

Intelligent Investment

# Germany Residential Market Q1 2026

REPORT

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Residential investment  
market with subdued  
start to the year

CBRE RESEARCH  
APRIL 2026



# Residential Investment Market

## Investment Volume

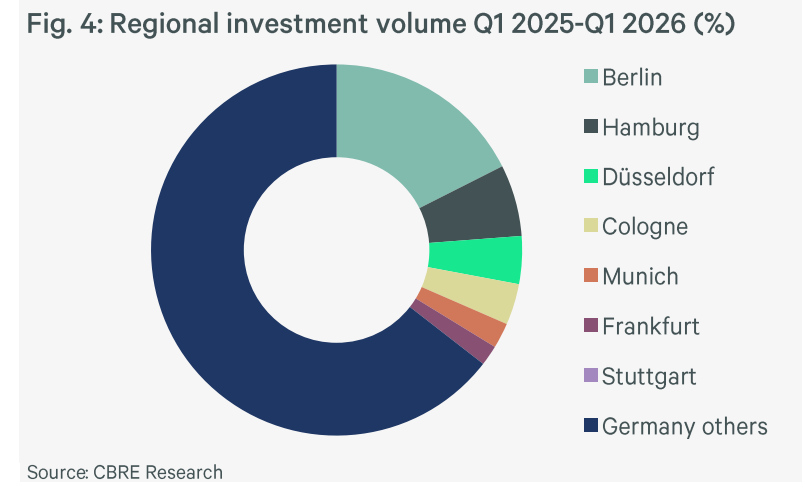
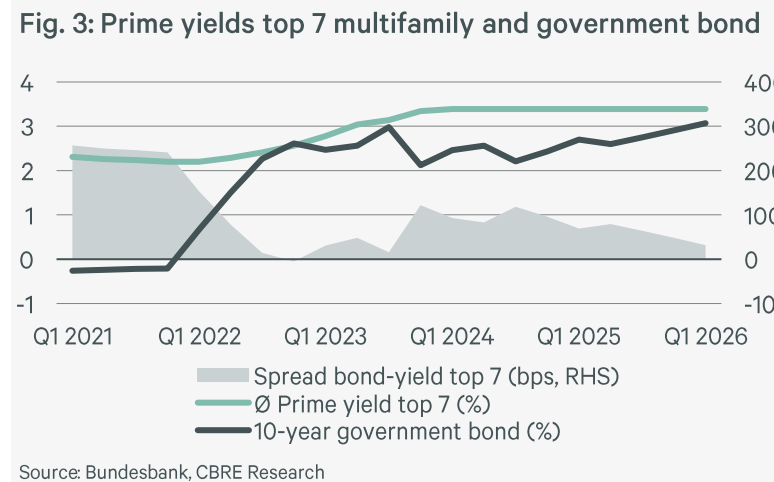
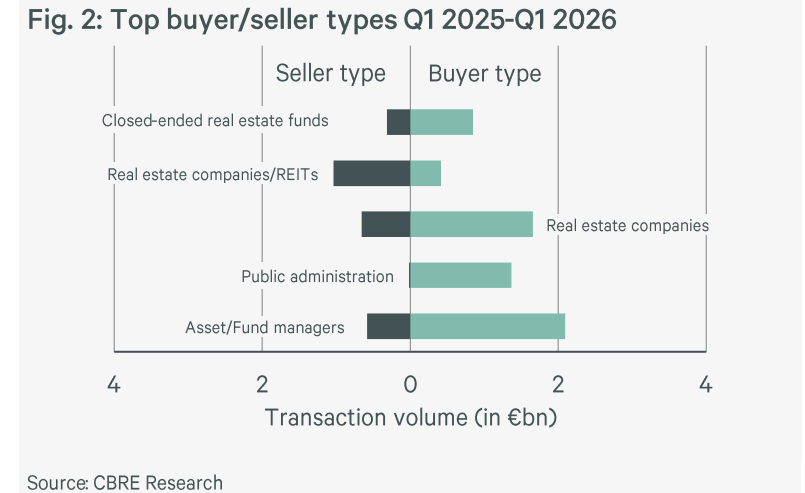
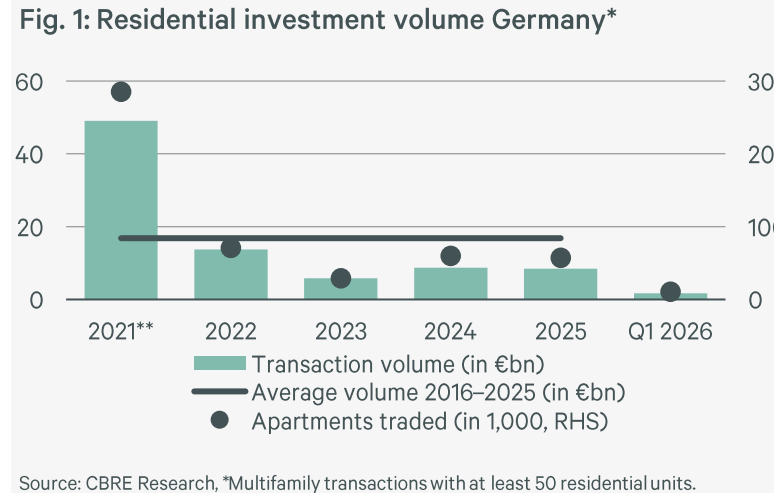
The multifamily investment market got off to a subdued start in 2026. Transaction volume in the first quarter amounted to around €1.7bn, falling short of the previous year's level after earlier signs of stabilisation had recently weakened again. With a market share of just under 25%, residential assets ranked second behind offices. Market activity was dominated by single assets and smaller transactions, while large-scale portfolio deals remained rare. Forward deals continued to gain importance, while prime yields across the Top-7 cities remained stable at around 3.4%.

## Trends

Existing owners continued to focus on performance optimisation and portfolio streamlining, while on the buyer side high financing costs and ambitious pricing expectations resulted in muted investment activity. Core-plus and value-add strategies dominated market dynamics. At the same time, private and international investors increasingly made use of structured forward-funding models to secure early access to development projects.

## Outlook

A gradual recovery in market activity is expected over the course of 2026. Advancing portfolio transactions, continued forward activity and selective capital reallocation by institutional investors are likely to support higher transaction volumes. Against this backdrop, a total investment volume of €8–10bn appears realistic, alongside stable prime yields.



\*\*2021 transaction volume driven by the acquisition of Deutsche Wohnen AG by Vonovia SE valued at €22bn (residential only)

# Housing Supply and Demand

## Residential Supply

Momentum in the residential development market remains limited, with structural supply shortages expected to persist over the medium term. Developers continue to face elevated construction costs and restrictive financing conditions. While building permit activity has recently shown a slight uptick, overall volumes remain low. Macroeconomic uncertainties continue to weigh on development activity. At the same time, rental housing supply remains constrained, whereas the availability of owner-occupied housing has increased in the key markets.

## Vacancy Index

Market-active vacancy remains very low across most German cities and has also attracted increased public attention recently. In metropolitan regions as well as in the southern and western parts of the country, vacancy rates are often below 2%. Higher vacancy levels observed in rural areas of eastern Germany and, in some cases, also in western Germany are predominantly structural in nature.

## Outlook

The increase in building permits is expected to continue through to year-end despite the persistently challenging market environment. This trend is also reflected in residential construction lending, which recently increased by around 2.5% year-on-year. However, new rental supply remains limited, while an increasing number of opportunities are emerging in the owner-occupied housing market.

Fig. 5: Housing building permits\* (in 1,000s of units)

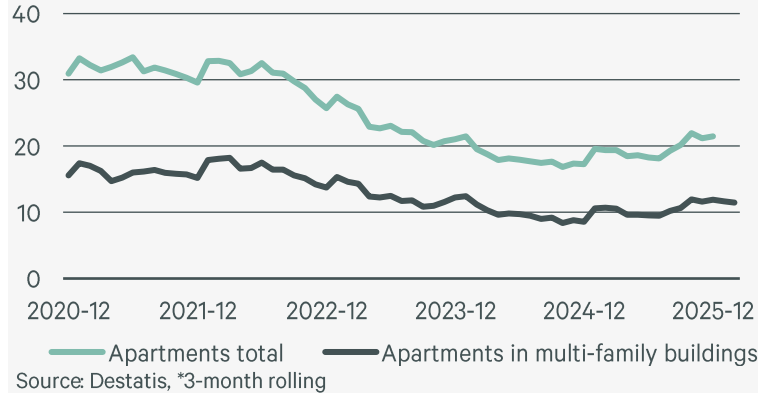


Fig. 6: Index rental and condo listings top 20\* (Q1 2020=100)

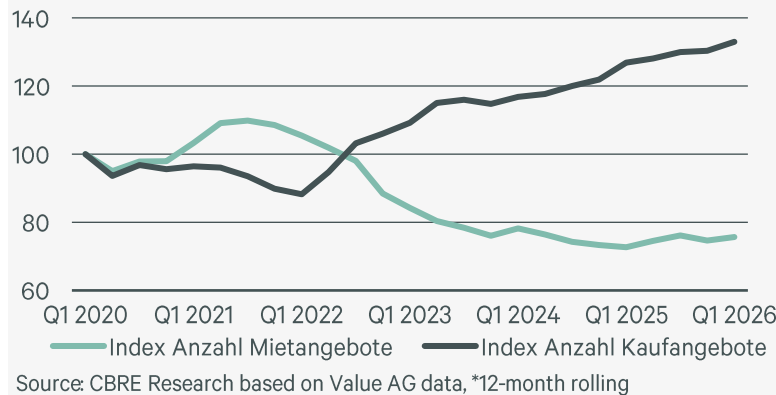
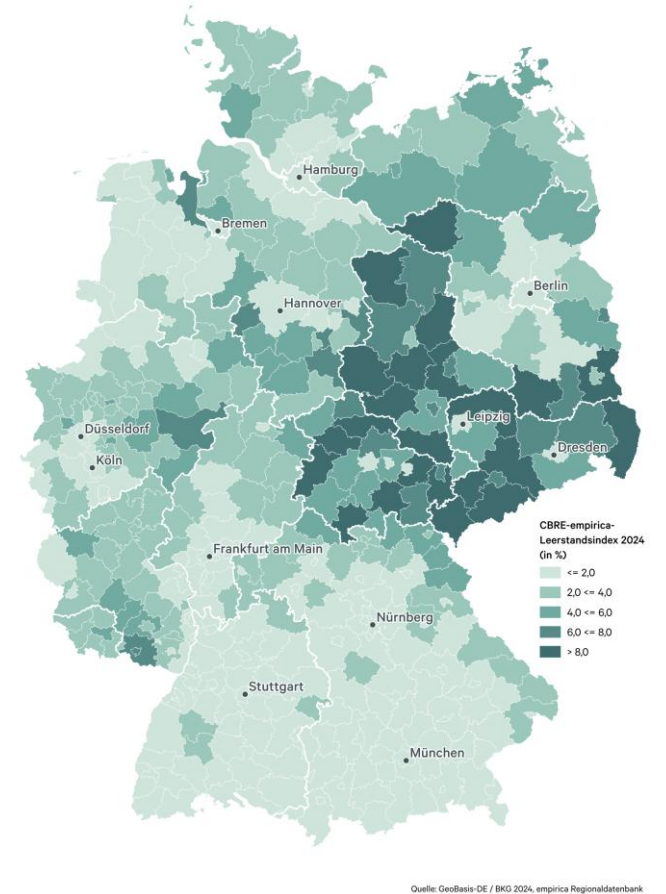


Fig. 7: Vacancy rates in Germany 2024 (in %)



Source: CBRE Research, CBRE-empirica Vacancy Index, Destatis

# Rents and Prices for Owner-Occupied Apartments

## Rental Market

Across the top 20 markets, median rents continue to rise, most recently increasing by approximately 4% YoY. Housing costs have also risen significantly in recent years, particularly between 2021 and 2023 due to pandemic effects, inflation, and the war in Ukraine. Recently, however, the operating cost index has shown a dampened dynamic. In Q1 2026, median operating costs nationwide rose to €2.49/sq m/month (top 7: €2.94), corresponding to +3.8% YoY.

## Condominium Market

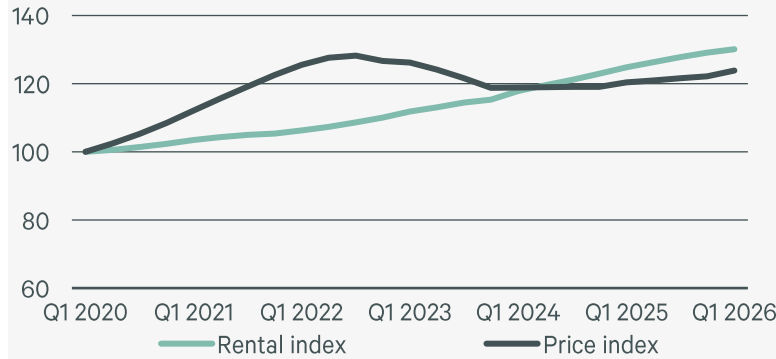
Listing prices for condominiums have largely stabilized in the top 20 markets and are rising again in individual cities. The average of median listing prices stands at approximately €4,200/sq m in Q1 2026, slightly above the prior-year level. The strongest price increases were most recently recorded in Essen, Bonn, and Cologne.

## Outlook

Rental growth momentum is expected to continue in 2026, as a noticeable supply expansion is not anticipated before 2027. Tensions in the Middle East are increasing upward pressure on energy- and consumption-related operating costs, while the index shows lower volatility and stabilization phases. Moderate price increases remain probable in the for-sale market.

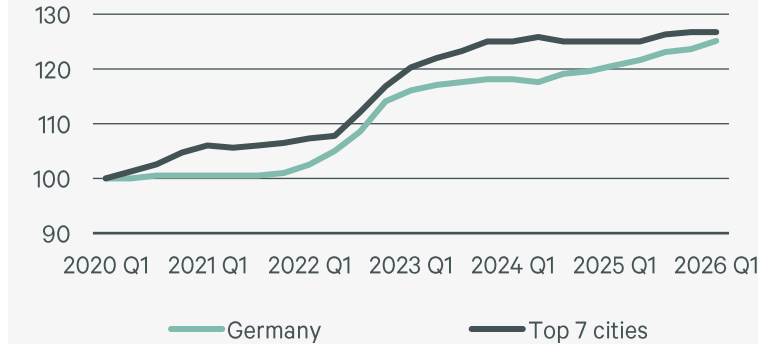
Note: The stated rental and purchase prices are based on apartment listings and do not represent actual existing rents and prices.

Fig. 8: Rental and price index top 20\* cities (Q1 2020=100)



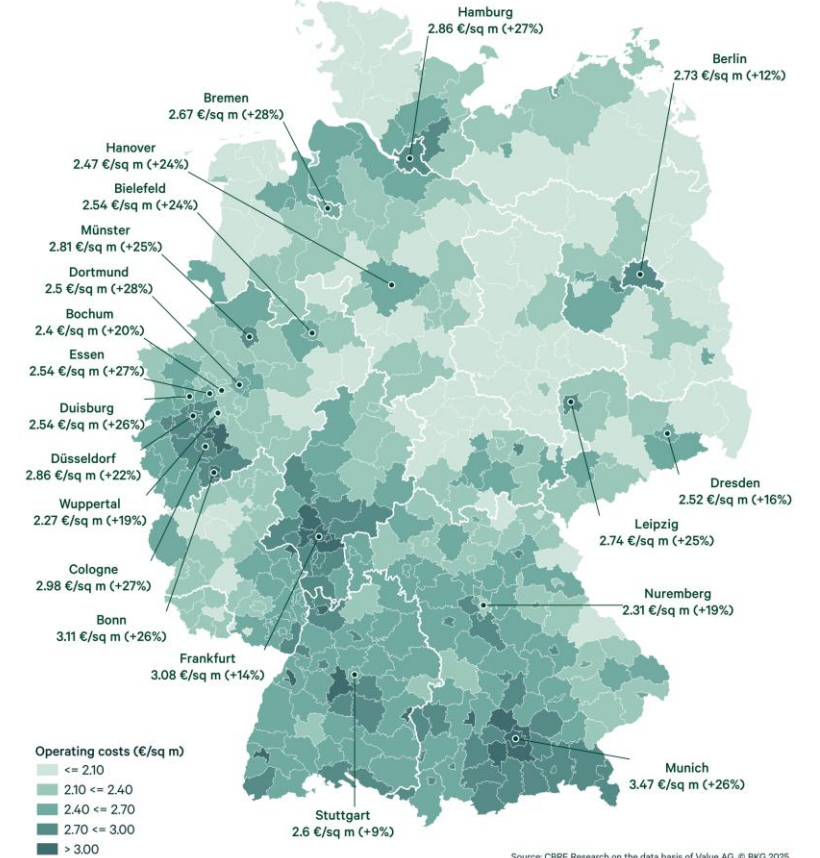
Source: CBRE Research based on Value AG data, \*12-month rolling

Fig. 9: Operating cost index Germany and top 7\* (Q1 2020=100)



Source: CBRE Research based on Value AG data, \*The operating cost index shows the development of average operating costs of listed apartments (€/sq m/month), 2020=100 on a quarterly basis (12-month rolling).

Fig. 10: Regional development of operating costs: districts in five-year comparison\*



Source: CBRE Research based on Value AG data, \*Operating costs: The map shows the average level of operating costs for residential properties in €/sq m/month at district level and their percentage change over five years.

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