

Intelligent Investment

Modern Living in Germany H2 2025

REPORT

Modern Living remains a dynamic niche segment in the German residential investment market

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CBRE



Investment Market Modern Living

After the sharp decline in market activity in 2024, the Modern Living segment experienced a noticeable recovery last year. Transaction volume increased to €267m, more than double the previous year. At the same time, the number of deals tripled to 14 transactions.

Modern Living is therefore a sought-after niche segment in the German residential investment market. Demand is driven by growing groups such as international students and young professionals, while tight rental housing markets in many regions limit alternatives in the conventional rental segment. Structurally limited supply further intensifies demand pressure.

Market revival driven by portfolio deals and platform transactions

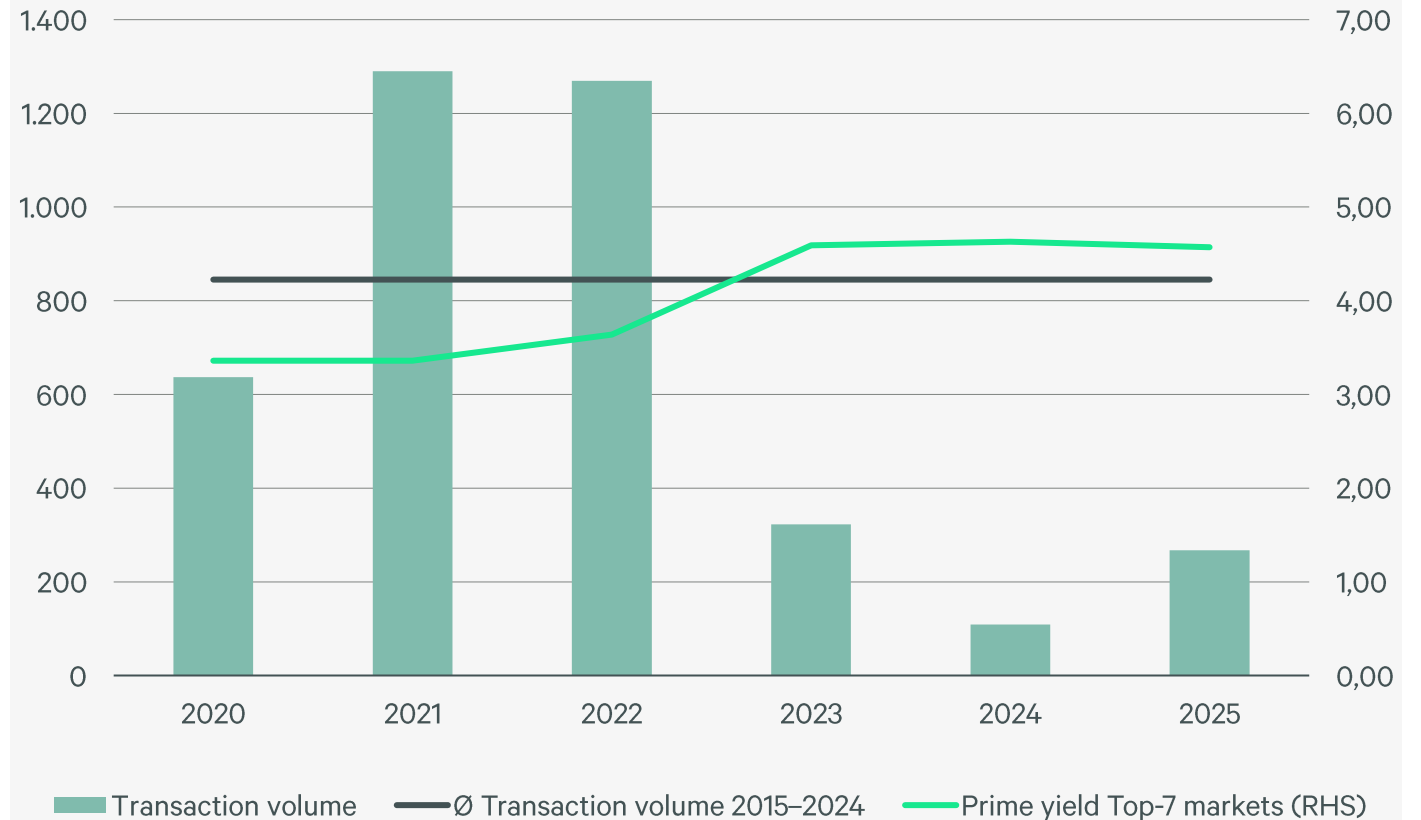
Current all-in rents range from €30.00 to €55.00/sq m/month and are developing more dynamically than inflation in some markets, providing the segment with comparatively robust inflation protection.

At the same time, political efforts toward stricter regulation of furnished rental housing are increasing. The focus is primarily on classic furnished rental arrangements and co-living concepts, while private-sector concepts for student housing are currently not explicitly addressed.

Against this backdrop, further revitalization of the transaction market is expected in 2026. Several large portfolio and platform transactions are already in the market, making transaction volume above €500m a realistic scenario if successfully executed.

The recently slightly decreased prime yield, affected by strong demand and higher-priced deals, is expected to remain stable in 2026.

Fig. 1: Transaction Volume (€m) and Prime Yield (%) Modern Living Germany



Source: CBRE Research

Pipeline Modern Living

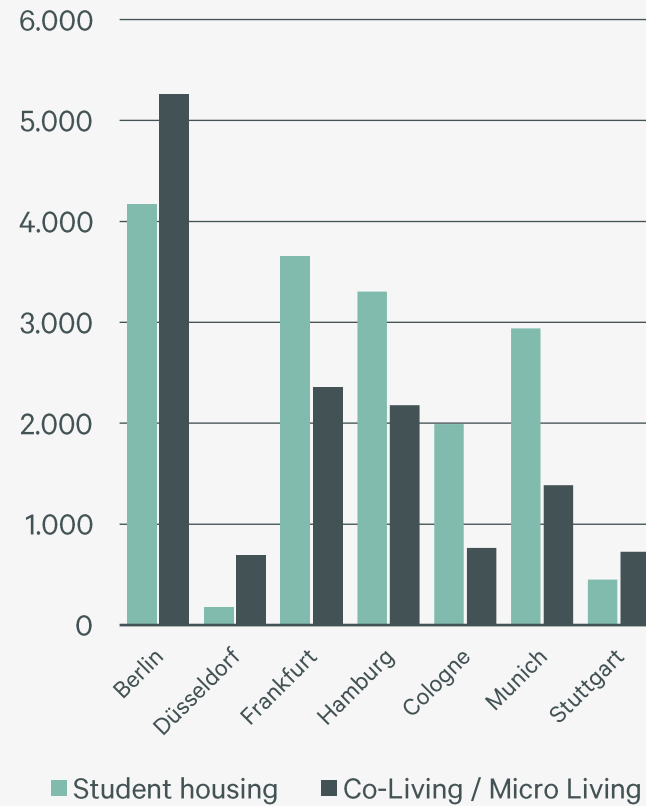
The supply ratio in the 15 largest university cities in Germany currently ranges between 8% and 18% of students, highlighting the continued limited coverage of student housing needs.

Supply conditions differ significantly across locations. Cities such as Leipzig, Heidelberg, and Frankfurt am Main show comparatively high supply ratios, while coverage remains particularly low in large and fast-growing university locations such as Cologne, Düsseldorf, Dortmund, and Munich. In these markets, large student populations meet very limited suitable housing supply, further intensifying the structural demand surplus. In Berlin, the largest individual market, supply is distributed across different concepts without sustainably closing the gap.

A look at the pipeline also shows that the Modern Living segment is currently in a similar position as the conventional residential market. Despite selective developments, only a small pipeline is visible overall, concentrated in a few cities. In many university locations, the foreseeable inflow of additional units is low or nearly absent. The existing and planned supply remains far below demand. For many locations, only limited additional supply is expected beyond 2026.

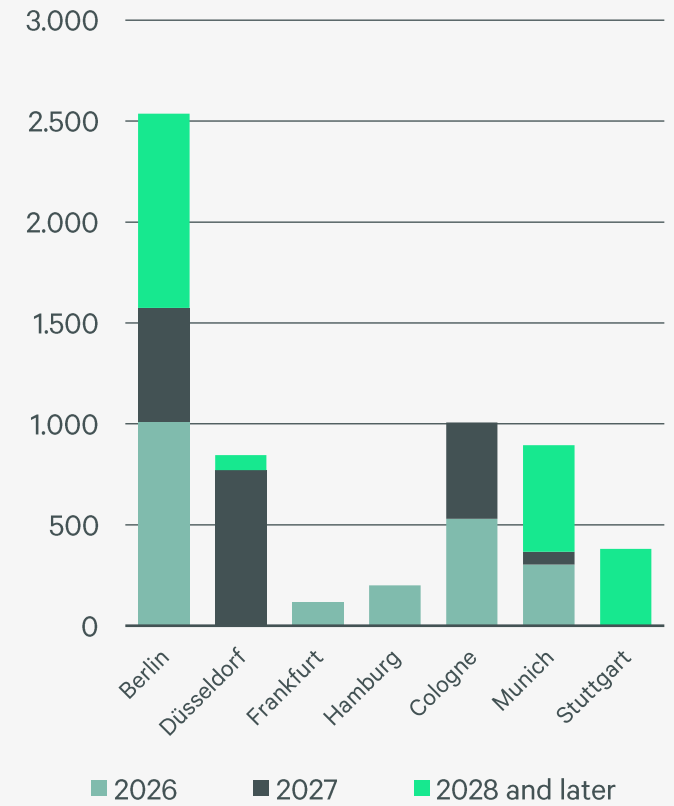
A persistent demand surplus is set to continue supporting rental growth in the Modern Living segment. At the same time, limited new construction of modern assets is increasing price pressure in top student cities, reinforcing the ongoing market tension.

Fig. 2: Stock Student Housing and Co-Living / Micro Living (private operators, units)



Source: CBRE Research

Fig. 3: Modern Living Pipeline with planned completion date (by units)*



*Pipeline includes ongoing developments and concrete private-sector plans in student housing, co-living, and micro living.

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