

REVIEW RESIDENTIAL INVESTMENT MARKET

GERMANY Q3 2026

RESEARCH & INSIGHTS



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REAL ESTATE**

Real Estate for a changing world



Q3 2026

RESIDENTIAL INVESTMENT MARKET GERMANY

- RESIDENTIAL REMAINS THE STRONGEST ASSET CLASS
- VALUE-ADD AND MID-CAP DEALS GAIN IMPORTANCE

KEY FIGURES

5,933

Investment volume (€m)

▽ -5.4% y/y

56.0

Portfolio share (in %)

▽ -9.2pts y/y

32.6

Ø Deal size (in €m)

△ +0.3% y/y

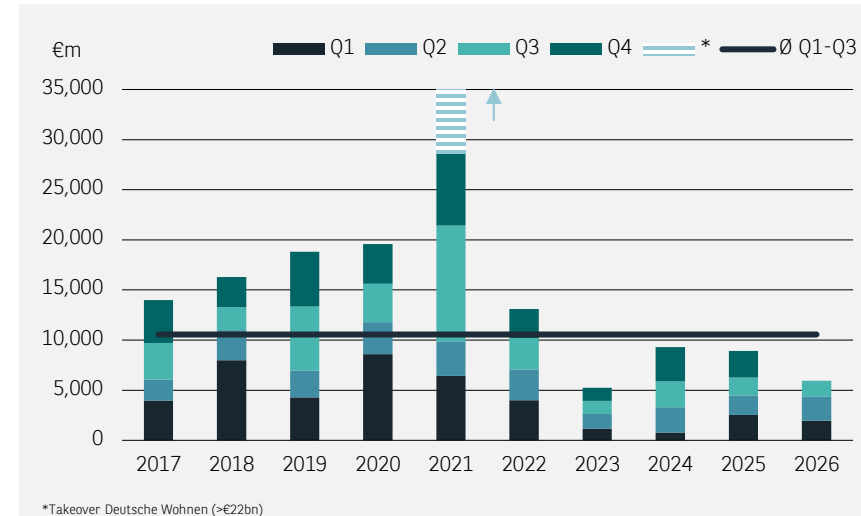
MARKET OVERVIEW

The German residential investment market remained robust through the end of the third quarter of 2026. With an investment volume of €5.9 billion in residential portfolios of 30 units or more, the prior-year result was missed by only 5%. While the moderate market recovery seen so far this year has continued, albeit with slightly weaker momentum, market conditions have recently become more challenging again.

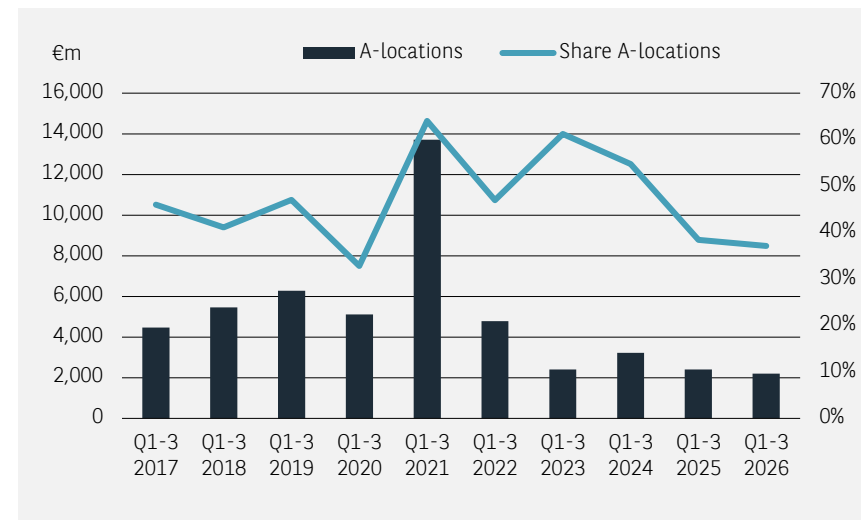
Following four existing residential portfolio transactions above €100 million in the second quarter, only one transaction of this size, the Polarlicht portfolio, was recorded in Q3. At the same time, a large number of mid-sized existing residential portfolio transactions contributed significantly to the transaction volume of around €860 million generated in this segment in the third quarter. This underlines the return of larger value-add transactions. The recent rise in capital market yields and heightened geopolitical uncertainty have made price discovery more challenging again and led to more selective investor behavior. Investments in new-build projects in particular have become more challenging amid higher yield requirements. However, strong residential market fundamentals continue to support high demand for residential investments. Against this backdrop, residential remains one of the most attractive asset classes on the German investment market.



Investment volume residential portfolios



Residential investment volume in A-locations





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RESIDENTIAL INVESTMENT MARKET
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- EXISTING PORTFOLIOS ACCOUNT FOR ALMOST HALF OF TOTAL VOLUME
- ABOVE-AVERAGE SHARES FOR LEIPZIG AND DRESDEN

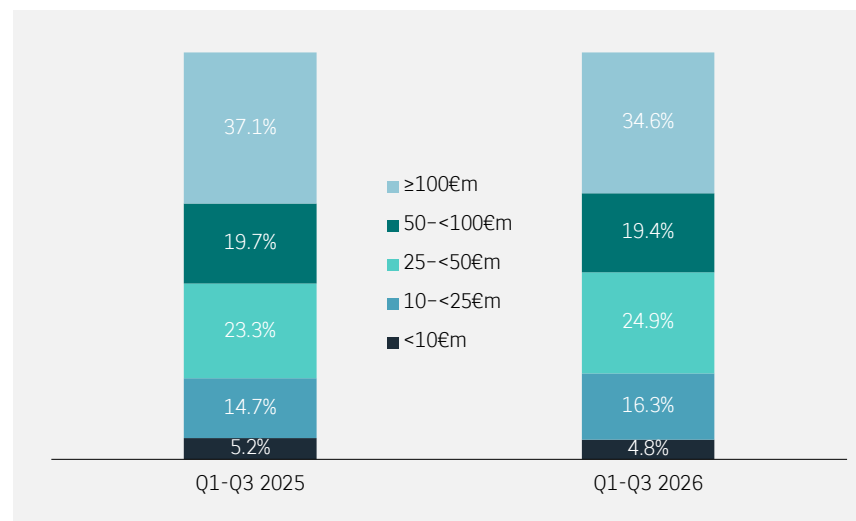
INVESTMENT MARKET STRUCTURE

Large transactions above €100 million continue to account for a significantly lower share of total market volume than the long-term average, contributing around 35%, or just under €2.1 billion (10-year average: 52%). Transactions in the mid-sized €25 million to €50 million segment are particularly prominent, accounting for an above-average 25% of investment volume (10-year average: 16%). At just under €1.5 billion, this segment also recorded its highest volume since 2022.

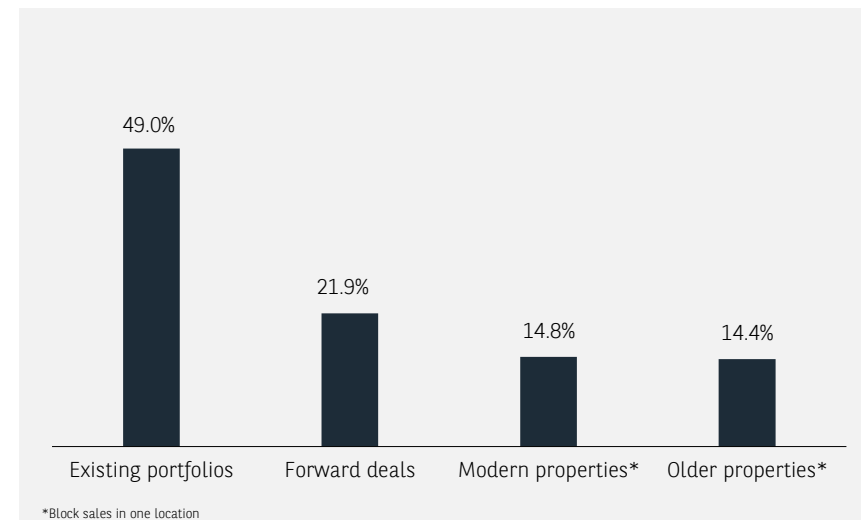
Existing residential portfolios remain the dominant product category, accounting for almost half of total transaction volume. Forward deals follow with a share of 22%, although their volume of €1.3 billion remains below the prior-year figure of €1.9 billion. At the same time, the new-build segment accounts for an above-average market share of 15% (10-year average: 7%), underlining the continued strong demand for modern residential properties.

The A-cities continue to account for more than one third of total transaction volume, generating around €2.2 billion and remaining broadly in line with the previous year. While Berlin remains the largest individual market with just under €950 million, Hamburg (€440 million), Leipzig (€470 million) and Dresden (€330 million) have shown particularly strong momentum, each recording their strongest results in several years.

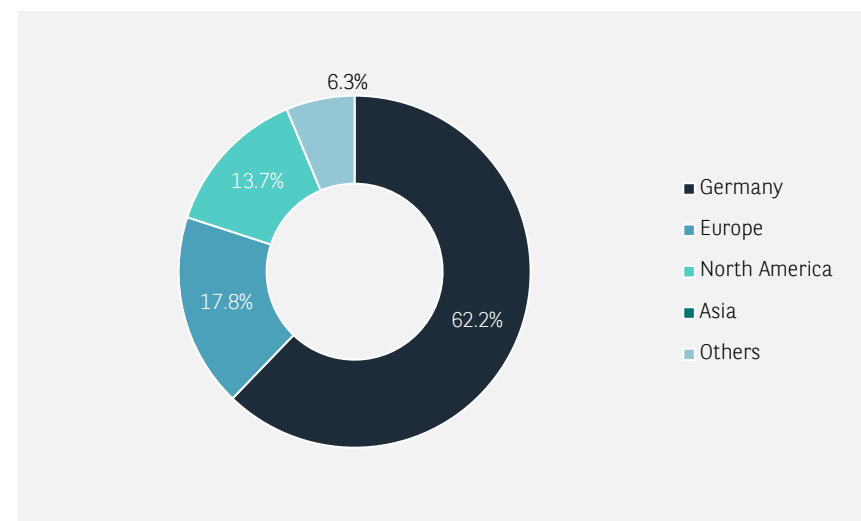
Residential investments by € category



Residential investments by asset class



Residential investments by origin of capital



*excl. portfolios



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- MORE SELECTIVE INVESTOR BEHAVIOR
- FURTHER MARKET MOMENTUM EXPECTED FROM STRONG DEAL PIPELINE

ECONOMIC INDICATORS

+1.4

GDP Forecast 2026
(in %)

3.25

10ys bond yield
Ø Q3 2026 (in %)

△ +24bps q/q

89.9

ifo business climate index
(9/2026)

△ +1.1pts m/m

Source: ifo economic forecast, Deutsche Bundesbank, ifo Institut

OUTLOOK

Following the market stabilization observed so far this year, the outlook for the German residential investment market remains positive overall. Although rising capital market yields, geopolitical uncertainty and the resulting increase in risk aversion are likely to lead to more selective acquisition strategies, they also underline the appeal of resilient asset classes such as residential. At the same time, supply has increased significantly, particularly in the core segment. This is especially true for completed new-build properties, which are increasingly competing for a limited pool of potential buyers. Against the backdrop of higher yield requirements, transactions in the new-build segment have become more challenging again, and further price adjustments in selected market segments cannot be ruled out.

Residential remains the largest asset class by investment volume. Structurally high demand for housing, low levels of new construction and stable rental markets continue to support strong interest from institutional investors. Against this backdrop, market activity is expected to remain lively in the final quarter, although investment activity is likely to focus more strongly on properties with sound fundamentals, stable cash flows and attractive value-add potential. The well-filled deal pipeline should also provide further momentum from large-volume portfolio transactions through to year-end.



Investment market data

	Q1-Q3 2025	Q1-Q3 2026	CHANGE
Total (€m)	6,272	5,933	-5.4%
Share above €100 million	37.1%	34.6%	-2.5%pts
Share of A-cities	38.4%	37.1%	-1.3%pts
Share of foreign investors	33.9%	37.8%	+3.9%pts
Ø number of units per transaction	228	242	6.1%

NET PRIME YIELDS	Q1-Q3 2025	Q1-Q3 2026	CHANGE
Berlin	3.45%	3.65%	+20bps
Düsseldorf	3.65%	3.85%	+20bps
Frankfurt	3.50%	3.65%	+15bps
Hamburg	3.60%	3.75%	+15bps
Cologne	3.80%	4.00%	+20bps
Munich	3.45%	3.60%	+15bps
Stuttgart	3.60%	3.80%	+20bps

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*New construction



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