REVIEW RESIDENTIAL INVESTMENT MARKET

GERMANY H1 2026

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

- RESULT ONLY SLIGHTLY BELOW LAST YEAR'S LEVEL
- TRANSACTION FREQUENCY GAINING MOMENTUM

KEY FIGURES

4,369 ▽ -2.6% y/y
Investment volume (€m)

56.0 ▽ -9.2%pts y/y
Portfolio share (in %)

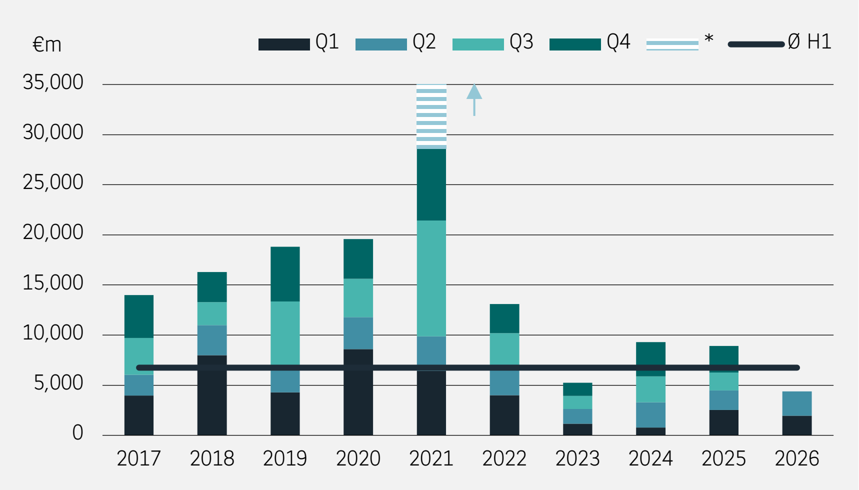
32.8 ▽ -5.5% y/y
Ø Deal size (in €m)

MARKET OVERVIEW

The German residential investment market recorded an overall solid first half of 2026. In the first six months, around €4.4bn was invested in residential portfolios of 30 units or more. This placed the result only slightly below the previous year's level (-3%). At the same time, however, the market structure has become significantly broader. While the previous year was shaped by a small number of large-volume portfolio transactions, the number of deals has increased in the current year. Although the financing environment has recently become more volatile again, the underlying fundamentals continue to support the residential market, keeping demand for resilient residential investments high.

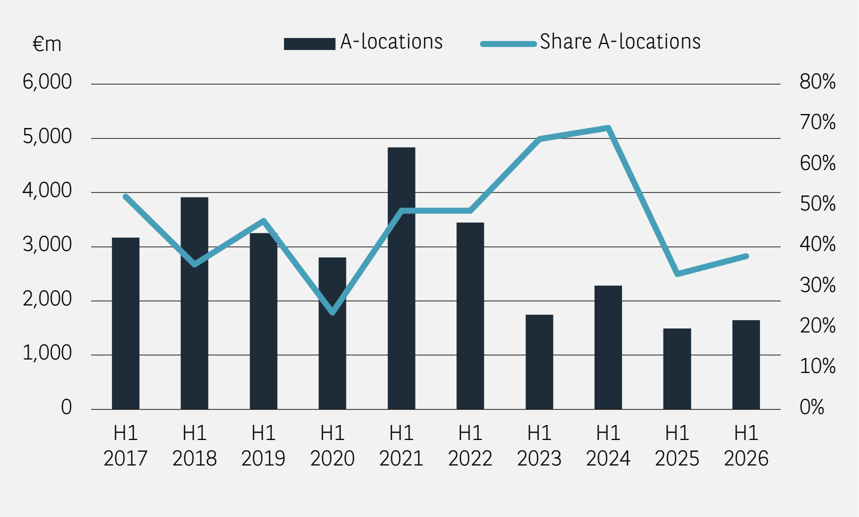
The share of large-volume, nationwide portfolio transactions required for a more pronounced market recovery remains limited but has increased compared with the first quarter. At the same time, the second quarter shows that larger nationwide standing-asset portfolios are also being completed again. In the first quarter, the over-€100m segment was limited to new-build and forward deals, including a nationwide portfolio, Deiker Höfe and part of the Holstenareal. By contrast, the second quarter saw the completion of four large standing-asset portfolios outside the A-cities. This underlines the return of larger value-add transactions.

Investment volume residential portfolios



*Takeover Deutsche Wohnen (>€22bn)

Residential investment volume in A-locations



Source: BNP Paribas Real Estate GmbH, June 30, 2026

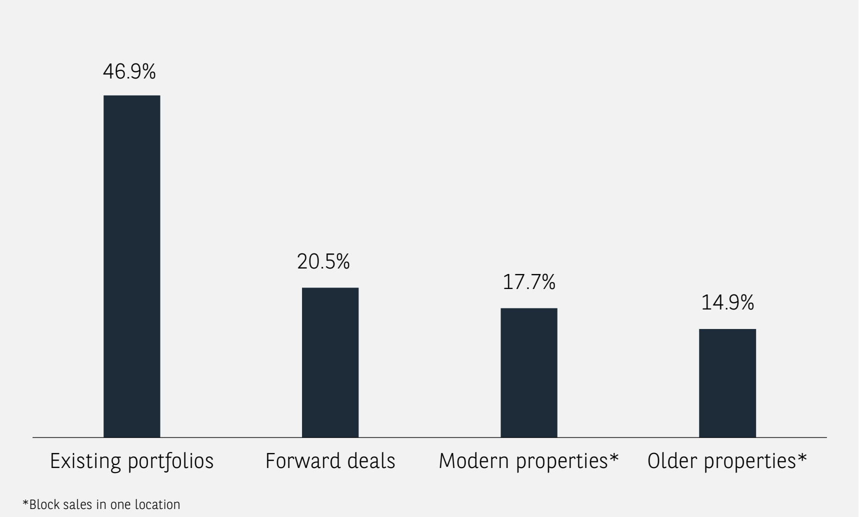
- >€100M SEGMENT ACCOUNTS FOR JUST 34% OF THE MARKET
- STANDING-ASSET PORTFOLIOS CONTRIBUTE ALMOST HALF OF TOTAL VOLUME

INVESTMENT MARKET STRUCTURE

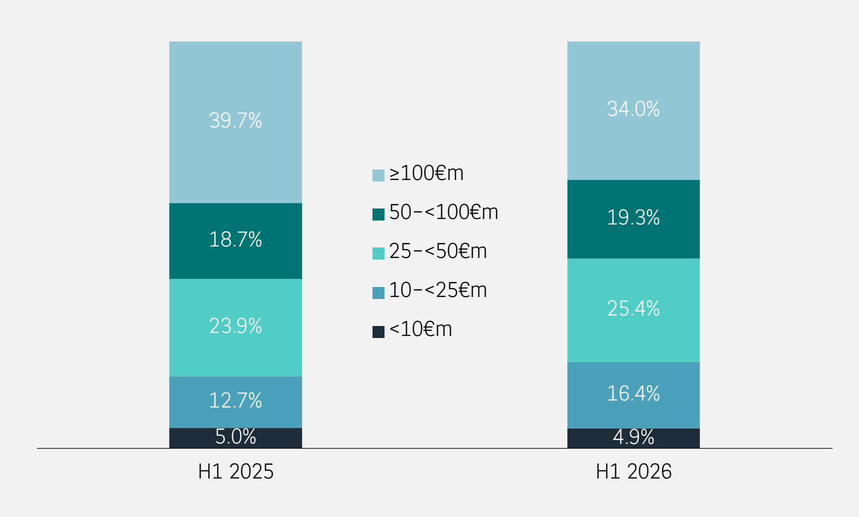
Despite the aforementioned portfolio deals, large-volume transactions above €100m accounted for only 34% of total volume, the lowest share in ten years, although the trend has recently started to pick up again. At the same time, mid-sized deals of up to €50m are dominating market activity, accounting for 47% of investment volume and therefore significantly more than the long-term average of 33%. The residential investment market is thus supported by a broad transaction base, underlining its lower dependence on individual large-scale deals and its overall stable market position.

Standing-asset portfolios accounted for the largest market share at 47%, placing them above the long-term average of 44%. Forward deals followed with a share of 21%, although they remained below the levels recorded in previous years. This is less a reflection of weakening investor demand than of a recently more volatile financing environment and a limited supply of suitable product. The continued strong demand for ESG-compliant residential properties underlines the attractiveness of modern assets: new-build and near-new standing assets achieved an above-average market share of 18%, compared with the 10-year average of 5%. With a transaction volume of just over €770m, this sub-asset class also recorded its highest ever result for a first half-year period.

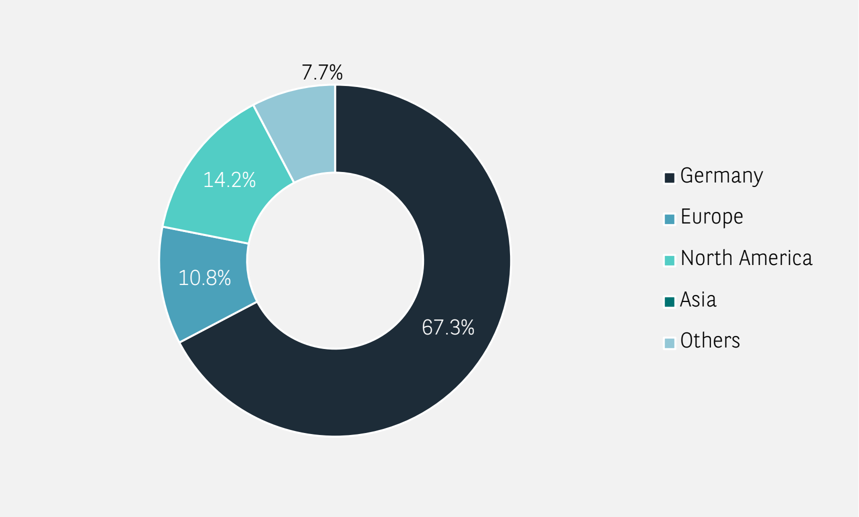
Residential investments by asset class



Residential investments by € category



Residential investments by origin of capital



*excl. portfolios

Source: BNP Paribas Real Estate GmbH, June 30, 2026

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Real Estate for a changing world

- DEMAND-SIDE FUNDAMENTALS REMAIN SUPPORTIVE
- TRANSACTION ACTIVITY EXPECTED TO PICK UP MODERATELY IN H2

ECONOMIC INDICATORS

+0.8
GDP Forecast 2026
(in %)

3.01 △ +15bps q/q
10ys bond yield
Ø Q2 2026 (in %)

85.6 △ +0.6pts m/m
ifo business climate index
(6/2026)

Source: ifo ecomic forecast, Deutsche Bundesbank, ifo Institut

OUTLOOK

The residential investment market has so far been driven primarily by mid-sized transactions in 2026, while large-volume portfolio sales have made only a limited contribution. Demand continues to focus on core and core-plus investments. At the same time, increasing activity in the value-add segment and in larger standing-asset portfolios points to a gradual broadening of the market. International investors, particularly from the Anglo-Saxon markets, are also showing growing interest in the German residential investment market.

Despite economic weakness and geopolitical uncertainty, the market environment remains fundamentally supportive. On the demand side, persistently high demand for housing continues to meet limited new-build supply, further exacerbating supply shortages, particularly in the top locations. The resulting rental growth momentum strengthens the attractiveness of the asset class and underlines the role of residential real estate as a resilient safe haven in a volatile environment.

Overall, a well-filled deal pipeline, increasing activity in the value-add segment and the gradual return of larger transactions point to a further recovery in the residential investment market in the second half of the year and a moderate increase in transaction volume.

Investment market data

	H1 2025	H1 2026	CHANGE
Total (€m)	**4,485**	**4,369**	**-2.6%**
Share above €100 million	39.7%	34.0%	-5.7%pts
Share of A-cities	33.3%	37.7%	+4.4%pts
Share of foreign investors	38.0%	32.7%	-5.3%pts
Ø number of units per transaction	266	219	-17.7%

NET PRIME YIELDS	H1 2025	H1 2026	CHANGE
Berlin	3.45%	3.50%	+5bps
Düsseldorf	3.65%	3.75%	+10bps
Frankfurt	3.50%	3.55%	+5bps
Hamburg	3.60%	3.65%	+5bps
Cologne	3.80%	3.90%	+10bps
Munich	3.45%	3.50%	+5bps
Stuttgart	3.60%	3.70%	+10bps

Source: BNP Paribas Real Estate GmbH, June 30, 2026

*New construction

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