

# Markets and Facts

Developments and Trends in the German Real Estate Market

2025



## The Markets for

- Office Space
- Retail Space
- Real Estate Investments
- Logistics Space

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# “No journey is too long with a friend by your side.”

Japanese proverb

Dear reader!



Henrik Hertz

After the past very challenging years, this very wise saying fits perfectly with many current issues that affect us so negatively, unsettle and paralyze us. Many people do not feel heard any more and therefore marginalized, set back and ignored!

Non-value-adding **reporting obligations** further complicate the economy instead of relieving it. Even though the underlying objectives make sense, the costs and benefits are out of proportion.

Only citizens who understand the context do not immediately perceive the challenges ahead of us as a threat. Citizens who lack this understanding are susceptible to the seductive, simple answers of radical promises, whether from the left or the right of our society. This is a dangerous development that can lead to a division in our community. Our tried and tested democracy needs a solid center that must not be undermined!

According to a recent estimate, over four million top performers are already subject to top rate taxation. These are said to be those who earn 1.6 times the average wage. In the 1960s, this figure was only 18 times the average income! Is it any wonder that the willingness to give more than the bare necessities is dwindling and instead the idea of leisure is becoming more and more widespread? This is the poison that paralyzes the economic dynamism of an economy. Our economic performance is in a global competition with countries that either have more bite and long for prosperity, or with countries that are run autocratically and are subject to a politically imposed pace.

Many former emerging economies are currently overtaking us and/or have already passed us by. We run the risk of no longer being able to afford our welfare state.

This is a dangerous development because large sections of our population have become accustomed to it. And the biggest crisis is yet to come! This refers to the looming **“crisis on the housing market”** in particular.

If residential construction can only be realized in the “upper standard” segment with net rents of € 20/sqm to € 22/sqm, alarm bells must ring in the political arena. Programmes must be launched immediately to meet the growing demand for market-driven, and above all affordable, living space in conurbations. Every idea is worth being taken up immediately **before the “hut” burns**. Rent charges for housing must not exceed the 35 % threshold of monthly net income. Housing is not created by rent freezes and dictated measures. Passive construction activity leads to a decline of skilled craftsmen moving away and to the destruction of detailed construction knowledge.

However, investments in other segments (office, retail, logistics, etc.) also require sensible economic support and handling by owners and tenants.

The **DIP partners** have long internalized the guiding principle of this foreword.

With a friend and business partner at your side, you can cope better with difficult market phases and achieve better results, especially for your customers.

**What can we do for you?**

Yours

Henrik Hertz  
Speaker of the DIP Partners

# Deutsche Immobilien-Partner

An attractive group of specialists

**Eight top property services providers with more than 25 branch offices are affiliates of the nationwide DIP group. Each and every partner is experienced at its location, linked through networks, superbly integrated and has an excellent reputation.**



Our cooperation is based on strong trust and builds on the foundations of professional qualification and active presence on the market.

In order to offer first-rate consideration of the interests of Dutch investors in Germany and these of German investors in the Netherlands, the DIP network has been strengthened by the renowned company **FRIS, Amsterdam**, since August 2017 as Preferred Partner. Since fall 2019, **Logar & Partner Immobilienreuehand GmbH, Vienna**, has supported the DIP association in order to meet the interests of Austrian investors in Germany and also to take into account these of German investors in Austria.

## History

**In 1988, the increasing supra-regional tasks, especially in the sectors "investment" and "commercial letting", led the befriended and owner-managed, long-established companies Aengevelt (est. 1910) in Düsseldorf, Arnold Hertz (est. 1900) in Hamburg and Ellwanger & Geiger (est. 1912) in Stuttgart to establish a group. The goal: Important and interesting locations were to be closely linked by the accession of renowned real estate agents.**

It was the right solution to the question of how the requirements of national and international investors, acting across regions, could be fulfilled!

The high level of renown of the three founding companies was to give other selected partners/companies in other regions the opportunity to open the nationwide property market to their regional clients as well. The collection of regional market data allowed for the publication of the market report "Markets and Facts", a pioneering achievement in the industry, which compared all relevant property markets in Western and Eastern Germany for the first time and the 37<sup>th</sup> annual issue of which you are now holding in your hands. Ever since then, it has been considered to be one of the most important market analyses, given its comparison of market data from Western and Eastern German cities, bigger and smaller ones alike.

The following always applies: Any client co-attended by a partner enjoys deepest respect, has utmost priority and experiences the reliable consultation and transaction participation he may naturally expect and is used to receiving from his regional property consultant.

Our **"Code of Conduct"** is the basis of our success and the corresponding unique advantages for our clients:

- **More trust:** Each partner acts honestly and in a responsible manner in all transactions.
- **More competence:** Each partner utilises its good reputation and offers a high-quality service.
- **More quality:** With their market position at the respective locations, the partners guarantee the assured high quality standard.

A unique characteristic of the DIP Group is the partnership with the following well-known companies as Preferred Partners which complement the holistic scope of real estate with their services:

- **Allianz Partners Deutschland GmbH – Allianz Handwerker Services** – Aschheim (near Munich)
- **EBZ Business School GmbH** – University of Applied Sciences, Bochum
- **GÖRG Partnerschaft von Rechtsanwälten mbB**, Cologne
- **Olivier Versicherungen**, Monschau
- **TÜV Rheinland Industrie Service GmbH**, Cologne

Joint values are the best basis for your success!

**More ideas, more competencies, more opportunities for the sale or acquisition of your property most effectively complement DIP core competencies for you!**

# DIP-Partner

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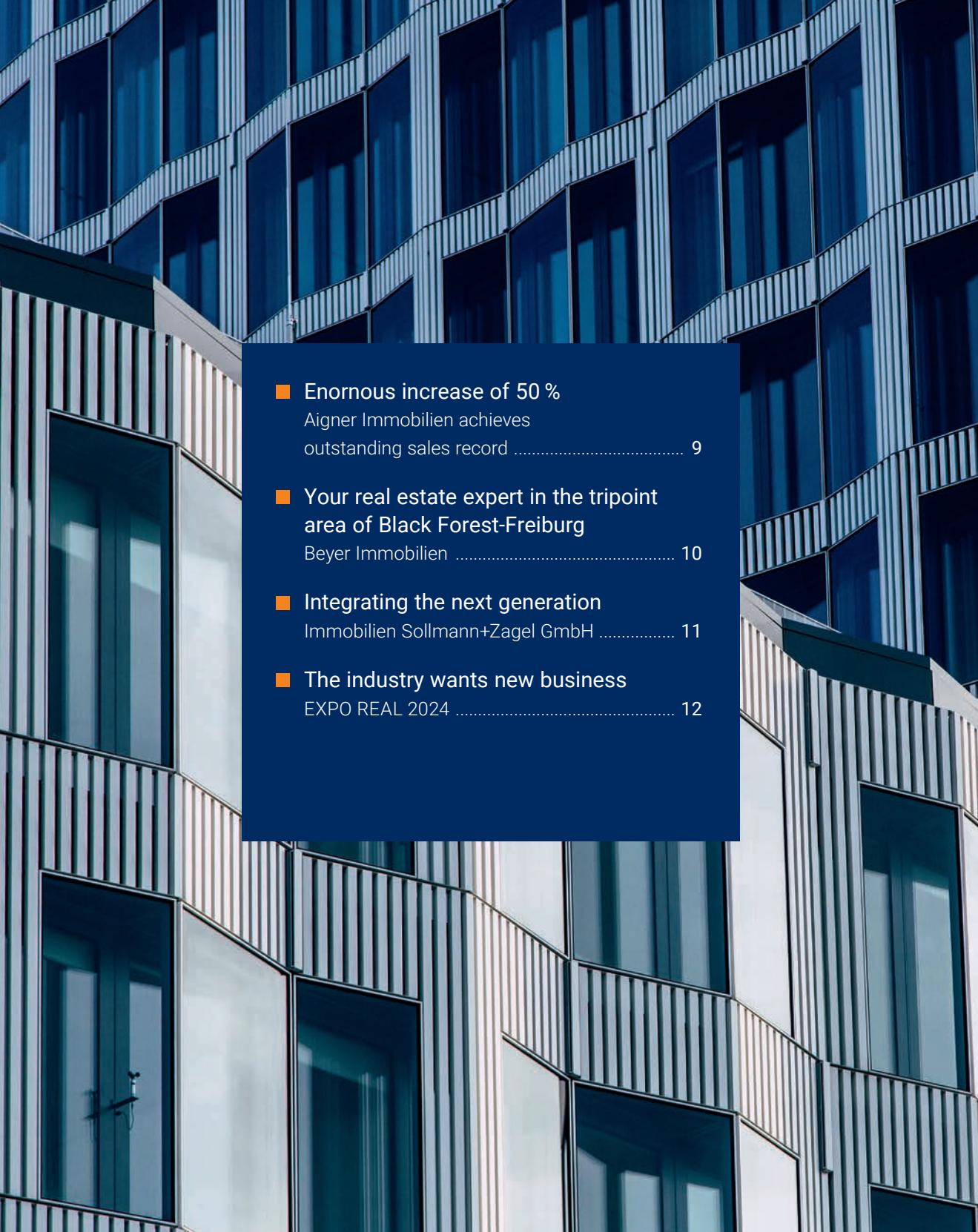
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# DIP News

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# Enormous increase of 50 %

Aigner Immobilien achieves outstanding sales record of € 26.5 million



**2024 will go down in our company history as an outstanding year.**

Managing Director  
Jenny Steinbeiß with Thomas Aigner,  
Managing Director and owner

**Aigner Immobilien GmbH ended the 2024 financial year with a record result: The company increased its total revenue generated by 50 % and achieved an outstanding year-end result of € 26.5 million. It is the most successful year in the company's history. With the opening of a further office in the south of Munich, the network of locations was expanded to nine and the expansion course continued. The real estate agency is thus further expanding its market leadership in the greater Munich area and once again demonstrating its resilience.**

In 2024, the number of brokered contracts rose to over 699. As a result, the company brokered a property volume of over € 555 million – an increase of 47 % compared to the previous year. The high demand brought the company an increased number of customers last year: With over 32,500 new inquiries, more than 43,000 pre-registered, verified prospective buyers and over 100,000 qualified owner contacts, Aigner Immobilien has one of the largest customer networks.

In the first quarter, the company opened another office in the Munich district Solln. With its showroom character, the ninth office in total also serves as a forum for special events and as a meeting point.

“2024 will go down in our company history as an outstanding year,” says Managing Director Thomas Aigner. “The operating business reflects the high demand for real estate, and not just from owner-occupiers. Well-funded investors are also slowly returning to the market; we are seeing a revival in almost all asset classes.”

Managing Director Jenny Steinbeiß adds: “It was not only due to demand that we were able to increase our transaction figures significantly. In the new market situation, owners are relying even more on sound advisory services from experts like us with our 35 years of market experience.”

**AIGNER IMMOBILIEN**

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# Your real estate expert in the tripoint area of Black Forest-Freiburg

Beyer Immobilien

**“We want to create happy situations between people.” This idea has been the basis for our actions in the tripoint area for more than 30 years.**

In addition to the “traditional real estate services” like selling residential and commercial properties, we are also very successful in mediating between difficult parties and in achieving pleasing outcomes for all involved in the end. We are not only familiar with the market – **we also understand the people and their needs in our region.**

**Our passion for real estate has expanded meaningfully with growing expertise:**

- Selling/letting **residential properties** and **land** (Beyer Immobilien, owner: Leo Beyer)
- Selling/letting **commercial real estate** and **capital investments** (Beyer Immobilien, owner: Leo Beyer)
- **Real estate financing** (Beyer Finanz GmbH)
- Project planning for **construction projects** (Beyer Wohnbau GmbH)

As one of the leading real estate agencies in Freiburg, awarded by Capital Magazin, we offer tailor-made solutions in the tripoint area of Offenburg – Kaiserstuhl – Lake Constance. This recognition confirms our team of 10 and motivates us to continue to set the highest standards in the real estate industry.



Leo Beyer  
Owner and  
Managing Director

On behalf of our clients base consisting of more than 28,000 potential property purchasers/tenants, we manage qualified requests for flats, houses and mansions at purchase prices of up to € 6 million. Regarding commercial real estate, apartment buildings and capital investments, we receive inquiries with investment volumes of up to € 150 million. **Beyer Finanz GmbH** has single-handedly brokered individual financing concepts with an investment value of € 15 million.

Our specialists for commercial real estate and real estate investment draw on the know-how and support of civil engineers and architects from our network as well as on in-house real estate financing partners.

With **Beyer Wohnbau GmbH**, we implement our own project developments with high demands on building quality and architecture together with long-standing trusting partners. We guarantee high standards and creative ideas, with architecture and people at the heart.

We are very happy to be a DIP Partner, supporting exchange and joint growth. Here, too, our partners take centre stage as people who want to create happy situations beyond the region.



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# Integrating the next generation

Immobilien Sollmann+Zagel GmbH



Michael Zagel

**Immobilien Sollmann+Zagel is a family business that has been successful in the real estate market for 54 years. The managing partner, Michael Zagel, is now in his 39<sup>th</sup> year at the helm. "Having worked in a company for so long doesn't just mean that you have a high level of experience, but that you also get older. We have to do justice to this ageing process in order to equip ourselves for the future, which is why rejuvenating the company is also a top priority in the area of human resources".**

Five years ago, Jan Zagel, Michael Zagel's eldest junior, gave the company a new boost by joining the company. This rejuvenation is now being reinforced by his brother, Tim Zagel. Tim Zagel has already been a dual trainee for five years at ISZ and has just completed his Master's degree in Real Estate Management in Munich and, together with his brother Jan Zagel, has recently joined the real estate team from ISZ. Both complement the ISZ Investment team sustainably for the future.



Jan Zagel



Tim Zagel

André Aechtner, Head of Investment at ISZ, is delighted to have the support of Jan and Tim Zagel and is confident that the next generation will bring fresh impetus and new perspectives. "Their expertise and their enthusiasm for real estate sales and investments combined



André Aechtner



with their fresh approach are a real asset for us here at ISZ," says André Aechtner, an experienced industry professional who has navigated the company through many market cycles for over 20 years.

The integration of Tim and Jan Zagel into the day-to-day business of ISZ already showed a strong development of the company in the past. It is not only a logical consequence of the family tradition, but also an important step towards future viability and growth orientation. Together with the experienced team around Michael Zagel and André Aechtner, the next generation is working to continue to position ISZ as a leading player in the real estate sector in the Nuremberg metropolitan region and at the same time to create new values that will benefit both our customers and us as a company in the long term.

**ISZ** | Immobilien  
Sollmann+Zagel

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# EXPO REAL 2024

Mark Aengevelt “The industry wants new business”



The DIP Deutsche Immobilien-Partner trade fair stand at EXPO REAL 2024

**“The past few years have been spent “nursing wounds”, optimizing the portfolio and realigning it. At the EXPO REAL industry event in Munich, it became clear that this strategy now needs to be implemented.**

Accordingly, exhibitors and trade fair visitors were unanimous: “We finally want to do new business again!

**What is necessary for this?** The drive must also extend to the financing vehicles. In order to trigger transactions, the depreciations that have still not been completed on numerous properties must now be realized at current market levels.

Trust is also needed between transaction partners and advisors. We have noticed that the basis of trust has grown significantly again on the way to a “new start”. Once these minimum requirements have been met, the basis for new business has been created.

### What other topics were there?

Conversions of existing offices into various, commercially residential concepts among others, continue to be “en vogue”. The gap between supply and demand prices has narrowed significantly and got thinner by ten percent.



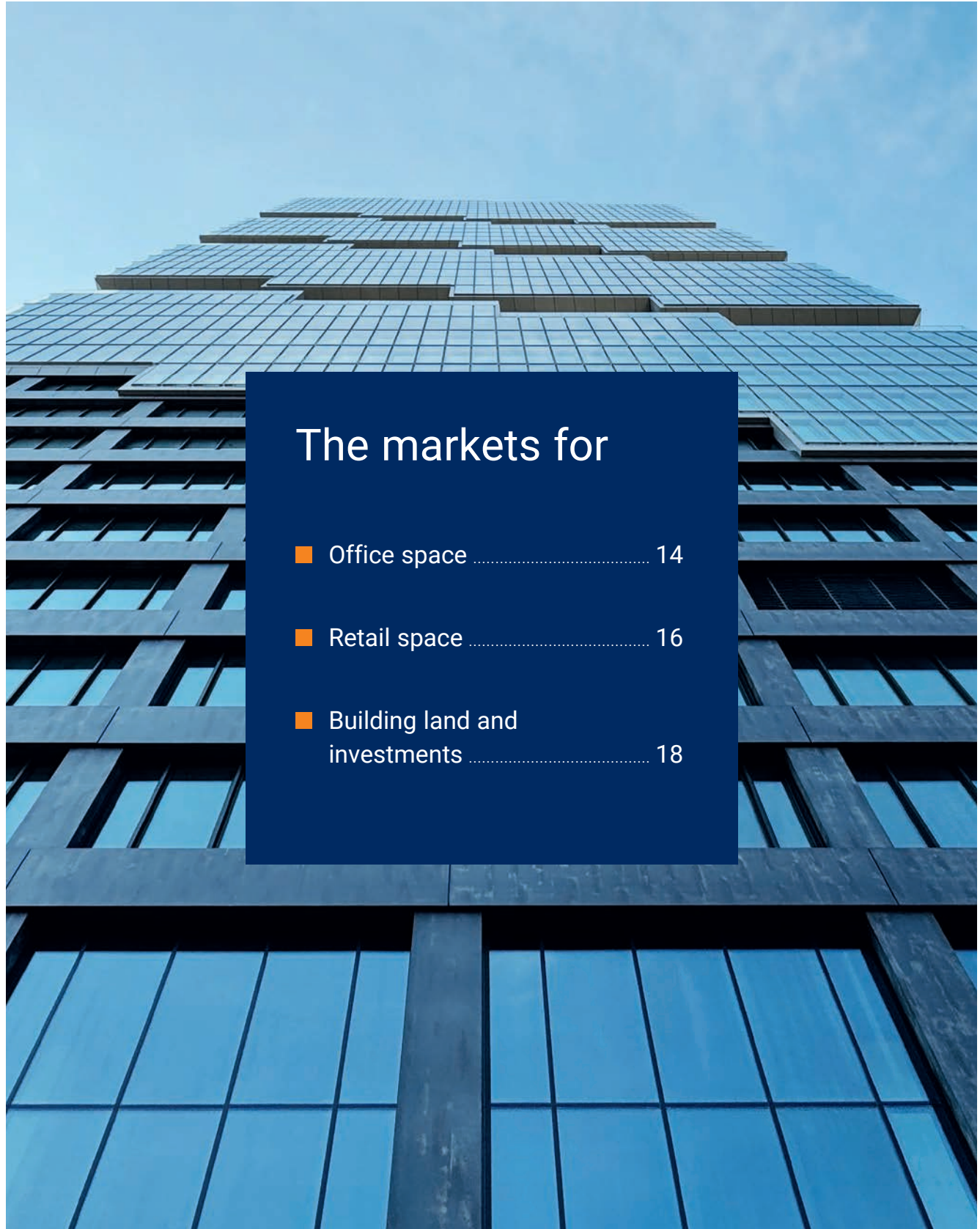
Great interest in panel discussions by Aengevelt Immobilien  
Photo: © Aengevelt Immobilien

Artificial intelligence is increasingly becoming an industry companion, but it is no substitute for lasting trust and the personal quality of advice between the players. Our conclusion: The sector is back on track, transaction conditions and sentiment are improving.”



Mark Aengevelt  
Managing Partner  
Aengevelt Immobilien GmbH & Co. KG

# Overviews of markets



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# The market for office space

## Overview

### Office space market

Leased and owner-occupied take-up in sqm	Berlin	Bremen	Dresden	Düsseldorf	Essen	Frankfurt a. M.	Freiburg
2024	570,000	84,000	89,000	231,400	85,000	340,300	31,000
2023	540,000	88,000	94,000	282,000	112,000	365,400	29,000
2022	770,000	90,000	85,000	330,000	115,000	384,300	35,000
Top rent in €/month							
2024	45.00	15.50	21.00	43.50	18.00	48.50	19.00
2023	45.00	15.20	20.00	40.00	18.00	46.50	19.00
2022	43.00	14.00	18.50	31.00	16.80	45.50	17.50
Average rent in €/month							
Entire city 2024	27.00	9.20	13.50	17.00	11.00	25.00	13.50
Inner-city 2024	29.00	10.70	16.00	25.00	13.00	29.50	15.00
City periphery 2024	23.00	8.20	12.00	19.00	10.20	19.50	12.50
Suburbs 2024	18.00	7.80	9.70	12.50	8.00	16.80	9.50
Vacancy, absolute in sqm							
End of 2024	1,390,000	215,000	103,000	1,000,000	230,000	1,250,000	34,000
End of 2023	910,000	178,000	85,000	800,000	208,000	1,050,000	29,000
End of 2022	670,000	132,000	90,000	750,000	199,000	940,000	25,500
Vacancy rate (%)							
End of 2024	6.4	6.7	4.0	10.5	7.2	10.1	3.4
End of 2023	4.3	5.6	3.3	9.8	6.8	9.1	2.9
End of 2022	3.2	3.8	3.5	8.1	6.5	8.2	1.7
Forecast							
Projected take-up in 2025	→	→	→	↗	→	↗	→
Projected top rent – end of 2025	→	→	→	↗	↗	↗	→
Projected average rent – entire city – end of 2025	→	→	↗	→	→	↗	→
Projected vacancy, absolute – end of 2025	→	↗	↗	↗	→	↗	↗

n. a. = data not available  
As of 31 December 2024

Hamburg	Hanover	Karlsruhe	Cologne	Leipzig	Magdeburg	Munich	Nuremberg	Stuttgart	Amsterdam
437,000	95,000	41,000	210,000	124,400	12,220	590,000	70,000	160,000	191,000
444,000	82,000	40,000	229,000	120,000	16,000	455,000	91,000	120,000	136,644
551,000	98,000	50,000	311,000	130,000	24,000	760,000	95,000	280,000	202,000
36.00	21.50	16.90	34.00	21.00	14.80	55.70	17.00	36.00	50.00
36.00	19.00	15.00	33.00	19.00	14.80	49.50	18.00	32.00	40.00
35.00	18.00	14.50	27.50	17.50	14.00	43.00	17.00	30.00	40.00
20.00	13.00	12.30	20.00	13.00	9.00	25.35	12.00	20.00	23.25
21.00	15.40	12.30	19.50	15.00	11.70	43.80	13.50	24.00	29.00
18.20	12.50	11.50	14.50	13.50	9.50	26.32	11.50	18.00	25.00
14.50	8.80	9.50	10.00	9.00	6.50	16.07	10.00	12.00	18.00
730,000	250,000	110,000	350,000	190,000	54,500	1,530,000	250,000	450,000	n. a.
569,000	225,000	120,000	298,000	187,000	58,000	1,350,000	209,000	320,000	427,800
503,000	160,000	100,000	239,000	158,000	61,500	1,100,000	172,000	320,000	420,000
5.0	5.1	5.5	4.3	4.7	5.1	6.9	6.1	5.3	9.3
4.0	4.7	6.0	3.7	4.7	5.5	6.1	5.4	4.0	6.9
3.7	3.5	4.0	3.0	4.1	5.9	5.0	4.5	3.9	7.2
↗	↗	↘	↗	→	↗	↗	→	→	→
↗	↗	→	↗	↗	↗	↗	→	→	↗
↘	↗	↘	↗	↗	↗	→	→	→	→
↗	↗	→	↘	→	↘	↘	↗	↗	↘

# The market for retail space

## Overview

### Retail space market

Rent in €/sqm	Berlin	Bremen	Dresden	Düsseldorf	Essen	Frankfurt a.M.	Freiburg
Top rent, absolutely prime location (ground floor < 100 sqm)*	310	108	85	275	70	265	115
Prime inner-city location (ground floor < 100 sqm)*	70–100	65–95	30–80	130–250	35–70	135–265	45–90
Secondary inner-city location (ground floor < 100 sqm)*	20–45	25–35	13–20	40–60	15–23	70–120	23–45
City periphery/centre of a city district (ground floor < 100 sqm)*	25–70	12–18	10–15	15–30	10–22	16–40	15–25
Discounter/specialized big box store – non-food	8–12	6–12	6–12	10–16	6–13	15–25	10–20
Discounter/specialized big box store – food	15–25	7–17	8–15	10–18	6–16	14–18	10–20
<b>Forecast 2025</b>							
Development of rents: prime location	→	↓	↓	→	→	→	↓
Development of rents: secondary location	↓	↓	↓	→	↓	→	↓
Demand for retail space in prime locations	→	↓	↓	→	↓	↓	→
Take-up of retail space in prime locations	↓	↓	↓	→	↓	↓	→

\* = typical market range  
n.a. = data not available



Hamburg	Hanover	Karlsruhe	Cologne	Leipzig	Magdeburg	Munich	Nuremberg	Stuttgart	Amsterdam*
245	160	45	215	110	45	340	128	250	2,900
190-245	100-160	25-45	120-215	80-110	20-30	200-340	70-120	40-100	240-380
40-55	30-65	12-20	60-100	60-80	17-20	60-130	48-68	15-50	180-220
35-50	14-36	8-12	15-35	10-20	7.5-11	25-60	18-35	5-18	500-1,500
10-18	6-12	8-12	10-15	12-20	6-11	n. a.	10-20	10-16	n. a.
10-22	8-14	10-15	10-16	15-25	6-11	10-30	10-20	12-18	n. a.
→	→	↓	→	→	→	→	↓	↗	→
→	→	↓	→	↗	→	→	↓	→	↓
↗	↓	↓	→	→	→	→	↓	↗	→
→	→	↓	→	→	→	→	→	↗	→

\* data p. a.



# The market for building land and investments

## Overview

### Land for office and business buildings (city locations)

The market for land – purchase prices in €	Berlin	Bremen	Dresden	Düsseldorf	Essen	Frankfurt a. M.	Freiburg
Commercial land*	110–410	100–300	50–340	200–550	65–170	230–500	200–500
Land for office and commercial buildings (city locations)	3,000–10,000	1,300–5,000	560–4,700	2,650–55,000	600–1,900	5,100–37,000	2,000–25,000
Land for residential buildings (good locations)	1,400–5,800	800–1,500	500–1,200	400–1,900	320–670	750–3,200	500–2,000
<b>Commercial investment – peak multipliers (net)</b>							
Commercial building	21.0	19.0	21.0	22.0	18.0	26.0	24.0
Office building	21.0	17.0	16.0	22.0	19.0	22.0	20.0
Self-service shop/specialized retailer/specialized big box store	15.0	17.0	14.0	16.0	15.0	18.0	18.0
Industry/commercial/logistics	16.0	17.0	13.0	18.0	16.0	17.0	20.0
<b>Commercial investment – typical initial multipliers</b>							
Commercial building	16–18	13–16	12–16	15–19	14–19	14–18	14–20
Office building	16–18	14–17	11–15	15–18	15–18	13–16	13–18
Self-service shop/specialized retailer/specialized big box store	12–15	12–14	10–14	12–15	11–14	12–14	12–15
Industry/commercial/logistics	10–16	12–16	8–12	10–15	11–15	11–14	14–18
<b>Residential investment – typical initial multipliers</b>							
Multi-family house – new building (standard fittings)	20–23	16–20	18–23	20–23	15–20	20–23	18–30
Multi-family house – inventory (standard fittings)	16–20	14–19	10–19	15–21	12–17	17–21.5	16–25

n. a. = data not available

\* These prices are for a developed plot in higher-quality industrial areas or for commercial areas that are reached easily (excluding old industrial or production sites in city centres); usually, with a floor space index of 0.6 to 1.1.

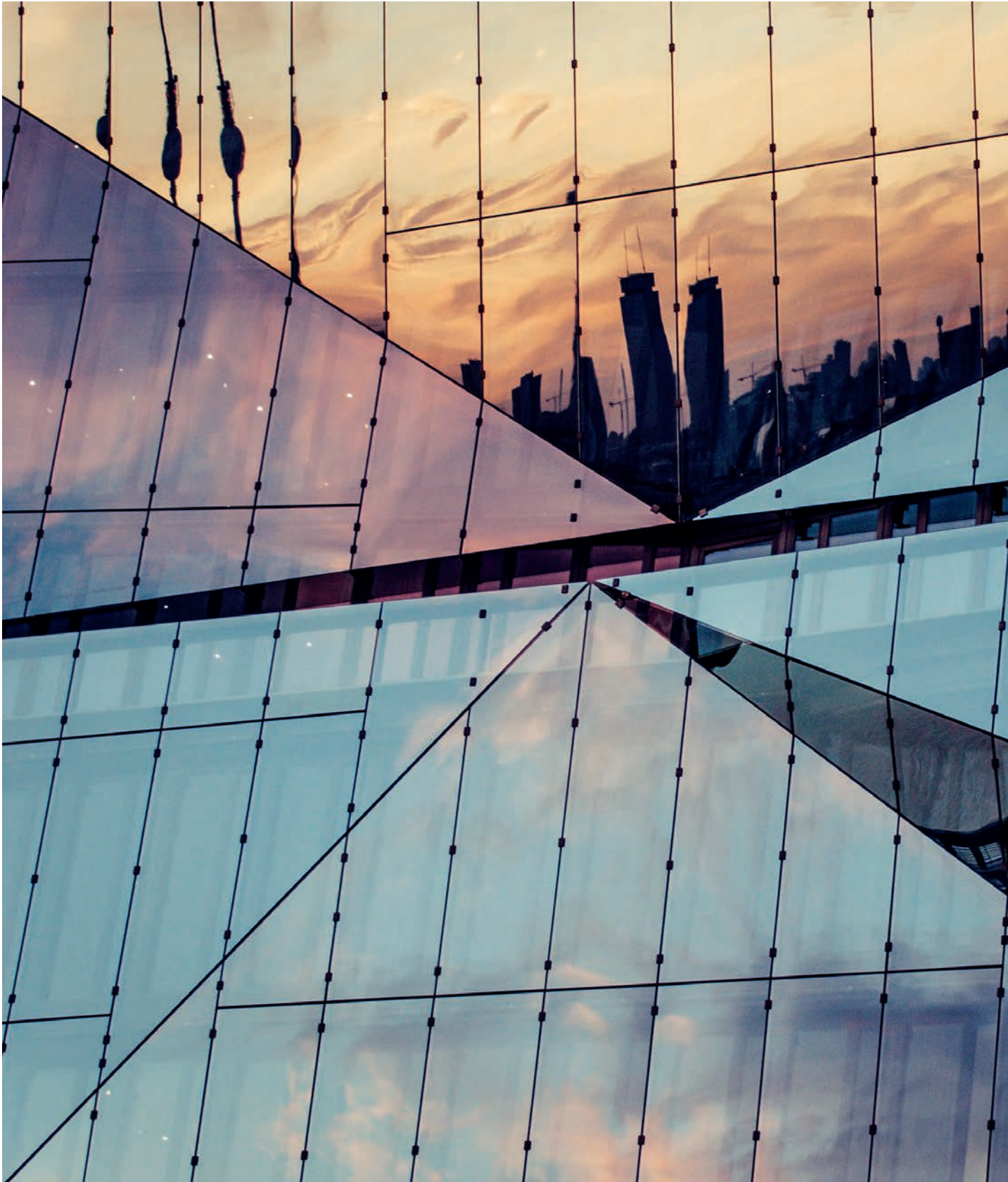
Multiplier = net multiplier (final purchase price to annual net rent)

Top multiplier = highest multiplier to be achieved in the market

New building = completion within the past two years

Hamburg	Hanover	Karlsruhe	Cologne	Leipzig	Magdeburg	Munich	Nuremberg	Stuttgart	Amsterdam
100– 480	90– 280	85– 300	150– 270	50– 350	30– 110	800– 3,850	160– 390	250– 750	n. a.
n. a.	1,200– 7,500	1,000– 4,500	900– 24,000	1,800– 4,200	350– 850	3,000– 10,000	3,500– 15,000	4,000– 7,500	n. a.
n. a.	750– 1,200	300– 1,100	750– 1,600	800– 2,000	200– 400	2,000– 4,500	900– 1,800	1,500– 3,600	n. a.
24.0	20.0	25.0	22.0	20.5	19.0	25.6	20.5	22.0	22.0
25.0	19.5	19.2	21.0	19.0	19.0	25.6	19.5	20.0	20.0
n. a.	16.0	15.4	16.0	17.0	16.0	21.0	13.0	18.0	14.0
23.0	17.0	15.4	18.0	20.5	19.0	23.5	12.5	16.0	19.0
16–20	15–19	15–20	17–19	15–20.5	13–14	21–28	17.5–19	18–22	11
16–22	14–19	14–18	17–19	13–19	13–14	20–26	17–19	18–20	11
n. a.	10–14	12–15	10–15	10–17	11–16	14–21	10–14	13–18	12
13–19	10–16	12.5–14.5	12–16	10–18	11–16	16–20	11–15	13–18	14
18–23	15–20	19–22	18–23	18–22	18–20	30–40	18–20	20–22	25
17.5–20	13–18	17–21	16–20	14–19	15–18	24–38	16–21	18–20	20

# Markets in detail



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# The market for office space

## Another year of stagnation on the German office markets

**The office markets continued to reflect the overall economic development in the 2024 reporting year. Although the inflation rate was reduced to an annual average of 2.2 %, which almost reached the ECB's target value and prompted it to make several tentative interest rate cuts, the gross domestic product (GDP) fell by 0.2 % – while other European countries (such as Denmark, Belgium, France, Spain and Italy) recorded significant growth rates in some cases. Over the course of 2024, there were also more and more announcements by large companies that they would cut jobs, close plants or relocate production areas or their headquarters abroad.**

In 2024 and even at the beginning of 2025, the German economy was unsettled by global developments, which, in addition to the ongoing war in Ukraine, are characterized by ever new trouble spots, including announcements by the new US president to introduce or raise tariffs. In addition, the financial burden of climate protection policy is becoming increasingly visible for business and consumers, as well as ESG and other reporting obligations are significantly increasing the bureaucratic burden. The GfK consumer climate index therefore only recovered slightly and, at a value of -21.3, remained deep in negative territory in January 2025.

In this situation, both companies and the public sector are trying to save costs, including on office space. The home office is often used to reduce office space when long-term leases are due for renewal. There are hardly any expansions; the start-up scene has also become less dynamic. Due to the decline of the completions of new builds, relocation chains have come to a standstill.

**Due to the decline of the completions of new builds, relocation chains have come to a standstill.**

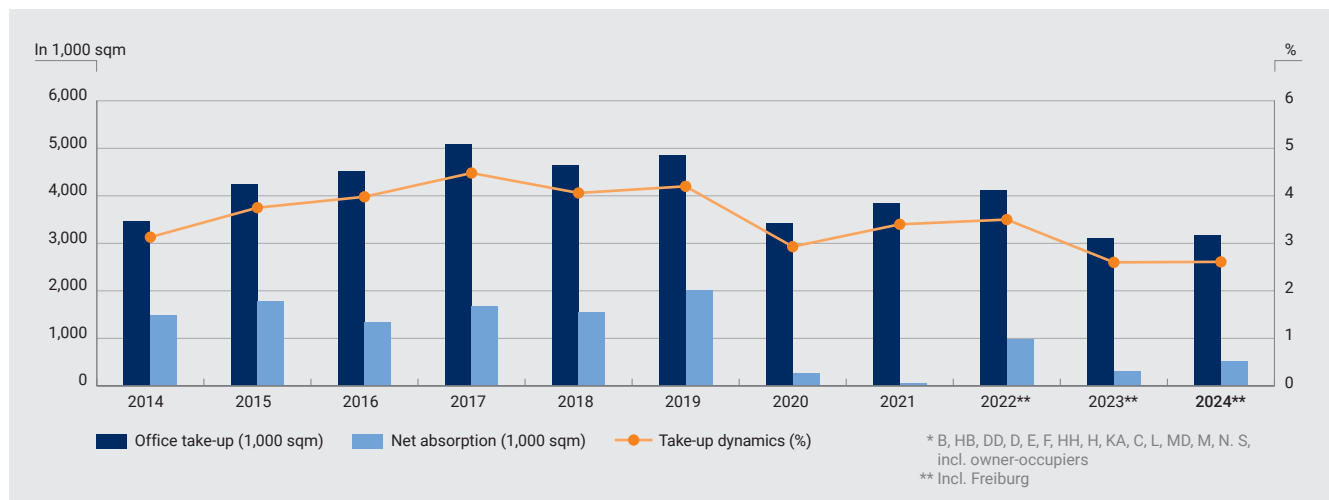
Despite generally subdued sales momentum, the trend towards higher quality locations and properties is continuing. While modern, flexibly configurable space that sustainably

meets the ESG criteria continues to be in high demand and is therefore being marketed at tightly calculated market prices, older properties with a modernization backlog and rigid, outdated floor plans and significantly higher energy requirements continue to come under increasing pressure – all the more so, because, against the backdrop of a shortage of skilled workers, which has led to a significant rise in user expectations, objective compliance with ESG criteria is increasingly being demanded/expected by office users' employees as well as by suppliers and customers. These trends are reflected in the fact that prime rents in particular are continuing to rise, despite generally subdued demand in the broader market.

### Office space take-up on a ten-year average

- In the 2024 reporting year, a total of around 3.17 million sqm of office space was taken up in the 16 DIP locations analyzed. The previous year's result (2023: 3.11 million sqm) was thus moderately exceeded by a total of around 63,000 sqm or 2 %. This latest market result is therefore still around 21 % below the most recent ten-year average (average 2014–2023: 3.99 million sqm p. a.).
- In the seven largest German office markets of Berlin, Munich, Hamburg, Cologne, Frankfurt am Main, Düsseldorf and Stuttgart, around 2.54 million sqm or 80 % of office space take-up of all 16 DIP locations was recorded. This represents a year-on-year increase of around 4 % in take-up (2023: around 2.44 million sqm). The markets with the highest take-up in 2024 were Munich (590,000 sqm), Berlin (570,000 sqm), Hamburg (437,000 sqm) and Frankfurt am Main (340,300 sqm).
- Take-up momentum, which characterizes the share of take-up in the portfolio, recorded a sustained trend of 2.6 % year-on-year. The markets of Dresden (3.4 %), Leipzig (3.1 %), Hamburg (3.0 %) and Frankfurt (2.9 %) were particularly dynamic, i.e. above the average performance of the 16 DIP markets. Essen (2.7 %), Berlin and Cologne (2.6 % each), Düsseldorf (2.5 %), Nuremberg (2.4 %), Bremen (2.3 %), Munich and Hanover (2.1 % each), Stuttgart (1.9 %), Karlsruhe (1.7 %) and Magdeburg (1.2 %) recorded more moderate office space take-up rates.

## DIP office markets\*: office take-up, net absorption and take-up dynamics



Source: DIP, Aengevelt Research

- The largest office markets that lost momentum compared to the previous year are Essen (-112 basis points), Nuremberg (-60 basis points), Düsseldorf (-55 basis points), Magdeburg (-40 basis points), Cologne (-30 basis points), Dresden (-25 basis points), Frankfurt am Main (-20 basis points), Bremen (-15 basis points) and Hamburg (-10 basis points). All other office markets recorded a moderate increase in momentum in the range of 10–60 basis points.

## Net absorption has increased

Net absorption amounted to around 516,000 sqm in 2024 (2023: around 308,000 sqm) and, as expected, fell short of the record year 2019 (2.0 million sqm). Positive net absorption in the reporting period means that, on balance, more office space was taken up than space was vacated. Net absorption in the reporting year 2024 is around 53 % below the ten-year average (2014–2023: 1.11 million sqm). While the period 2014–2019 was characterized by a positive economic development with sustained higher net absorption, which averaged around 1.58 million sqm p. a., the pandemic inevitably brought an abrupt end to the previously robust growth in the following years 2020/2021. The low point was reached in 2021 with a net absorption of only around 54,000 sqm. In the following year, the total rose again to around 973,000 sqm. Although the positive trend did not continue in the reporting year 2024, absorption remains positive. This development is primarily driven by new work concepts and increased user requirements.

## Significant in surplus office space

The increased office market supply and the trend towards remote working have led to a further increase in the total amount of office space available at short notice in the 16 German markets analyzed by around 1,420,500 sqm to around 8.1 million sqm of office space in the course of 2024. Accordingly, the average vacancy rate of the 16 DIP markets rose from around 5.5 % at the end of 2023 to around 6.7 % in the following year.

**On average, around 21% more office space has been available to rent since the end of 2024 than in the previous year.**

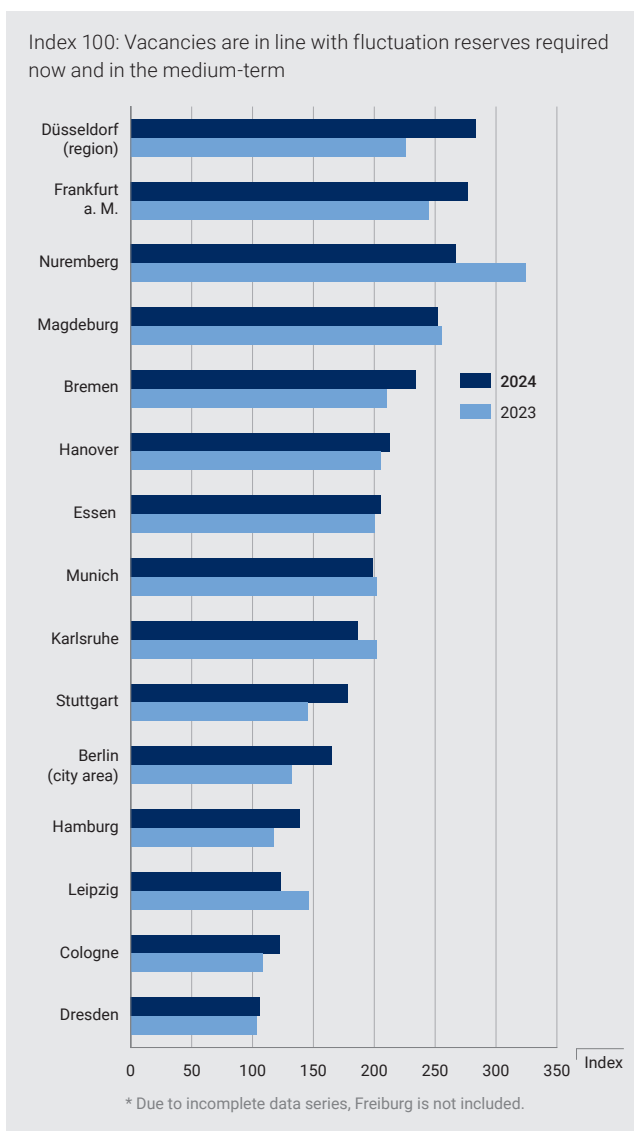
On average, around 21 % more office space has been available to rent since the end of 2024 than in the previous year. The trend of rising supply reserves from the previous year thus continued with increasing momentum:

- The markets with particularly dynamic growth in supply reserves in 2024 included Berlin (+53 %), Stuttgart (+41 %) und Hamburg (+28 %) as well as Dresden and Bremen (+21 % each).
- In contrast, comparatively moderate increases in supply reserves were observed in Frankfurt, Nuremberg and Freiburg (+19 % each), Cologne (+17 %), Munich (+13 %), Hanover and Essen (+11 % each), Düsseldorf (+8.7 %) and Leipzig (+1.6 %).

- In contrast, an inverse market trend, i.e. a further moderate reduction in the supply reserve, was measured in Karlsruhe (-9 %) and Magdeburg (-6 %).
- In addition to the classification of vacancies and their rates of change, it is essential to consider the fluctuation reserve, which in turn depends on the turnover dynamics, when assessing a location. It is rather the changing relationships to take-up and to the expansion of the inventory due to new construction activity which are important for the assessment. The "ARLEX" vacancy index (Aengevelt Research Leerstandsindex), developed by Aengevelt Research years ago as an assessment indicator for the sector, takes into account the relationship between the

development of vacancies on the one hand and sales momentum and the medium-term (future) completion volume on the other. An index value of 100 represents a typical market in equilibrium, values below 100 an excess demand and values above 100 an excess supply. The calculation of the ARLEX assesses the results of the respective locations with a significantly higher quality of information than the simple quantitative consideration of the nominal vacancy rate and its change.

#### ARLEX: Index of vacancies of DIP office markets\*



Source: DIP, Aengevelt Research

- The ARLEX changed across all 15 office markets analyzed (due to gaps in the data series, Freiburg is not considered) within a year from 159 points at the end of 2023 to 192 points at the end of 2024. The overall market analyzed thus continues to have a clear supply surplus, with the regional locations showing almost the same trend.
- The most balanced relationship space supply, demand and medium-term space expansion is found in Dresden (106).
- Overall, the range of index values in the locations analyzed is between 106 (Dresden) and 283 (Düsseldorf). The generally higher index values, e.g. in Düsseldorf (283), Frankfurt (277), Nuremberg (267), Magdeburg (252), Bremen (234), Hanover (213), Essen (205), Munich (199), Karlsruhe (186), Stuttgart (178), Berlin (165), Hamburg (139), Leipzig (123) and Cologne (122), reflect an excess of supply. There is not any city in the office markets analyzed which recorded low index values that correspond to excess demand and thus a mismatch between demand for office space, vacancy rates and completion levels.
- The most significant jumps in the ARLEX were recorded in Düsseldorf (+57), Nuremberg (-57), Berlin and Stuttgart (+33 each), and Frankfurt (+32) in the reporting year.

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### Performance of the 15 DIP markets\* according to the barometer

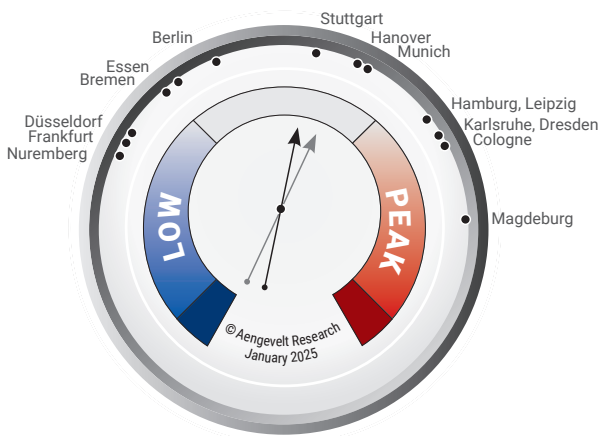
The **office barometer** from Aengevelt Research, a tried-and-tested, meaningful index-based analysis tool, does not take into account the development of office rents only but also all other key indicators that reflect the supply-demand ratios<sup>1</sup>.

Compared to the previous year, both the index values in the 15 DIP markets and the overall German index value developed differently in line with the forecast, reaching a value

of -36 at the end of 2024 (2023: -2). In a medium-term context (2013–2022: 41), the performance can be rated as inadequate.

The highest values were recorded for the office markets of Magdeburg, Cologne, Dresden, Karlsruhe, Leipzig and Hamburg, i.e. these markets show a comparatively stable dynamic. In contrast, the lowest barometer values were recorded in Nuremberg, Frankfurt and Düsseldorf, reflecting the current stagnation.

#### Office Barometer



<sup>1</sup> The following key indicators are considered in the calculation of the index values: space take-up, net absorption, available space supply, supply reserve available at short-term, necessary mobility reserve, completion volume, existing space, top rent, average rent.

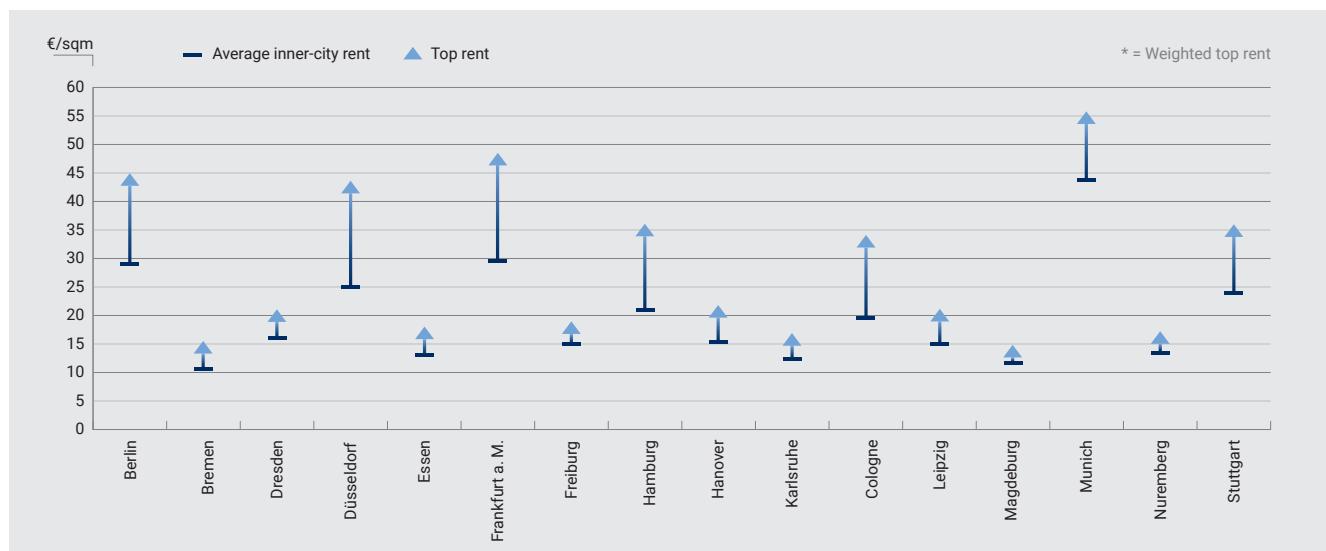
\* Freiburg excluded.

### Solid rent level

Office rents continued to rise in the reporting year, continuing the trend of the last decade. At around € 40.00/sqm at the end of 2024, the weighted prime rent from take-up in the markets surveyed was around 11 % higher than the previous year's figure (2023: around € 36.00/sqm). The markets with a marked increase in prime rents over the course of the year include Munich and Stuttgart in particular (+12.5 % each) and – despite weaker market momentum – Düsseldorf (+8.8 %). Prime rents remained stable at Berlin, Hamburg, Magdeburg and Essen. A decline in prime rents was only observed in Nuremberg.

The comparison of the average rents for office space in city center locations at the end of 2024 shows a positive development again after a negative trend in the previous year.

### DIP office markets – rent levels in inner-city locations: top rent and average rent



Source: DIP, Aengevelt Research | As of 31 December 2024

The weighted average rent for office space in the city center locations of the 16 DIP locations was around € 26.60/sqm, compared to € 22.30/sqm at the end of the previous year. Year on year, the average rent level had thus risen by around 19 %. Munich (56 %), Stuttgart (30 %), Leipzig (15 %), Frankfurt (9 %) and Magdeburg (7.0 %) recorded the strongest increases in median office rents. In contrast, only Cologne recorded a decline of around 7 %. Rents remained solid in Berlin, Düsseldorf, Hamburg, Essen, Dresden, Nuremberg and Freiburg.

The rental prices on the office market thus show a more pronounced dynamic in the prime rent level according to the demand and quality trends analyzed above, while the average rents in the city remained roughly at the previous year's level in correlation with the quality of the inventory.

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### Prospects and opportunities

The typical year-end rally often observed in previous years also failed to materialize at the end of 2024 for the third year in a row. In view of the ongoing political and economic challenges, the start to 2025 has not yet provided any new impetus. The Bundesbank lowered its growth forecasts for the economic development in 2025 and subsequent years. For 2025, it expects that the real gross domestic product (GDP) could grow by 0.2 %. It could reach 0.8 % in 2026 and 0.9 % in 2027. According to DIP, however, such forecasts are becoming increasingly uncertain because both domestic and international political changes and global crises are turning into incalculable risks.

Nevertheless, further moderate cuts in key interest rates appear likely over the course of the year, which will take place in small individual steps in line with the ECB's policy to date, especially as the inflation rate in the eurozone rose again to a level well above the target of 2 % at the end of 2024.

- DIP expects a slight recovery in office take-up in 2025, which could rise again from 3.2 million sqm in 2024 to around 3.4 million sqm, although this would still be below the long-term average. The slow recovery could then continue in subsequent years if the overall political and economic conditions were more optimal.
- The supply reserve, which has been rising in most DIP locations for several years, will continue to increase slightly in 2025 because older properties that do not meet the ESG criteria and cannot be renovated economically/technically are increasingly no longer marketable at an adequate interest rate. However, these buildings are increasingly being taken off the market or used for interim or conversion purposes (e. g. commercial housing). Added to this is the increasingly visible home office effect, which is reducing the demand for space and further increasing the supply reserve.
- Prime rents will continue to rise moderately because construction and refurbishment costs will continue to rise, particularly due to the ESG criteria, but also due to the quality requirements of tenants. This will also have an effect on moderately rising average rents, with the rent gap widening even further than before depending on the location and property quality.

**DIP expects a slight recovery in office take-up in 2025.**

# The market for retail space

## Retail trade remains under pressure despite record sales

Economic stagnation in 2024 continued to weigh heavily on the retail sector in Germany. The real wage index recovered only slightly, which continued to limit the scope for private households to make larger expenditures. The annual average unemployment rate rose to 6.0 %, an increase of 0.3 percentage points compared to the previous year, which increased uncertainty among many target consumer groups. The number of unemployed increased by 178,000 to 2,787,000, accompanied by a decline in demand for labour, which reached its lowest level in 25 years in 2024. Consumers' propensity to save fell slightly and the consumer climate showed a moderate recovery at the end of the year, although it remained at a very low level of -21.3 points. The main reasons for this were still high food and energy prices as well as concerns about job losses, which were exacerbated by discussions about companies relocating abroad, company demergers and sales, plant closures and production relocations.

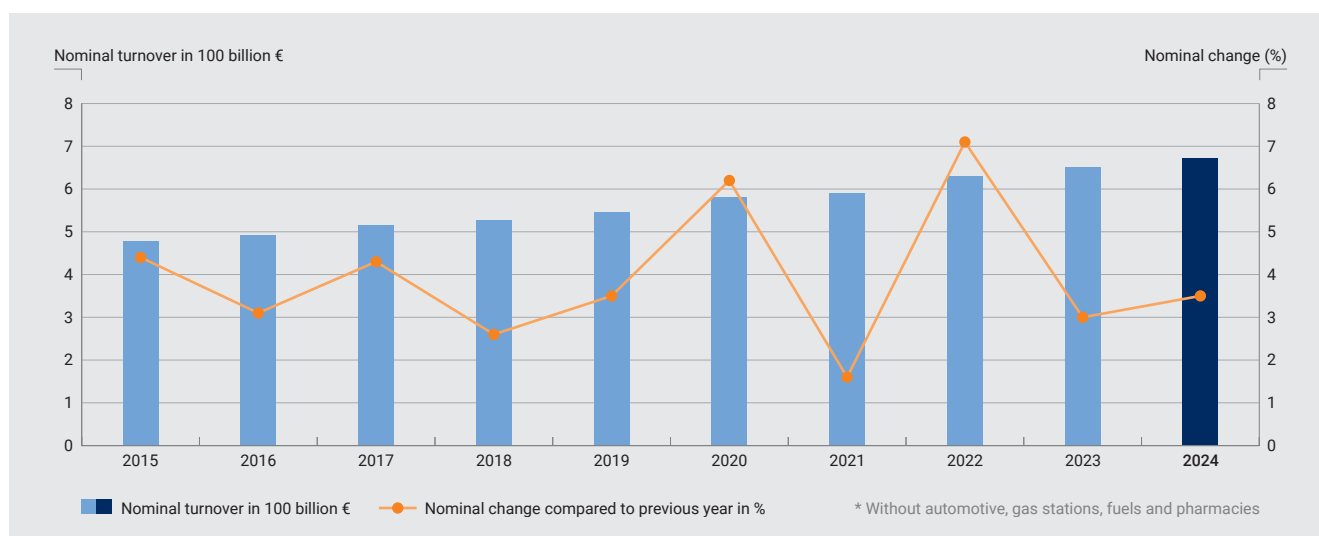
Despite a stable trend in the propensity to buy and a slight increase in employment subject to social insurance contributions (+128,000 to 34.84 million), the situation in the retail sector remains tense. There was an increase in employment, particularly among foreign employees, while the manufacturing industry in particular suffered from a decline in employment. The reluctance to consume is particularly evident

**Despite a stable trend in the propensity to buy and a slight increase in employment subject to social insurance contributions [...] the situation in the retail sector remains tense.**

in the stagnating sales growth in the retail sector, with low-cost discounters continuing to gain market share. Challenging conditions are also on the horizon for 2025, as neither a sustained economic recovery nor significant improvements in consumer purchasing power are foreseeable.

Despite the tense economic situation, the retail sector once again posted record sales of around € 673 billion in 2024. This result represents a nominal increase in sales of 3.5 % compared to 2023 (around € 651 billion). Adjusted for prices, however, real sales are roughly on a par with the previous year, which is due to the high inflation rate (+2.6 %) and the moderately declining interest rates. As usual, there is a clear difference in sales growth between the individual sectors. As in the previous year, online and mail-order retail, the sales of which skyrocketed during the pandemic (2020 to 2021: +19.1 %), gained +3.4 % in nominal terms in 2024. Over-the-counter retail (other retail with various types of goods, e.g. department stores) also increased significantly

### Turnover of retail spaces\* in Germany 2015 until 2024



by 3.5 % compared to the previous year. The textiles, clothing, footwear and leather goods sector remained under pressure due to changes in consumer behavior and did not match the previous year's result with a moderate decline of 3 %. The pharmacies, cosmetics, pharmaceuticals and medical products sector recorded a price-adjusted increase of +3.7 %. Brick-and-mortar retailers continue to struggle with falling customer footfall and rising operating costs. In city centers in particular, these trends are leading to declining sales, which are only partially offset by growth in other areas such as food retail. Nevertheless, the moderate growth shows that the retail sector remains stable overall and that adaptations such as hybrid concepts combining offline and online offerings are becoming increasingly important. The sales trend in the retail sector remains a reflection of economic and social changes. Rising prices, changing consumer behaviour and advancing digitalization are shaping the sector, but also offer potential for innovation and growth.

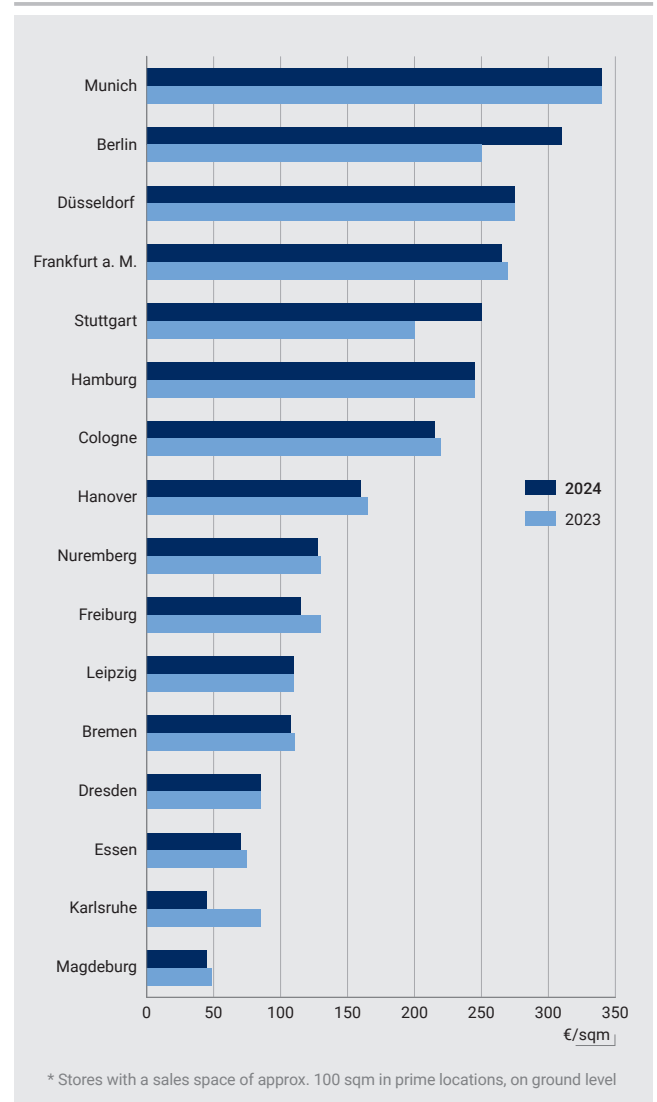
**The moderate growth shows that the retail sector remains stable overall and that adaptations such as hybrid concepts combining offline and online offerings are becoming increasingly important.**

### Differentiated rent levels in attractive prime locations

At the end of 2024, rents in the prime locations of the "Big Seven" ranged from € 215/sqm of retail space in Cologne to € 340/sqm in Munich. In the previous year, rents ranged from € 200/sqm in Stuttgart to € 340/sqm, which means that the range of prime rents has narrowed. The leading retail metropolitan areas in terms of rents are completed by Berlin (€ 310/sqm), Düsseldorf (€ 275/sqm), Frankfurt am Main (€ 265/sqm), Stuttgart (€ 250/sqm), Hamburg (€ 245/sqm) and Cologne (215 €/sqm). The average prime rents largely showed an increase, standing at around € 271/sqm in 2024 and thus rising by around 5.6 % within a year (2023: € 257/sqm).

Outside the "Big Seven", prime retail rents showed a downward trend in the 2024 reporting year. Only Dresden (€ 85/sqm) and Leipzig (€ 110/sqm) were able to maintain the prime rent level. Magdeburg and Karlsruhe (€ 45/sqm each), Essen (€ 70/sqm), Bremen (€ 108/sqm), Freiburg (€ 115/sqm),

### Peak rents\* for retail spaces



Source: DIP, Aengevelt Research

Nuremberg (€ 128/sqm) and Hanover (€ 160/sqm) recorded falling rents. On average, rents of around € 96/sqm were achieved for top prime locations outside the "Big Seven", which corresponds to a decrease of around 7.9 % compared to 2023 (€ 104/sqm). Measured in absolute terms, however, prime rents in all DIP locations surveyed are around 36 % lower than in the market-leading retail metropolitan areas of the "Big Seven".

The range of rental growth from +25 % to -47 % is even more pronounced than in the previous year, reflecting the continuing complexity of the market in the DIP locations analysed. Stuttgart (+25 %) and Berlin (+24 %) were the only DIP locations to record an increase in rents. Munich, Düsseldorf, Hamburg, Leipzig and Dresden were able to



**The range of rental growth from +25 % to -47 % is even more pronounced than in the previous year, reflecting the continuing complexity of the market in the DIP locations analysed.**

maintain their previous year's figures. Only marginal declines were recorded in Hanover (-3.0 %), Bremen (-2.7 %), Cologne (-2.3 %), Frankfurt am Main (-1.9 %) and Nuremberg (-1.5 %). Magdeburg (-8.2 %) and Essen (-6.7 %) occupy the midfield. Karlsruhe (-47.1 %) and Freiburg (-11.5 %) performed more negatively, with prices correcting after a period of low momentum.

Overall, all DIP markets increased moderately by an average of 0.9 % from around € 171/sqm to around € 173/sqm in the 2024 reporting year.

### Prospects and investment opportunities

The retail investment market showed clear signs of recovery in 2024. An investment volume of around € 5.84 billion was achieved nationwide, which corresponds to an increase of 10 % compared to the previous year. A positive trend was particularly visible in top locations, with Munich and Berlin standing out in particular thanks to major deals such as the sale of the Pasing Arcaden, KaDeWe and other centrally located properties. Other top locations showed a mixed picture, with individual transactions having only a limited impact on the overall volume.

The development of the segments in the retail market was once again characterized by major differences in 2024. Specialist stores and grocery stores lost sales, but maintained their leading position and accounted for around 33 % of the total volume at the end of the year. Department stores recorded a significant increase in investment volume to around 25 % as a result of restructuring and targeted sales, which gave the segment a noticeable boost. Commercial properties, which also account for around a quarter of total sales, performed moderately well and benefited from stable demand, particularly in central locations. Shopping centers, which suffered heavy losses in 2023, recorded slight gains thanks to individual transactions such as the sale of the Pasing Arcaden and achieved a market share of 12 %. Nevertheless, they continued to lag behind their long-term average.

The market for retail properties is expected to gain further momentum in 2025. Transaction volumes and demand could increase, primarily due to the pipeline of previously announced sales and potential interest rate cuts. Specialist stores and food markets are likely to maintain their market-leading position, whereas positive impulses are also expected for commercial buildings and department stores. The stabilization of prime yields could also continue, making the market attractive to a broader group of investors.

**The market for retail properties is expected to gain further momentum in 2025.**

# The market for real estate investments

## Investments pick up again in 2024 – prospects for further recovery in 2025

**Despite the persistently weak transaction momentum, the volume of real estate investments is expected to recover in 2024. This is likely to reflect more optimistic medium-term expectations than the effect of the first moderate interest rate cuts. Investments in commercial and residential real estate totaled € 34.7 billion over the course of the year. The market for residential investments in particular regained momentum.**

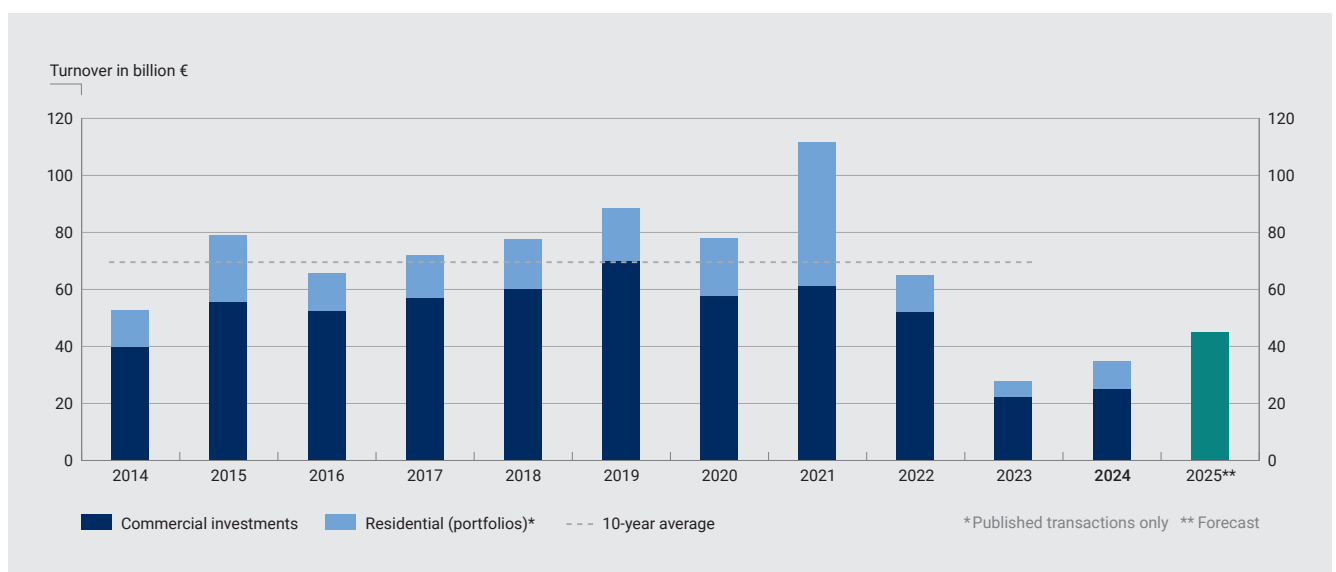
- At a total of € 34.7 billion, the investment market closed 25 % stronger than in the previous year (€ 27.7 billion), but was still around 52 % below the most recent 10-year average.
- The focus remained on commercial investments with around € 25.1 billion, which increased by around 13 % compared to the previous year. The 10-year average was undercut by 53 %.
- At € 9.6 billion, the residential portfolios were around 74 % higher than the previous year's result (€ 5.5 billion). However, this was only half (51 %) of the 10-year average.

Once again, the logistics segment is the class with the highest demand, accounting for 29 % of the commercial investment volume in 2024, followed by other investments, which include hotels and care properties; they accounted for 26 % of total commercial real estate turnover. Retail investment recorded a moderate decline to 23 %. Office market investments brought up the rear, accounting for a total of 22 % of turnover (around € 5.5 billion) after a repeated decline.

**In 2022 and 2023, a reduction of the transaction volume was recorded – albeit somewhat more significantly than expected.**

As forecast by DIP, the record set in 2021 was followed by a reduction in sales volume in 2022 and 2023, albeit somewhat more significantly than expected. Overall, the general conditions were and remained difficult. Interest

### The German Real Estate Market: transaction volumes of commercial and residential investments



Real estate investment: turnover in Germany split by asset class

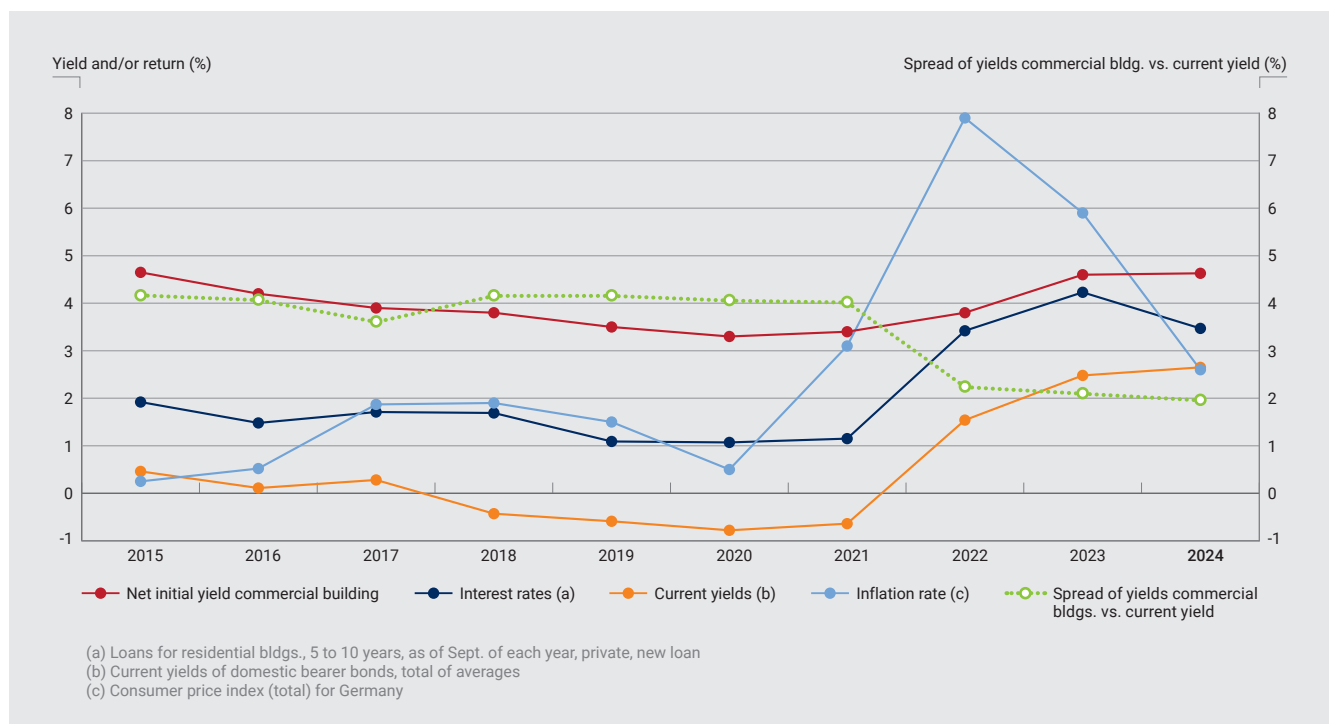
Type of asset class	Rank	Billion €		Difference to the previous year		Share	
		2024	2023	Billion €	%	2024	2023
Logistics (incl. light industrial)	1	7.34	5.7	1.64	28.8 %	29 %	26 %
Retail incl. commercial buildings	2	5.84	5.3	0.54	10.2 %	23 %	24 %
Office	3	5.42	5.5	-0.08	-1.5 %	22 %	25 %
Others	./.	6.53	5.7	0.83	14.6 %	26 %	26 %
Commercial buildings	./.	25.13	22.2	2.93	13.2 %	100 %	100 %
Residential portfolios	./.	9.61	5.5	4.11	74.7 %		
<b>Total of real estate investments</b>	./.	<b>34.74</b>	<b>27.7</b>	<b>7.04</b>	<b>25 %</b>		

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rates for construction loans with a ten-year fixed interest rate quadrupled since the end of 2021 to up to 4.23 % in October/November 2023. At the same time, economic development in Germany slipped into recession. Over the course of 2024, the credit interest rate fell to 3.47 % as a result of smaller, gradual cuts in the ECB’s key interest rate. The Bundesbank and leading economic research institutes are forecasting marginal growth rates at best for 2025 and 2026.

The yield spread between commercial properties and current yields was still predominantly over four percentage points until 2021; since 2022, it has been moderately above 2 %, at around 2.0 percentage points at the beginning of 2025. The marked increase in current yields on domestic bearer bonds is a key factor in this development.

Investment environment: yields (commercial buildings, securities) interest, inflation



Source: Deutsche Bundesbank (German Federal Bank), own data Aengevelt Research © DIP, Aengevelt Research

## Commercial investments in the “Big Seven”

The transaction volume in the “Big Seven” amounted to € 12.5 billion in 2024, exceeding the previous year’s level by around 40 % (2023: € 8.9 billion). The share of these cities in the German commercial investment market fell by just one percentage point year-on-year to 39 % (2023: 40 %). Berlin once again recorded the highest transaction volume, which, at € 3.5 billion, was around 12 % higher than the previous year. Munich took second place with € 2.6 billion, which corresponds to a significant increase of around 101 % compared to 2023. Hamburg followed with a transaction volume of € 2.18 billion (increase of 85 %).

Frankfurt was also able to exceed the previous year’s result and recorded an increase of around 30 % with a transaction volume of 1.6 billion euros. Cologne achieved a significant increase of 80 % to 1.1 billion euros. The most recent transaction volume in Düsseldorf was up 26 % to € 1.0 billion (2023: € 0.8 billion). The only negative development among the “Big Seven” was registered in Stuttgart, where the transaction volume fell by 21 % year-on-year to 0.5 billion euros (2023: 0.68 billion euros).

Economic development in 2025 will be significantly influenced by the macroeconomic environment and monetary policy decisions. The Bundesbank is forecasting an inflation rate of 2.3 % for 2025, which will give central banks additional scope for further moderate interest rate cuts. Against this backdrop, the European Central Bank (ECB) is expected to cut its key interest rates further by summer

2025. At the start of 2025, the deposit rate is 3.0 %, with forecasts suggesting that this rate could be reduced to around 2.0 % to 2.5 % by the middle of the year.

The process of monetary easing is already having an impact on the financial market: Commercial banks have noticeably lowered their lending rates – from around 3.5 % in January 2024 to 3.0 % at the beginning of 2025. Despite this easing, the economic situation in Germany will remain tense for the time being. The German economy is facing considerable challenges, including a forecast contraction in the gross domestic product of 0.1 % in 2025. Rising energy prices and potential new tariffs, particularly from the USA, are also weighing on the prospects for economic development.

**The German economy is facing considerable challenges, including a forecast contraction in the gross domestic product of 0.1 % in 2025.**

Another uncertainty factor is the upcoming general election in Germany in February 2025, which will bring with it political and economic uncertainties. These factors make it more difficult for investors to plan and could further relativize and delay the economic recovery. Overall, the economic outlook for 2025 remains characterized by uncertainty, even if the expected further interest rate cuts by the ECB could provide short-term relief.

## Commercial real estate investments: turnover in the “Big Seven”

Location	Rank	Billion €		Difference to the previous year	
		2024	2023	Billion €	%
Berlin	1	3.51	3.13	0.38	12.1 %
Munich	2	2.59	1.29	1.3	100.8 %
Hamburg	3	2.18	1.18	1	84.7 %
Frankfurt a. M.	4	1.57	1.21	0.36	29.8 %
Cologne	5	1.1	0.61	0.49	80.3 %
Düsseldorf	6	1.01	0.8	0.21	26.3 %
Stuttgart	7	0.54	0.68	-0.14	-20.6 %
<b>Real estate investments “Big Seven”</b>		<b>12.5</b>	<b>8.9</b>	<b>3.6</b>	<b>40 %</b>
<b>“Big Seven” share in commercial investments</b>		<b>56 %</b>	<b>17 %</b>		<b>39 %</b>

The prospect of a further fall in interest rates is slowing the upturn on the real estate market. While investors are hoping for even more favorable financing conditions, some sellers are already factoring the resulting developments into their valuations and are thus anticipating a possible recovery in property prices. DIP experts advise analyzing the complex stimuli emanating from the USA and the results of the government formation in Germany in the second quarter of 2025 and their impact on the resulting market development and then implementing them in action plans. As interest rates continue to fall, yield expectations will decline moderately and gradually. Similarly, the purchase price level will float in line with increasing interest in market-driven real estate investments backed by credit ratings. Capital reserves from the restrained market development of previous years are available and will increasingly flow back into promising real estate investments in the course of an economic revaluation.

Overall, investment volumes are expected to be above the 2024 level but still below the median of the most recent decade in 2025, assuming more consistent framework conditions.

## Yield level increased in 2024

In the German centers of the DIP network, yields rose moderately – contrary to the previous year's forecasts – by an average of around 10 basis points from 2023 to 2024, depending on the asset class:

- Prime yields for top commercial properties are around 4.7 % (2023: 4.6 %), while yields for traditional office buildings are 10 basis points higher on average at 5.0 % (2023: 4.9 %).
- The yields of self-service/specialist stores remained at the same level with a peak average of 6.1 %.
- Prime yields for logistics properties remained at 4.9 % over the course of the year.

The picture of prime yields and factors for the locations in the DIP network is as follows: Munich traditionally leads the way in terms of price, followed by the other "Big Seven". Across all asset classes and locations, there was an upward and sideways movement in yields and a reduction in purchase price factors in 2024. However, this trend came to a halt at the turn of 2024/25, as the onset of falling interest rates lead to a yield compression again.

## Top returns and top multipliers at DIP locations

Location	Commercial buildings		Residential		Self-service/specialized retailers		Offices	
	Return	Multiplier	Return	Multiplier	Return	Multiplier	Return	Multiplier
Berlin	4.8 %	21	3.6 %	28	6.7 %	15	4.8 %	21
Bremen	5.3 %	19	4.0 %	25	5.9 %	17	5.9 %	17
Dresden	4.8 %	21	3.4 %	29	7.1 %	14	6.3 %	16
Düsseldorf	4.6 %	22	3.8 %	26	6.3 %	16	4.5 %	22
Essen	5.6 %	18	4.0 %	25	6.7 %	15	5.3 %	19
Frankfurt a. M.	3.9 %	26	3.6 %	28	5.6 %	18	4.5 %	22
Freiburg	4.2 %	24	3.1 %	32	5.6 %	18	5.0 %	20
Hamburg	4.2 %	24	3.7 %	26	5.4 %	18.5	4.0 %	25
Hanover	5.0 %	20	3.7 %	27	6.3 %	16	5.1 %	20
Karlsruhe	4.0 %	25	3.4 %	29	6.5 %	15.4	5.2 %	19.2
Cologne	4.6 %	22	4.0 %	25	6.3 %	16	4.8 %	21
Leipzig	4.9 %	20.5	3.8 %	26	5.9 %	17	5.3 %	19
Magdeburg	5.3 %	19	3.8 %	26	6.3 %	16	5.3 %	19
Munich	3.9 %	25.6	3.5 %	30	4.8 %	21	3.9 %	25.6
Nuremberg	4.9 %	20.5	3.4 %	29	7.7 %	13	5.1 %	19.5
Stuttgart	4.6 %	22	3.7 %	27	5.6 %	18	5.0 %	20
<b>DIP-16</b>	<b>4.7 %</b>	<b>21.9</b>	<b>3.7 %</b>	<b>27.4</b>	<b>6.1 %</b>	<b>16.5</b>	<b>5.0 %</b>	<b>20.3</b>

## Residential investments

There was an increase in the residential investment market segment in 2024. At € 9.6 billion, the transaction volume was up significantly by around 75 % on the previous year, which closed with a turnover of € 5.5 billion. On average, prime yields (new construction or existing properties after extensive refurbishment) on the DIP markets for residential properties were 3.7 %, as in the previous year. The changes in financing conditions and high construction costs led to yield corrections in some of the DIP locations analyzed. Furthermore, a very heterogeneous picture emerges in the individual locations: The pricing phase has progressed considerably further in some cities. Freiburg continues to lead the price list with 3.1 %, followed by Nuremberg and Karlsruhe with 3.4 % each. Only in Hamburg did the yield fall by 10 basis points to 3.7 %.

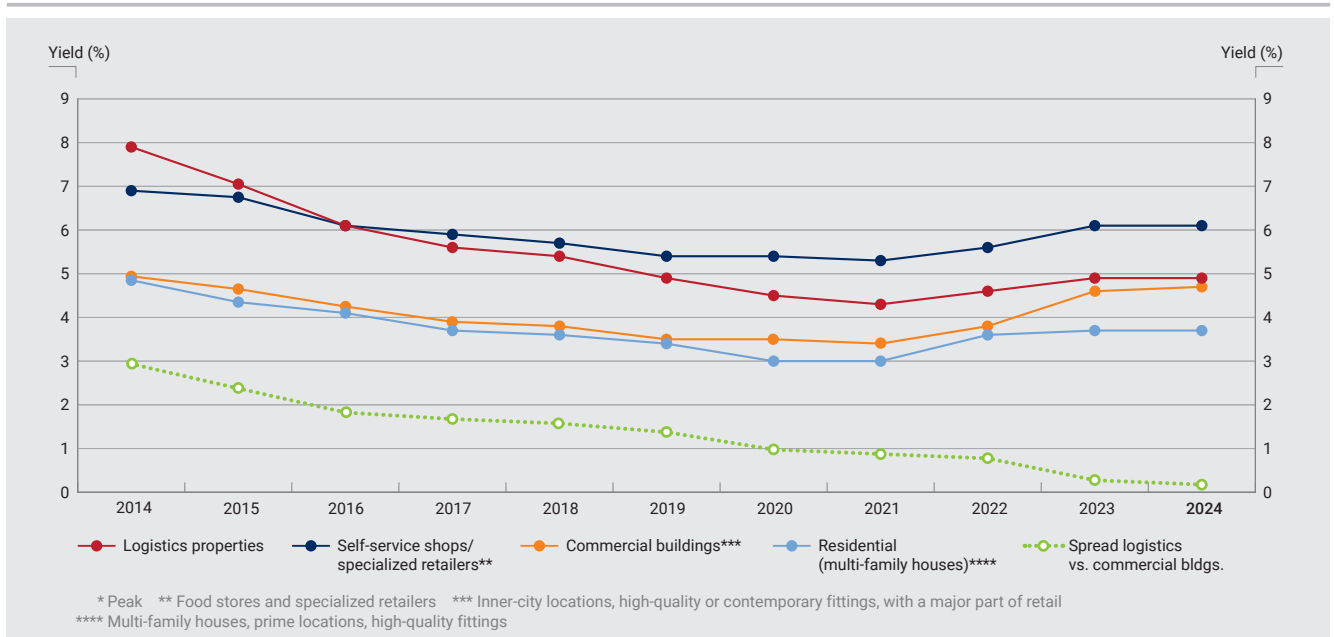
## Outlook

In January 2025, the European Central Bank (ECB) confirmed expectations of further interest rate cuts over the course of the year. Back in December 2024, the ECB cut all three key interest rates by 0.25 percentage points, bringing the most important key interest rate for the eurozone to 3.0 %. A further reduction by the ECB of 0.25 percentage points was set at the January 2025 meeting. The easing of monetary policy is aimed at supporting the weakening economy and is helping to stimulate transaction activity on the real estate markets.

Lower financing costs do not only strengthen the yield performance of real estate investments, but also brighten the mood of the key market players and thus stimulate the real estate market. At the same time, the requirements of the amended Building Energy Act (GEG) remain in place, which impose timely, cost-intensive refurbishment obligations on older existing properties in particular if heating systems need to be optimized or replaced. Ongoing discussions at EU level about more extensive refurbishment obligations for older buildings also harbor risks of loss of value. In addition, ongoing uncertainties regarding the granting of KfW subsidies have had an inhibiting effect on investment deals. The persistent excess demand for housing in conurbations has had a positive effect. However, this has further exacerbated by the lack of new construction activity in recent years. The latest wage settlements also create scope for rent increases, which are partially offset by rising operating costs that cannot be fully allocated.

Depending on further global and national economic development, there could be a moderate upturn in investment activity in the second half of 2025. If residential construction continues to underperform, the high demand for affordable apartments in metropolitan areas cannot be nearly met on the rental housing market.

## Net initial yields\* of real estate asset classes



# The market for logistics space

## High crisis resilience and strong returns

**In contrast to all other asset classes, the market for logistics properties has held its own even in the years of recession. Even though take-up fell slightly in 2024 compared to the previous year, most other indicators such as land prices, construction activity, rent levels and yields continue to point to growth. The strong online and mail order business continues to be a key factor in the high demand for sophisticated logistics space. According to surveys by the German Retail Association HDE, online retail sales rose moderately to € 88.3 billion compared to the previous year (2023: € 85.4 billion) and thus remained 46 % above the pre-corona virus level.**

Even though bricks-and-mortar retail was able to make up some ground on online retail after the end of the pandemic, internet-based B2C retail has established itself as a permanent fixture with medium-term and long-term growth prospects. There is also an increasing focus on last-mile logistics with corresponding city hubs, for which areas and properties that were previously used for other purposes (e.g. former petrol stations, abandoned commercial buildings, office properties that are no longer marketable) can also be used.

In order to achieve even greater supply chain resilience in the face of global crises and reduce dependence on foreign production sites and suppliers, the demand for buffer stocks is also increasing in order to ensure a broader supply capability in the future. In addition, the logistics sector is also benefiting from the relocation of production back to the main countries of demand (re-shoring, near-shoring).

### Conceptual developments

Rapid technological developments, globally disrupted supply chains, an increasing shortage of skilled workers and broad sustainability: The challenges facing the logistics industry continue to be extremely diverse and complex. The industry is focusing on automation and digitalization to meet these challenges.

Intralogistics is at the forefront of automation. State-of-the-art autonomous mobile warehouse robots are already being used in large, fully automated logistics centers along with manpower. They are equipped with cost-effective,

high-performance control technology and sensors and use artificial intelligence (AI) and machine learning (ML) methods to optimize the flow of materials within logistics systems. Furthermore, the warehouse robots can also be controlled in a coordinated manner in the networked collaboration, accelerating order picking and increasing process quality. In combination with the internet, every robot and object within the supply chain is linked with each other so that all data can be collected and shared in real time. This networking enables disruptions within the supply chain to be detected at an early stage. In terms of technical infrastructure, advancing digitalization is leading to ever-increasing demands on product intelligence and the corresponding configuration of properties.

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However, it is not only digitalization that is placing higher technical demands on logistics properties; environmental and transport policy requirements as well as significantly rising energy costs are also leading to an accelerated focus on sustainability. The logistics industry in Germany is making great efforts to limit the negative impact on the environment and society. In cities, for example, there is an increasing focus on logistics areas close to the city center, which typically have space requirements of between 250 sqm and 1,000 sqm and are spread across the entire urban area.

**The aim is to use electromobility (e-bikes, e-transporters) to make delivery on a local scale (more) emission-free and more climate-friendly.**

The aim is to use electromobility (e-bikes, e-transporters) to make delivery on a local scale (more) emission-free and more climate-friendly. These restructuring measures are all necessary against the backdrop of the climate change, energy transition and new mobility that are being demanded and decided upon worldwide. In addition to year of construction, configuration plausibility and third-party usability, environmental, social and governance (ESG) criteria in particular determine the price and value performance of logistics properties. Buildings that are certified according to ESG criteria will achieve (significantly) higher rents and market prices in the future compared to inadequately certified or non-certified logistics properties. Sustainability measures can include the revitalization of brownfield sites, photovoltaic systems on facades, walls and roofs, efficient lighting systems (LED) and modern heating systems.

### Logistics investment and letting/ own use in Germany

The pandemic led to a significant increase in demand on the logistics market, especially in Germany as a transit country, meaning that logistics properties were able to take the lead as the strongest asset class on the commercial investment market for the first time in 2023. Since 2016, the amount of new logistics space completed each year has exceeded 3.8 million sqm (2024: 4.4 million sqm). Despite this new construction activity, there is a regionally differentiated shortage of modern, sustainable logistics properties that meet demand, meaning that there is a large surplus demand – particularly in competitive locations with good connections. In addition, the competitive situation is further exacerbated by the shortage of suitable building plots and sites designated for specific uses and thus the rising level of land and construction costs.

With sales of around € 7.3 billion in 2024, the logistics market nevertheless only achieved a below-average result, which represents a decline of around 29 % compared to 2023 as a whole (€ 5.7 billion). In addition, the logistics investment market was not unaffected by the sharp rise in interest rates. The first three quarters of 2024 in particular were very subdued. In the 2024 financial year, the most important real estate markets showed a diverse market dynamic in the logistics segment too. The leader of the “Big Seven” in the reporting year is Hamburg with sales of € 420 million, followed by Düsseldorf (€ 290 million), Berlin (€ 200 million), Cologne (€ 190 million), Frankfurt (€ 180 million) and Munich

(€ 169 million). Stuttgart ranks below the € 100 million mark with a transaction volume of a moderate € 58 million. Last year, the city of Leipzig was the bright spot with a volume of € 323 million, but this was not repeated in 2024 with an investment turnover of around € 53 million.

**The leader of the “Big Seven” in the logistics segment in the reporting year is Hamburg with sales of € 420 million.**

### Previous year’s figure missed for logistics lettings

With around 5.2 million sqm of space let or newly created for owner-occupiers in 2024, take-up was unable to match the previous year’s already declining result (2023: 5.9 million sqm). With around 1.46 million sqm of space taken up in 2024, the regions of the “Big Five” again accounted for a large share (2023: around 1.55 million sqm). Frankfurt ranks first with a volume of 424,000 sqm, followed by Düsseldorf (300,000 sqm), Berlin (289,800 sqm), Hamburg (223,000 sqm) and Munich (220,500 sqm). Düsseldorf alone recorded a year-on-year increase in the take-up among the “Big Five” locations. The other locations suffered year-on-year losses, with the sharpest decline recorded in Hamburg

**Düsseldorf alone recorded a year-on-year increase in the take-up among the “Big Five” locations.**

(–18 %). This development is also due to the acute shortage of space in the top locations and the fact that too little space has been allocated, resulting in a shift to medium-sized and smaller locations.

The real estate market, including the logistics market, is currently still in the price discovery phase or price correction phase as a result of interest rate developments. The prime yield of the 16 DIP locations analyzed (Berlin, Bremen, Dresden, Düsseldorf, Essen, Frankfurt am Main, Freiburg, Hamburg, Hanover, Karlsruhe, Cologne, Leipzig, Magdeburg, Munich, Nuremberg and Stuttgart) averaged 4.9 % in 2024 and thus remained at the previous year’s level.

In detail:

- Yields in the “Big Seven” fell by a total of 50 basis points in the 2024 reporting year (4.0 %) compared to 2023 (4.5 %).
- The most expensive city in terms of prime yields for top logistics properties was Frankfurt am Main with a prime yield of just 4.0 %. It was followed by Hamburg with a prime yield of 4.1 %. Higher yields were achieved in Cologne (4.4 %), Stuttgart and Berlin (4.5 % each), Munich and Hanover (4.6 % each) as well as Düsseldorf (4.7 %).
- Top logistics properties in Leipzig and Nuremberg (5.0 % each), Freiburg and Bremen (5.2 % each) and Essen (5.4 %) are roughly on a par with the DIP average (4.9 %).
- Top logistics properties in Dresden and Magdeburg (5.7 % each) have higher prime yields. Karlsruhe currently offers the highest prime yield (6.1 %).

Prime rents and prime yields rose in the majority of DIP locations in the 2024 reporting year, reflecting the market-related price corrections. Targeted investment opportunities arise when it is taken into account that, depending on the macro and micro location and the quality of the rental agreements (rent, term, tenant credit rating) and the property (location, type of third party use, structure, age, condition), initial yields generally spread over the top prime yield, namely up to around 2 percentage points in the top locations and up to 3.5 percentage points in the other locations.

**Prime rents and prime yields rose in the majority of DIP locations in the 2024 reporting year.**

### Rising levels

The rent level rose in 2024 in all DIP locations, both in top and secondary cities. This reflects the high demand for space that is still (too) scarce to meet demand and which meets all the requirements for modern, globally competitive and sustainable properties. Accordingly, prime rents in DIP locations rose on average from € 7.00/sqm (2023) to € 7.30/sqm (2024) within a year (+4 %).

### Logistics real estate: rents and yields

Location	Peak rent in €/sqm			Top yield in %/a		
	2023	2024	Trend	2023	2024	Trend
Berlin	8.1	8.2	↗	4.2	4.5	→
Bremen	5.7	5.7	↗	4.6	5.2	→
Dresden	6.1	6.3	↗	5.8	5.7	↗
Düsseldorf	8.0	8.3	↗	4.4	4.7	→
Essen	6.5	7.0	↗	5.5	5.4	→
Frankfurt a. M.	7.7	8.0	↗	4.1	4.0	→
Freiburg	6.2	6.5	↗	5.3	5.2	→
Hamburg	7.8	8.3	↗	4.1	4.1	→
Hanover	6.1	6.2	↗	4.4	4.6	→
Karlsruhe	6.4	6.7	↗	6.0	6.1	↗
Cologne	7.7	8.1	↗	4.2	4.4	→
Leipzig	5.8	6.0	↗	4.9	5.0	→
Magdeburg	5.3	5.7	↗	5.8	5.7	↗
Munich	9.0	10	↗	4.3	4.6	→
Nuremberg	7.4	7.5	↗	4.9	5.0	→
Stuttgart	8.1	8.5	↗	6.5	4.5	→
<b>DIP average</b>	<b>7.0</b>	<b>7.3</b>		<b>4.9</b>	<b>4.9</b>	

Source: DIP, Aengevelt Research

- The most expensive logistics location in terms of prime rents is the economically strong metropolitan region of Munich (€ 10.00/sqm), which has been characterized by a shortage of supply for years. The conurbations of Stuttgart (€ 8.50/sqm), Düsseldorf and Hamburg (€ 8.30/sqm each), Berlin (€ 8.20/sqm), Cologne (€ 8.10/sqm) and Frankfurt (€ 8.00/sqm) are also at the upper end of the rent scale.
- Nuremberg (€ 7.50/sqm), Essen (€ 7.00/sqm) and Karlsruhe (€ 6.70/sqm), are positioned at a medium level, whereas logistics space in Freiburg (€ 6.50/sqm), Dresden (€ 6.30/sqm) and Hanover (€ 6.20/sqm) is cheaper to rent.
- In Leipzig (€ 6.00/sqm), Bremen (€ 5.70/sqm) and Magdeburg (€ 5.70/sqm), on the other hand, rents are (still) lower, making it easier to attract new tenants.

## Land price level for new developments

In the 16 DIP markets analyzed, average commercial building land prices are now around € 268/sqm. This corresponds to a moderate increase compared to the previous year (2023: € 266/sqm). The land markets have experienced significant price momentum in the recent past. The increasing shortage of building land that meets demand and is therefore in line with the market is causing prices to rise across Germany – particularly in the “Big Seven”, this often leads to land speculation and a wait-and-see policy by investors waiting for the highest possible sales price.

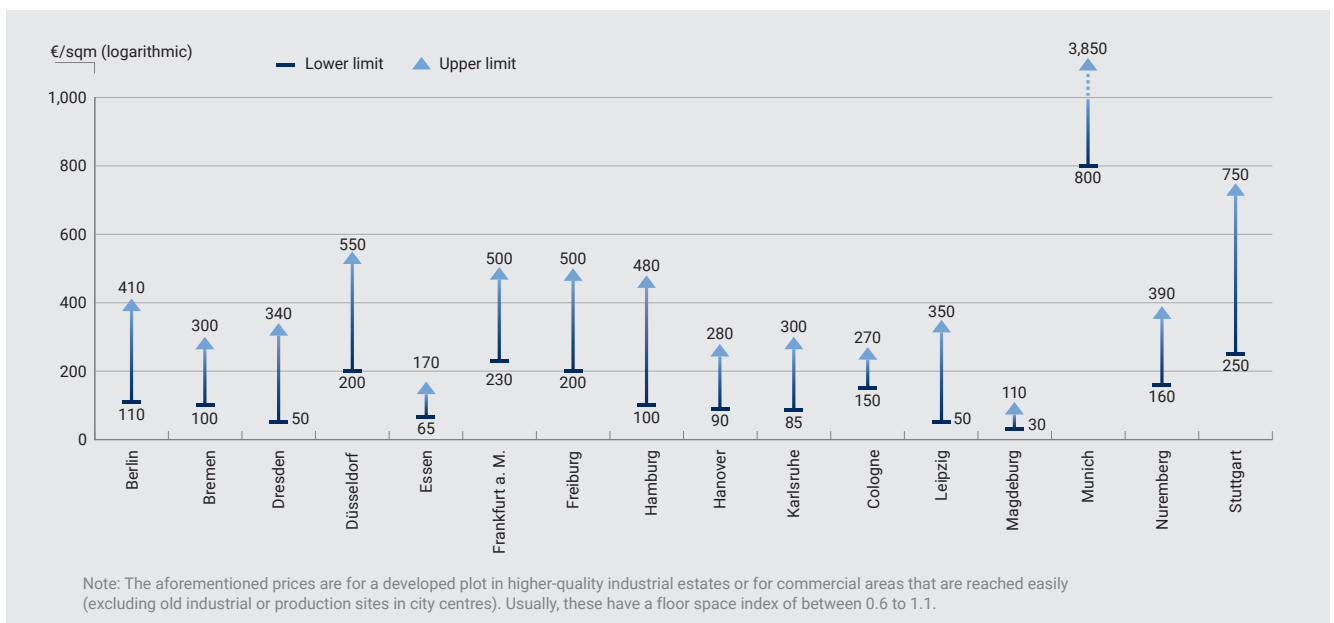
- The most expensive city and metropolitan region is still Munich with an average of € 830/sqm, followed by Stuttgart (€ 580/sqm), Frankfurt (€ 380/sqm) and Düsseldorf (€ 360/sqm).
- Hamburg (€ 250/sqm), Nuremberg (€ 245/sqm), Freiburg and Karlsruhe (€ 240/sqm each), Berlin (€ 230/sqm), Cologne (€ 220/sqm) and Hanover (€ 180/sqm) are in the middle of the price range.
- Prices are significantly lower in Essen (€ 135/sqm), Bremen (€ 120/sqm), Leipzig (€ 97/sqm) and Dresden (€ 87/sqm).
- On average, commercial properties are still cheapest to purchase in the Magdeburg region (€ 70/sqm).

The values stated apply to developed areas free of contaminated sites in higher-quality commercial areas or to commercial locations with optimal accessibility (without old inner-city industrial areas or production areas) and a floor space index of 0.6 to 1.1.

**When considering the development of property prices, however, [...] that a significant increase in prices is to be expected in central locations with excellent transport links.**

When considering the development of property prices, however, it should be noted that a significant increase in prices is to be expected in central locations with excellent transport links, particularly due to the continuing shortage of space. Sites and plots of land free of contaminated sites that meet the highest standards, particularly on old industrial sites, brownfield sites or production sites in the city center, are and will continue to command significant price premiums.

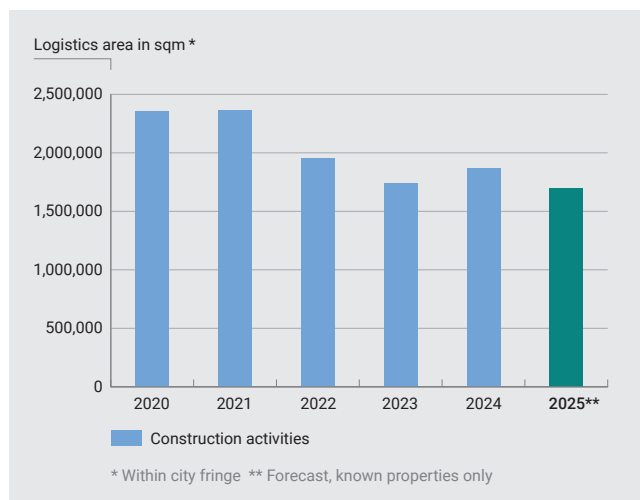
## Prices for commercial building land: range at the DIP locations



## Increased construction activity

According to Logivest's logistics real estate seismograph, the completion rate in the DIP locations in 2024 is around 1,869,000 sqm of logistics space within city limits and in the immediate vicinity of cities. Across Germany, the volume of new construction reached around 4.4 million sqm. This means that DIP locations accounted for 42.5 % of the

### DIP Locations: construction activities for logistics in sqm



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total volume. The absolute DIP figure from the previous year (2023: around 1,740,000 sqm) was exceeded by around 7 %. Compared to the previous year, the volume of new construction across Germany increased by around 16 % (2023: 3.8 million sqm). For 2025, a moderately lower amount of new space of around 1,700,000 sqm is expected for the DIP locations.



**Electrified air transport, e.g. in the form of (autonomous) transport drones, is also gaining in importance much more quickly than previously assumed by public administration and politicians [...].**

## Perspectives

The logistics segment continues to offer good investment prospects in the medium to long term. In view of various crisis-related developments in different asset classes, the logistics market proved to be both more crisis-resistant and higher-yielding.

However, the availability of space has increasingly become a factor inhibiting growth, particularly in the top cities. As a result, secondary and tertiary locations are increasingly becoming the focus of investment. Otherwise, the shortage of space could lead to further price increases and a deterioration in profitability for logistics companies. Companies must therefore continue to find innovative solutions to optimize their logistics processes and overcome the shortage of space, for example by using automation technologies and setting up multi-user warehouses.

In city centers, city logistics is leading to a high and sustained dynamic, also because markets – e.g. for food delivery services – still need to develop and scale and some concepts are still at the testing stage. New transport and delivery technologies such as robots are also being developed for the last mile. Electrified air transport, e.g. in the form of (autonomous) transport drones, is also gaining in importance much more quickly than previously assumed by public administration and politicians as a result of legislation being implemented at EU and national level and technical and economic feasibility.

# The Real Estate Market in Amsterdam and the Netherlands

## A short overview of the year 2024

**2024 – a year in which light recovery became visible compared to 2023. The total investment volume is expected to have increased by 10.6 % in 2024, amounting to a total investment volume of € 12.6 billion. This growth was primarily driven by the residential sector. Transactions mainly occur in conversion complexes and new buildings. Other sectors also showed moderate positive results. It is anticipated that the growth will continue in 2025, making it a promising year for real estate.**

### Residential Real Estate

As in previous years, the housing market in the Netherlands has remained extremely tight. Prices are still historically high, with peaks occurring when mortgage interest rates drop.

In 2024, the number of transactions increased due to three main reasons:

1. More newly built homes available.
2. Conversion resulted in more available homes for sale.
3. Lower interest rates.

In Amsterdam, a total of 4,200 transactions took place in the housing market, a 21 % increase compared to 2023. The average transaction price per home increased by 11 %, with the median sales price in Q4/2024 amounting to € 575,000 (costs payable by the buyer). These homes were sold on average within 28 days.

2024 was particularly favourable for newly built homes. After years of decline in the number of newly built homes entering the market, there was an increase eventually. In 2023, an average of 7,000 newly built homes were added to the Dutch real estate market per quarter, while in 2024, this figure rose to 8,000 homes per quarter.

*All the above information pertains to the owner-occupier market.*

### Retail Real Estate

The Dutch retail market also showed signs of slight recovery. The number of leases increased in 2024, with growth seen across all size categories. However, the mid-size segment of 200 sqm to 500 sqm remained the leader. Compared to 2023, the total retail take-up increased by 9 % in 2024. In the 12 largest cities, retail take-up was even higher by 28 % than in 2023.

Interestingly, Amsterdam did not lead this trend, with a total take-up of 36,300 sqm, marking a 6 % decrease compared to 2023. Despite the general growth in take-up, rental prices declined. This decline was a result of higher operating costs for retailers and an increase in bankruptcies among retail businesses. As a result, landlords often opted for lower rental prices and longer rent-free periods.

### Office market

The office market too showed slight recovery. In 2024, a total of 1,025 million sqm of office space was leased, an 18 % increase compared to 2023, returning to the levels seen in 2022. The growth in national take-up figures can be largely attributed to the explosive growth in Amsterdam. In Q4/2024 alone, 79,000 sqm of office space was leased, compared to 83,000 sqm during the first three quarters.

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The largest property listed for lease was Liberty Office in Amsterdam Zuidoost, offering 14,700 sqm. Despite the increase, a shortage of high-quality office spaces has remained, which continues to significantly impact transactions. Tenants are willing to relocate if there is an opportunity for quality improvement.

The most expensive offices in the Netherlands remain located in Amsterdam Zuidas, with top rents reaching € 600/sqm per year and a top yield of 5.25 % in 2024.

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### Logistics Real Estate

Despite a significant increase in the supply of industrial and logistics spaces in 2024, there is still a considerable shortage of suitable properties. Sustainability and location often serve as decisive factors, but new construction is hampered by land scarcity, high construction costs, and electricity shortages. The strong demand for suitable properties and locations pushed rental and purchase prices higher.

- Prime rent: € 120 per sqm per year
- Prime yield: 5 %

### Investment market

Recent interest rate cuts by the ECB and expectations of further reductions have made investors more optimistic. The largest transactions notably occurred in the commercial market in 2024. Due to strict regulations on residential investments, many investors have sought alternatives in the meantime.

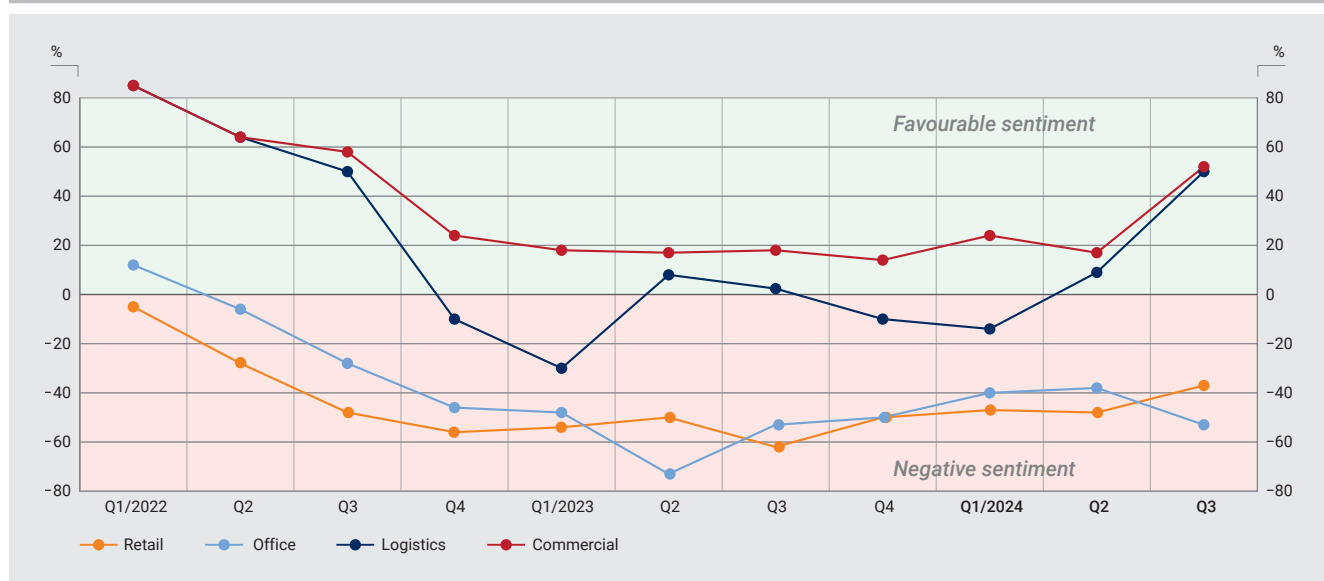
Top 5 investments in Q4/2024 (single asset):

Location	Investor	Price	Property Type
Lelystad	GLP	€ 98 million	Industrial
Ridderkerk	MEAG	€ 83.5 million	Industrial
Leiden	Corum	€ 79.8 million	Office
Aalsmeer	Deka Immobilien	€ 67.2 million	Industrial
Venlo	Dokvast	€ 58.6 million	Industrial

Source: NVM (Nederlandse Vereniging van Makelaars)

Sentiment for nearly all commercial investments has improved compared to previous years, with the exception of logistics real estate.

### Assessing investment sentiment by property type



Source: NVM (Nederlandse Vereniging van Makelaars)/brainbay

## Outlook 2025

Market players are optimistic about the Dutch real estate market. Various trends indicate recovery and new opportunities. This optimism is largely due to better alignment between supply and demand. According to Vastgoedmarkt, the following trends are expected in 2025:

### 1. Inflation remains unpredictable

The ECB lowered interest rates after inflation in the eurozone appeared to be under control. While inflation stabilized near the desired 2 % in the eurozone, the Netherlands lagged slightly behind, with a year-on-year inflation rate of 3.6 % in October. Global tensions will likely continue to influence inflation in 2025.

### 2. Transformation of shopping streets

Over the past year, several retailers went bankrupt, leading to vacancies in shopping streets. As a result, rental prices dropped, enabling these spaces to be filled more quickly with new mixed-use concepts. Supply and demand are finally more balanced, reigniting investor interest in retail streets. This trend is expected to continue in 2025.

### 3. Slight stabilization in the office market

Figures show that approximately 52 % of workers in the Netherlands work from home at least occasionally. This has led to changes in office policies, prompting more

**Market players are optimistic about the Dutch real estate market. Various trends indicate recovery and new opportunities.**

companies to explore relocation options. Sustainable and flexible office spaces play an increasingly significant role in decision-making, while traditional large office buildings are falling behind. These properties are now being listed at lower prices, creating opportunities for opportunistic investors to renovate or redevelop them into mixed-use facilities.

### 4. Overloaded power grid remains a problem

A significant obstacle to further growth in housing and logistics developments is grid congestion. This issue is expected to persist for at least another 10 years. Solutions have not been accomplished yet.

### 5. Wave of conversions

Strict regulations in the housing market and rising prices for individual homes are expected to drive an ongoing wave of conversions in 2025.

### 6. Hotel real estate in demand

After having been less attractive during the COVID-19 pandemic, the hotel market is finally recovering. By the end of 2024, the transaction volume had doubled compared to 2023. Asking prices on the sales side have decreased slightly, while optimism among buyers has grown. This trend is expected to continue in 2025.



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