounts to €6.3 billion. Thus, after nine months, residential remains the top-performing asset class in the German real estate market in terms of investment volume. The improved sentiment is supported by forward deals, which have gained in importance. Additionally, the increased weight of large-volume existing portfolios and renewed interest in the value-add segment are contributing to the sustained market recovery.
- The registered investment volume declined moderately in the third quarter compared to q1 and q2. This decline is primarily due to a lack of supply, particularly in the large-volume segment above €100 million, rather than a slowdown in demand. Nevertheless, the increased transaction frequency in the third quarter is a positive market indicator. Additionally, the very good deal pipeline is likely to push the German residential investment market in the coming months.
- In the first half of the year, A-cities were underrepresented in the distribution of investment volume due to a high proportion of nationwide portfolios. However, they grew disproportionately strongly in the third quarter, reaching €2.4 billion. Berlin contributed significantly to this growth with a transaction volume of nearly €1.5 billion. The substantial growth in investment volume in the German capital last quarter was primarily driven by forward deals.

Residential investment volume in A-locations



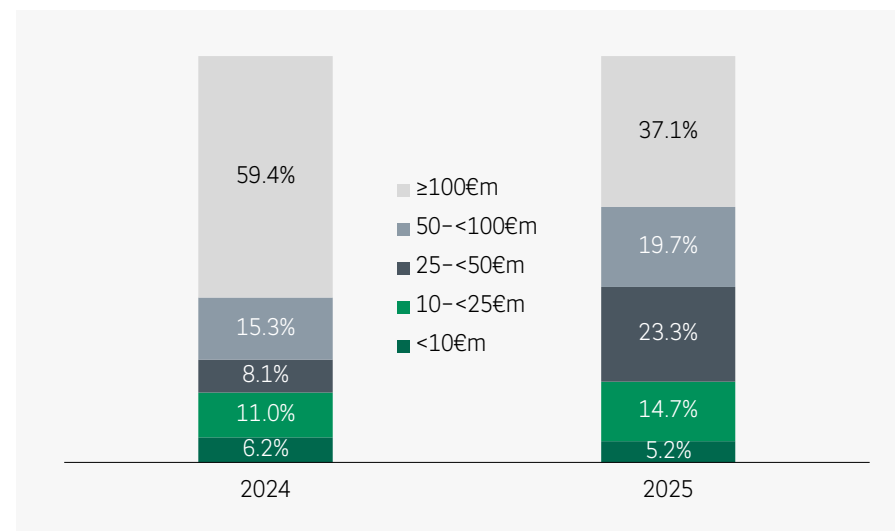
Residential investments by asset class Q1-3 2025



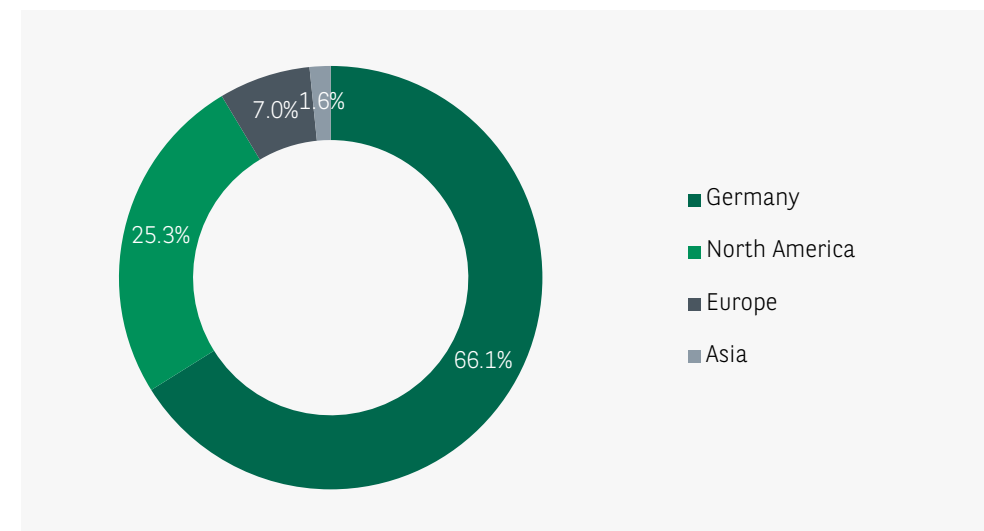
FORWARD DEALS ABOVE AVERAGE

- Although large deals worth over €100 million account for the largest share (37%), this contribution is lower than the long-term average (10-year average: 51%).
- Both forward deals, at 31% (10-year average: 26%), and modern standing assets, at 14% (10-year average: 6%), are currently experiencing above-average demand. This is due to improved access to debt capital and high excess demand for new-build properties. With a market share of 40% (10-year average: 47%), portfolios are currently contributing more to turnover than in recent years.
- Equity/real estate funds are the buyer group generating the highest investment volume, accounting for a market share of 20% (just under €1.3 billion), followed by investment/asset managers with 18% (around €1.1 billion). The above-average market share (34%) of foreign capital on the buyer side (Ø 10-year: 26%) is a positive development.

Residential investments by € category Q1-3



Residential investments by origin of capital Q1-3 2025



OUTLOOK

- The return of investor interest in the value-add and forward deal segments, the significantly increased frequency of transactions and the rise in large-volume, nationwide portfolio transactions highlight the ongoing upswing in the German residential investment market. In contrast to the past two years, investment activity is increasingly taking place again outside the A-cities. Together with a pronounced distribution across sub-asset and risk classes, these are positive indicators for the market and signs of a broadening market recovery.
- The sharp increase in demand for housing is currently offset by a decline in new construction, creating an extremely tight supply-and-demand situation in the German residential real estate market. In the top markets, this is particularly evident in the significant increase in residential rents, especially in new construction. It is reasonable to assume that the trend of rising rents will continue. Since new construction remains far too low, excess demand in rental markets is likely to persist in the short and medium term. This trend is driving up investor interest in German residential real estate. Anglo-Saxon investors, in particular, are increasingly targeting the German residential investment market. Overall, these factors point to high investor demand in the medium to long term, which is likely to increase further.
- The market recovery is expected to gain further momentum in the fourth quarter as a signing is expected for many investment opportunities that started marketing in the second quarter. Given the well-filled deal pipeline and the prospect of further portfolio optimisation, an investment volume in the double-digit billions by the end of the year seems realistic.

Key facts residential investment market Germany

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	5,877	6,272	+6.7%
Share above €100 million	59.4%	37.1%	-22.3%pts
Share of A-cities	54.8%	38.4%	-16.3%pts
Share of foreign investors	15.6%	33.9%	+18.2%pts
Ø-number of units per transaction	272	228	-16.2%

CONTACT

BNP Paribas Real Estate GmbH

Christoph Meszelinsky
Head of Residential Investment
Managing Director

Kö-Quartier | Breite Straße 22 | 40213 Düsseldorf
Phone: +49 (0)211-52 00-00
E-Mail: christoph.meszelinsky@bnpparibas.com

All rights reserved. This report is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH. The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint: Publisher and copyright: BNP Paribas Real Estate GmbH
Edited by: BNP Paribas Real Estate Consult GmbH | As of: 30.09.2025
Photo credits: ©TensorSpark – stock.adobe.com

LEARN
MORE 