



2022 IBB Housing Market Report

Summary

Foreword



Andreas Geisel

Senator for Urban
Development, Building
and Housing

This housing market report by IBB demonstrates very clearly that the ever-increasing demand we are seeing in Berlin is not met with a supply that is growing just as quickly. Despite all the current difficulties the housing sector is facing as a result of Russia's war of aggression in Ukraine, the fact remains that if we want to stop spiralling rent prices, we need to significantly expand the supply. For Berlin, this means quickly creating more affordable housing in all parts of the city.

Because Berlin is continuing to grow. In 2021, there was a net increase of more than 13,000 people arriving in Germany's capital, putting an end to the slight decline in population that briefly occurred at the beginning of the coronavirus pandemic. The housing market therefore continues to face significant challenges. This means we cannot stop looking for solutions at all levels to keep Berlin affordable in future – especially for people on middle and low incomes.

The State of Berlin took important measures to this end in 2022, in terms of both rental policy and residential construction. In addition to the Alliance for Affordable Housing and Building, another successful instrument is the Senate Commission for Housing Construction, which has been addressing existing problems and unresolved fundamental questions since its constitution in April 2022 – with the aim of speeding up important housing projects in Berlin while also improving the basic framework conditions for new building projects. The Senate Commission puts policies in place to promote the planning and implementation of approximately 20,000 homes and thus secures these measures.

There is still a lack of affordable housing in Berlin. Up to 5,000 social housing units are subsidised each year with a more attractive housing assistance system. To this end, the funding provisions were adapted to the prevailing market conditions in 2022 and thus improved significantly. The importance of social housing assistance is particularly evident with regard to the jump in charging rents to EUR 11.54/m², as found by IBB. We need greater support with this from the federal government in future as well. Funds to promote social housing must be significantly stepped up.

In terms of tenant protection, Berlin has done everything possible at the state level within the legal framework. In view of rising interest rates and high inflation, the Senate has launched comprehensive assistance programs to relieve the burden on tenants. A pause on rent and evictions is in place for the state-owned housing associations until the end of 2023, and the ordinance on capping limits has been extended until 2028. After that point, rents may only increase by 15% within a period of three years; a further reduction to 11% is needed to ensure the burden on tenants is not too great. To this end, we are taking a strong stance with respect to the federal government, which bears legal responsibility for tenancy law. This also applies to improving compliance with and control of the rental price brake, areas in which the federal government must make significant further enhancements.

The Berlin housing market is facing numerous challenges, and an in-depth knowledge of shifting trends is crucial when it comes to coping with them. The IBB Housing Market Report has played a vital role in these efforts for many years.

A handwritten signature in black ink, appearing to read 'Andreas Geisel', written in a cursive style.

Foreword

In a time dominated by the war in Ukraine and the resulting energy crisis, looking back at the previous year is no easy task. Even in 2021, the tense market situation made it increasingly difficult for households to find suitable housing in Berlin. Record inflation and rising interest rates are also a factor, as both have a direct impact on the housing market. Real estate companies are reducing their building activity, and there is a noticeable reduction in tenants' disposable income. As a result, the focus is increasingly shifting from the city centre to its outer districts – and more and more often to the region around Berlin and its metropolitan area as well, where the dream of a home or simply an affordable flat potentially awaits. We examine the question of whether this dream can become a reality or will remain merely a dream in this year's key topic 'Internal and external interconnections of the Berlin housing market'.

The Berlin housing market situation remains challenging, even regardless of the flow of migration. After a brief decline, the numbers of people moving to the city increased again in 2021. This is a good sign following the abatement of the coronavirus pandemic, but also increases the pressure on Berlin's housing market.

The situation here remained very tense in 2021, as we recorded a further decline in building permits and completed building projects. In 2021, only around 15,000 homes were completed and around 18,700 homes were approved for construction. Approvals did remain at a high level, but these figures meant that both indicators were significantly below their target of 20,000 new housing units per year. The building backlog stagnated with around 65,000 homes, roughly the same as the previous year's level. There is potential for high completion figures in the coming years, which must be leveraged on a systematic basis.

The insufficient supply situation also had an impact on offer prices. It is now evident that the short-term relief brought by the rent cap finally came to an end in 2022. Berlin recorded an increase of almost one euro in just one year, to an asking rent of 11.54 EUR/m². This increase was evident in all districts and sub-segments. Only the new building segment recorded a slight decline in prices to a level that was still high nonetheless. While asking rents have thus adapted once again to the market dynamics before the rent cap, the number of listings was significantly lower than that of previous years. In 2021, only around 25,800 offers for leasehold flats were recorded – half that of a comparison period extending over several years. New and informal rental methods in particular, but also temporary and furnished housing, are gradually gaining in relevance.

Which brings us right to our key topic: As previously mentioned, the neighbouring region of Brandenburg is playing an ever more important role in Berlin's flow of migration. Families and senior citizens increasingly moved outside Berlin's urban rail ring to the outskirts of the city. While outbound migration continues to be concentrated on moves to the city centre, there was a distinct influx of Berlin residents moving within the city to its outskirts. But more and more people are making the decision not only to move to the outskirts of the city but also to move away from Berlin entirely. It is clear that the flow of migration has had an impact on the amount of asking rents. In this regard, the city centre stood clearly apart with the highest prices, while the outskirts of Berlin were in some cases cheaper than the surrounding area.

Major challenges lie ahead of us, including climate change, the war in Ukraine and rising energy and living costs. These are just a few of the factors that have led and continue to lead to drastic changes in the Berlin housing market. The 2022 IBB Housing Market Report focuses on the latest developments and challenges in this area and provides sound insights that lay the groundwork for future decisions based on sound information.

We hope you enjoy reading the 2022 IBB Housing Market Report!




Dr. Hinrich Holm

Chairman of the Board of
Investitionsbank Berlin (IBB)

Selected data at a glance

Key figures for Berlin	Berlin 2021	Change compared to 2020	Trend arrow 2023
Economic factors			
Gross domestic product (GDP) (2015 = 100), price-adjusted	116.6	3.7% percentage points	↘
Unemployment rate (related to all members of the civilian working population – in %)	9.8	0.1 % percentage points	→
Consumer price index (2015 = 100)	108.8	3.0 % percentage points	↗
Construction costs per sqm of living space (new building) (EUR)	1,767	3.8%	↗
New residential building price index (2015 = 100)	133.7	11.1 percentage points	↗
Housing demand			
Population (at the main place of residence)	3,677,472	0.4%	↗
Number of households	1,971,400	–0.8%	↗
People per household (average household size)	1.92	1.1%	→
Number of one-person households (%)	50.12	–0.2% percentage points	↗
Needy households within the meaning of German Social Security Code II	12.24	–0.7 % percentage points	→
Average monthly household income in EUR	2,350	4.4%	↗
Housing supply			
Housing stock	1,998,155	0.8%	↗
of which leasehold flats	1,679,400	0.6%	↗
of which subsidised leasehold flats (pursuant to housing law)	96,215	0.6%	↘
Number of housing units completed (total)	15,870	–2.9%	↘
of which completed flats (new buildings incl. NRB**)	14,433	–1.9%	↘
Building permits (total)	18,716	–8.5%	↘
of which building permits (new buildings incl. NRB**)	17,005	–5.9%	↘
Rents and housing market			
Occupancy density (residents per housing unit)	1.89	–0.5%	→
Living space per residential unit (in sqm)	73.20	0.0%	→
Living space per resident (in sqm)	38.70	0.5%	→
Rent index, net rent without heating (2015 = 100)	107.80	–0.1 % percentage points	↗
Ancillary rent costs index (2015 = 100)	103.20	–0.6 % percentage points	↗
Asking rent prices (in EUR net, without heating, per sqm of living space)*	11.54	9.4%	↗
Asking purchase prices (commonhold apartments) (in EUR per sqm of living space)*	5,817	7.4%	↗

Sources: Statistical Office for Berlin-Brandenburg; Senate Department for Urban Development and Housing; VALUE Marktdatenbank

*Evaluation period: 2022, change compared to 2021; data basis: VALUE Marktdatenbank

**Non-residential buildings

Supplementary and detailed data can be found in the list of tables for the Housing Market Report at www.ibb.de/wohnungsmarktbericht.

Housing policy in the city in 2022

Housing policy in 2022 was shaped by a number of events. The most important of these are listed below in chronological order:

January 2022	Kick-off meeting of the Alliance for Affordable Housing and Building: An alliance agreement is adopted in the first half of 2022.
	Stop on KfW funding: A provisional halt was placed on KfW's Federal Funding for Efficient Buildings (BEG) on 24 January 2022. This was due to the huge number of applications and because funds had been exhausted.
February 2022	Berlin rent index value: Due to an amendment to the General Jurisdiction Act, the Senate Department for Urban Development, Building and Housing is responsible for creating and recognising the rent index value.
	KfW restarts the BEG: New applications can be submitted for the renovation of efficient buildings and individual measures.
	Start of Russia's war against Ukraine: Ukrainians flee to Berlin; consumer and energy prices rise along with housing costs. Relief measures were adopted and rent increases were suspended for municipal housing companies until the end of 2023.
March 2022	The new housing construction 2022 project report presents objectives, participating stakeholders and potential needs for action. Its implementation until 2037 is supported by the newly established Senate Commission on Housing. In 2022, the commission dealt with seven focus projects and thus secured the planning and implementation of approx. 6,800 housing units. An additional 20 projects are under preliminary review.
	The sixth amendment to the building regulations for Berlin involves, among other things, stepping up the effort to green land and buildings, simplifying the process for extending attics as well as making a third of housing units in new buildings accessible for people with disabilities from 2025.
	The Senate deploys the Commission of Experts to examine the possibilities, methods and prerequisites for implementing the referendum on the socialisation of large housing companies ('Expropriate Deutsche Wohnen & Co.' (Deutsche Wohnen & Co. enteignen)).
April 2022	KfW restarts BEG for new buildings: Efficiency House/Efficiency Building level (EH) 40 is no longer offered. After funds are exhausted once again, only the standard Efficiency House/Efficiency Building 40 with Sustainability Class (NH) is offered as a loan variant for funding new buildings.
June 2022	Heating Cost Grants Act II (Heizkostenzuschussgesetz II) enters into force (for recipients of federal training assistance (BAföG), training and vocational training support as well as households receiving housing allowances).
July 2022	BEG is further adapted: In the case of individual measures, the funding is concentrated with BAFA (Federal Office for Economic Affairs and Export Control) grants and the KfW subsidised loan programme is discontinued. The EH 100 is also eliminated for renovations.
September 2022	New housing subsidy provisions (WFB) enter into force: In 2022 and 2023, EUR 739 million is earmarked in Berlin's budget for 5,000 subsidised apartments per year as part of the IBB New Housing Fund (IBB Wohnungsneubaufonds) programme.
	Start of IBB SolarPLUS funding program to expand photovoltaics in Berlin.
December 2022	New state program 'Cleanliness and a sense of security in large settlements' (Sauberkeit und Sicherheitempfinden in Großsiedlungen): Funding in the amount of EUR 2 million will be awarded to numerous projects in eight major Berlin settlements through the end of 2023.
	Approval of a total of 1,935 subsidised new housing units (WFB/IBB New Housing Fund (IBB Wohnungsneubaufonds)). In addition, subsequent approval of grants or promotional loans will be examined for housing units from previous years of the programme.
	A new population forecast is published for Berlin.
	Publication of the Housing Allowance Plus Act (Wohngeld-Plus-Gesetz) with effect from 1 January 2023. This will roughly double the average amount of housing allowances.

General situation and important trends

Temporary respite comes to an end for Berlin housing market

The effects of the coronavirus pandemic, which together with the rent cap could be regarded as a temporary respite for the Berlin housing market, finally came to an end in 2022. A wide range of trends from the period before the pandemic once again determined the dynamics of the housing market in the capital. While a population decline in Berlin was observed for the first time since the turn of the millennium as a result of the containment measures and travel restrictions in 2020, this was reversed in 2021. The population increased by 13,384 people, corresponding to growth of +0.4%. The stall in the long-term trend of steady population growth can therefore be regarded as a short-term exception. The city is now growing again – even faster than before the pandemic in some places.

While the economy recovered after the coronavirus crisis eased in early 2022, it was soon faced with the next major strain in the form of Russia's war against all of Ukraine in violation of international law. After deliveries from the Russian Federation were reduced or ceased, prices on the gas market, for which there is no easy substitute, rose dramatically. This led to rising prices and a general loss of purchasing power in society, which pushed many European countries to the brink of recession. While companies and households in Berlin also faced the strain of energy scarcity and extreme energy prices, the gross domestic product in the capital increased by 4.9% in price-adjusted terms in 2022 due to a strong start, a robust labour market and service areas that could readily withstand the crisis. As a result, the growth in Berlin's GDP continued on the above-average trajectory of the past nine years and was around two and a half times as strong as the national average.

The failure of the rental cap had a significant effect on the rental housing market. This includes, for example, the fact that in 2022 there was an increase in average asking rent in every district of Berlin. Overall, the city-wide average asking rent rose to 11.54 EUR/m² – an increase of just under one euro or 10% in just one year. Looking ahead to 2022 and 2023, more crises are also looming on the horizon. The increased influx of Ukrainian refugees and rising energy and living costs in response to the sanctions are set to have a fundamental impact. This is coupled with inflation and rising interest rates, which directly affect residential construction. The next IBB Housing Market Report will provide further details on this.

Trend in demand

As already described in the previous section, the number of residents is growing again after a slowdown due to the pandemic – and the demand for housing is growing along with it. At the end of 2021, Berlin recorded its highest overall population since the Second World War, with 3,677,472 residents. Although the measures to

contain the pandemic served as a damper on new arrivals, especially in the first half of the year, Berlin grew – as it did before the coronavirus – mainly due to external migration gains (92%); net increases in births were of lesser importance.

The number of arrivals from the surrounding region and abroad as well as the old and new federal states increased again in 2021 compared to the previous year. A total of 166,524 people moved to Berlin, 23,601 more than in 2020. Meanwhile, the number of departures remained largely at the previous year's level, with only emigration abroad increasing by around 3,800 people. Once again, net inward migration from abroad was a key factor in Berlin's growth, whereas the largest migration losses occurred in the area surrounding Berlin.

A look at the age groups shows that Berlin's population is growing mainly due to the influx of people between the ages of 18 and under 30 (trainees, students and career entrants). There was a significant increase in migration gains in this age group in 2021, with 34,819 more people moving to Berlin than moving away. Minimum net migration gains of 26 people were also recorded for the age group of children and adolescents (six to under 18 years). Losses were recorded in all other age groups, most clearly in the 45 to under-65 age group. Losses in the age group of under six year olds indicate that young families in particular are leaving the city. In recent years, the area surrounding Berlin has experienced significantly more dynamic growth than the federal capital. Between 2017 and 2021, a population increase of 4.6% was recorded in this bracket. In Berlin, the figure was just 1.8% during this period. This year's key topic also offers in-depth evaluations of this matter.

In 2021, the 1,971,400 households in Berlin had an average monthly household income of EUR 2,350 per month. By comparison, the nationwide value was around EUR 3,813 per month. Only around 22% of households in Berlin earned more than EUR 4,000 per month. Around a quarter of Berlin's households even earned less than EUR 1,500 a month.

It should be noted that the currently available data on households can no longer be compared with previous years due to significant changes in the methods used to collect microcensus data and also cannot be used to determine housing needs. In addition to limitations in data collection, the redefinition of households in particular – only households at respondents' primary residences, no recording of households with secondary residences – led to a significant decline in the number of households (-62,300 households from 2019 to 2021). As a result, net household income has also increased significantly since 2012 due to the change in methods.

In 2021, around one third of all households in Berlin – 630,300 in all – were considered eligible for social housing and had access to the subsidised rental segment if necessary. The number of

holders of a certificate of eligibility to public housing (WBS) was significantly lower than the number of households entitled to social housing. This can be attributed to the fact that the actual application for a WBS often only takes place when moving or when there is a concrete prospect of a housing unit. In 2022, around 54,000 households in Berlin had a WBS. This represents a dramatic increase of 18.4% compared to the previous year (there were around 45,600 households in 2021).

The unemployment rate in Berlin was 8.8% in October 2022, a slight decline compared with the previous year (-0.4 percentage points). However, the level before the pandemic (8.1%) could not be attained again. There were significant differences depending on the area. Neukölln recorded the highest level again at 13.1%, followed by Mitte. Meanwhile, slightly below-average rates were recorded in the eastern districts as well as in Friedrichshain-Kreuzberg and Tempelhof-Schöneberg. The lowest level was in Steglitz-Zehlendorf at 5.9%.

Trend in development

The number of housing units completed in Berlin fell once again in 2021, with 15,870 homes being built – 467 fewer than in 2020. These are the first signs of a reversing trend following steady growth in completions through 2019. According to the experts working on the [2022 IBB Housing Market Barometer](#), this is due to rising building costs, the availability of building land and resistance to new building projects. In addition to material and supply bottlenecks, building permit procedures that are too lengthy and excessively high requirements also play a role. Then there is the construction industry, which has been working at the limit of its capacities for several years, and the shortage of skilled workers, which has slowed down the industry. In 2021, 12,882 multi-storey residential buildings were built, accounting for the lion's share of housing units built, at 80.6%. Of particular note is that a total of 1,252 single and two-family homes were completed, or 207 housing units more than in the previous year. This represented an increase of around 20% in just one year.

Building permits are an indicator of future building work that will take place in the city. In 2021, 18,716 housing units were approved for construction in Berlin, falling under 20,000 for the first time since 2014. This represented a further decrease compared to the previous year's level. Public builders recorded only a slight decline, while building permits obtained by private housing companies have already been decreasing since 2019. Approximately 82% of the approved housing units can be classified as multi-storey residential buildings. In terms of location, upcoming work on new buildings will focus on the districts of Lichtenberg (around 4,000 housing units approved for construction) and Treptow-Köpenick (just under 3,800 housing units approved for construction). A noteworthy aspect is that the number of housing units approved for construction in Marzahn-Hellersdorf fell by more than half compared to

the previous year. While more than 3,800 homes were approved for construction there in 2020, this figure amounted to only around 1,500 homes in 2021. The opposite can be said of the district of Lichtenberg, where around 1,800 housing units were approved for construction in 2020, with this number then increasing by more than 50% to 4,000 building permits in 2021.

Homes that have already been approved but not yet completed are included in the building backlog. In 2021, there was a building backlog of around 65,800 housing units. However, this is a natural phenomenon that can be attributed to the time it takes to carry out building projects. Between 2012 and 2021, the average duration increased from 19 to 28 months. Many of the housing units were already in the implementation phase, having been approved for construction in 2019 to 2021. Given an implementation rate of about 87%, it is to be expected that a large share of the housing units will be ready for occupancy in the coming years, significantly expanding the supply.

Since 2014, the State of Berlin has been supporting the construction of new housing units, especially for low-income households, with interest-free loans as part of the IBB New Housing Fund (IBB Wohnungsneubaufonds) programme. The subsidised apartments have rent and occupancy control agreements, as a result of which (with the new housing subsidy provision WFB 2022) initial rents amount to 6.60 EUR/m² to 7.00 EUR/m² or 9.00 EUR/m² (in the second funding model for the extended income limits). A total of 17,823 subsidised apartments were approved from 2014 to 2022. As of the fourth quarter of 2022, 9,341 subsidised housing units were already ready for occupancy. The new WFB 2022 gives the State of Berlin a funding volume of EUR 739 million for 2022 and 2023 respectively. 5,000 apartments are to be funded in 2023.

A total of around 28,770 housing units were affected by buildings being divided into flats in 2021. Around 9,370 more housing units were converted in comparison to the previous year. This represented 1.71% of all leasehold flats throughout Berlin and largely occurred in the city centre, but was also seen in the outer areas of the city. This high figure comes in the year in which the Building Land Mobilisation Act entered into force, having been introduced in summer 2021 with the aim of limiting the division of buildings into flats. Since then, divisions into flats are only possible with official permission. While the number of flats sold also increased compared to the previous year and reached around 12,100 units in 2021, it nonetheless became evident that divided flats usually continued to be rented and were not sold directly. The increase in owner-occupied housing is at its lowest level since 2014. It can therefore be stated that many commonhold apartments are still used as a capital investment for rental purposes. The existing tenancy will either continue to exist during the division and the change of ownership or a new lease will be concluded in the case of a flat with no chain. If, however, the flat was sold after a division, the flats are predominantly empty.

Approximately 53% of all housing units sold in 2021 had no chain. Those purchasing the units are usually private individuals, while in most cases the sales are also made by private individuals or housing companies. This speaks to an ownership structure that is tending to decrease in size with possibly less professional management.

Market for detached and semi-detached houses

A total of around 1,250 housing units consisting of one or two-family homes were completed in 2021. This was the second-lowest figure since 2012, despite a slight increase compared to the previous year. Asking purchase prices for detached and semi-detached homes (incl. land, new and existing buildings) have been rising rapidly for several years. Since 2012, the average purchase price of a home has increased by around EUR 442,000 or 172%. In 2022, a median price of EUR 698,000 was reached for the entire segment, corresponding to an increase of 6% or EUR 38,000 within one year. A notable aspect in the breakdown of the price classes is that even less than every fifth one or two-family home placed on the market is now advertised for less than EUR 500,000. In 2020, nearly a third of homes were still less than this amount.

Market for commonhold apartments

In addition to private homes, commonhold apartments also play an important role in Berlin. This has already been reflected in rising asking purchase prices since 2012, a trend that continued in 2022, with prices rising by 7.4% to EUR 5,817/m². The increase was recorded across all segments over the entire period under consideration. While most of the supply was in the existing segment (18,787 housing units), new-build apartments played only a very minor role. At a median price of 8,409 EUR/m², the latter were significantly above the average asking price for existing apartments of 5,446 EUR/m². In addition, the new building segment marked the highest growth with an increase of 25.9%. From a structural perspective, small and very large homes were again the most expensive from 2002 onwards, with asking prices of more than 8,000 EUR/m² in some cases. In terms of location, the most expensive commonhold apartments were located in Mitte, Friedrichshain-Kreuzberg, Pankow and Charlottenburg-Wilmersdorf in the price range of about 6,000 EUR/m². Lower prices were found in Treptow-Köpenick, Neukölln and Tempelhof-Schöneberg. This indicates that the high-priced segment was a factor in the city centre in particular.

Rental housing market

An average asking rent of 11.54 EUR/m² was recorded in Berlin in 2022, thus (significantly) exceeding the 11 EUR/m² mark for the first time. The increase of just under one euro compared to the previous year (or 10%) also represents the highest increase in the period under review from 2012 to 2022. At the same time, the homes on offer decreased by about a quarter or 9,250 listings. This clearly shows the increasing relevance of other rental options and the furnished and temporary segment. Overall, the average asking rent increased in the entire period under review (2012 to 2022) by

60.3% from 7.20 EUR/m² to 11.54 EUR/m². The decline in supply is also worth noting, with the number of listings decreasing by approximately half in the period under consideration. Similar trends can be observed in the development of asking rents in existing properties. This figure also saw its highest rise in the period under review with an increase of EUR 0.65/m² compared to the previous year. In addition, the current average asking rent in existing properties marked the highest value in the period under consideration at 10.53 EUR/m². In the new building segment, the average asking rent declined slightly – a novelty in the period under review and thus the only price drop in this evaluation. The new building segment also recorded its lowest growth in the period since 2012. Despite this, the new building segment still had the highest median in absolute terms of 16.27 EUR/m². A total of around 2,300 listings were defined as new buildings in 2022. Last year there were around 3,200 listings. In addition to the significant decrease in the number of listings for both new buildings and existing properties, the duration of the adverts also decreased during the period under review. While this figure was 5.8 weeks in 2013 and 2.1 weeks in 2017, the average duration of an advert in 2022 was reduced to less than seven days (0.8 weeks). This offers an impressive insight into the current tension on the market and the challenges that Berlin households face when moving home.

For the first time, there were more listings in the segment of furnished/temporary housing (27,177 units) in 2022 than listings for leasehold flats that were offered indefinitely and unfurnished (25,777 units). A convergence of the two sub-markets has already been observed in recent years, but the share of furnished or temporary homes was only 13.5% in 2012. However, this figure was 51.3% in 2022. These values are particularly important for rent-regulating measures such as the rent control, as they have only limited effect in this segment. This can be seen, for example, in the average asking rent for furnished and temporary flats which, at 23.44 EUR/m², was a total of 11.90 EUR/m² above the median for unfurnished flats.

From a structural perspective, there were significant differences in 2022. Once again, the smallest and largest homes recorded the highest rental prices – regardless of the age class of the properties. Landlords demanded the most by far for housing units built from 2011 onwards and with under 40 m² of living space. In terms of location, the city centre once again stood out with above-average asking rents. The highest median was recorded in Mitte with 15.46 EUR/m², while Spandau had the lowest level of asking rents with a median of 8.67 EUR/m². Rent levels that were above the average asking rent of 11.54 EUR/m² for Berlin as a whole were also recorded in Friedrichshain-Kreuzberg, Charlottenburg-Wilmersdorf, Pankow and Steglitz-Zehlendorf. On the whole, the asking rents increased in all 12 districts (in some cases significantly). The area around Berlin was also increasingly affected by the trends in the capital. In 2021, the median asking rent in the surrounding communities rose to 11.12 EUR/m², slightly below the level in Berlin. Potsdam, the state capital of Brandenburg, even slightly exceeded Berlin's level with a median of 11.91 EUR/m².

Key topic: Internal and external interconnections of the Berlin housing market

This year's key topic offers an impressive insight into Berlin's interconnections, and especially those of families in Berlin, with the surrounding area and the wider metropolitan area. These links start with the structural differences in Berlin's internal and outward migration, which saw young adults moving to the city centre from outside Berlin in the period under review since 2012, regardless of high prices and scarce supply. However, as the market became increasingly tense over time, all other age groups first left the city centre and, increasingly, Berlin in general. This was particularly evident in families with young children. Due to the change in household size, this group faces the greatest pressure to change, because those in the group need a new or larger apartment. As a result, the outskirts of the city grew very little due to the influx of new residents of Berlin but mainly due to existing residents of Berlin moving within the city. The profile of the city centre is thus increasingly shaped by young adults who move from other areas of origin to Berlin. Residents of Berlin, on the other hand, turned their attention more and more to the area surrounding Berlin and increasingly to communities outside the commuter belt. These areas saw rising growth from Berlin. Up to two-thirds of those moving into the immediate suburban districts came from the capital. Due to the increasing connections between the areas, the volume of commuters to Berlin who reside in Brandenburg has also increased significantly. This will have an impact on transport volumes, but also on housing markets. This is because the asking prices in Brandenburg are also aligned with the level in the capital, with increasing proximity to Berlin's city limits. All regions recorded an increase in the average asking rent, although the city centre of Berlin in particular has taken a significantly different trajectory since 2012, with an increase of around 73%. Another important aspect is the increase in the asking rent in the surrounding area (approximately +60% since 2012), which has even exceeded the outer city of Berlin since 2019. This shows that supply and demand have a cross-border dimension, with the relationship between urban and suburban areas being enhanced on an ongoing basis. More and more people are looking for housing beyond the city limits of Berlin, with the result that their places of work and residence are increasingly in different locations. However, this has also created dependencies, challenges and rising prices that the communities in Brandenburg have to cope with.

Where does Berlin's housing market stand today?

The last few years on the Berlin housing market have been marked by dynamic population growth and the accompanying increase in demand. Expansions to supply in the form of new buildings were lagging behind, resulting in rising prices. Extraordinary factors such as the pandemic and the rent cap brought a temporary respite in 2020 that, however, was short-lived. There is still a lack of housing, and this is particularly problematic for low-income households and house hunters. Berlin's residents face high increases in costs when moving home.

The capital is attractive as a centre of knowledge due to its large number of universities, higher education institutions and training centres as well as a large number of digital companies. Companies are also desperately seeking skilled workers. Population growth and continued high demand in the housing market are therefore expected to continue until 2040. Utilising the housing units in the building backlog can offer a certain amount of relief. However, declining building permits, inflation, rising interest rates and building costs also point to future difficulties. Political decisions such as the results of the Commission of Experts on the referendum 'Expropriate Deutsche Wohnen & Co.' (Deutsche Wohnen & Co. enteignen) will also affect developments on the Berlin housing market. For the almost 2 million existing housing units, climate protection and the path to climate neutrality also present the greatest challenges. Long-term and sustainable solutions at socially acceptable conditions must be found to this end.

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The summary of the 2022 IBB Housing Market Report is made available to the public for information purposes only. All underlying information has been carefully researched and compiled. We do not assume any guarantee for correctness and completeness.

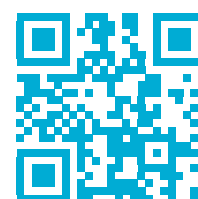
The 2022 IBB Housing Market Report, the supplementary Table Volume for 2022 as well as additional interactive presentations and a summary in German can be found at: www.ibb.de/wohnungsmarktbericht

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