

Real Estate Market Report Munich 2024

MR. LODGE

Real estate back
in the spotlight



MUNICH'S REAL ESTATE MARKET: RESILIENT AND FULL OF OPPORTUNITIES

The real estate market in Munich is in better shape this summer. Stronger interest, more sales and stable to slightly rising prices mark the end of the slump in the residential property purchase market.

- ◆ Attractive entry opportunities: Price adjustments in the last two years open the door for new buyers.
- ◆ Recovery in sales figures: initial signs of recovery are emerging on the market
- ◆ Moderate increase in rents for furnished apartments.
- ◆ Preliminary evaluations show stable purchase prices in the second quarter and slight increases in some cases.

The fall in prices of around 10-20 % over the last two years and falling interest rates are creating new opportunities for prospective buyers. The Munich real estate market shows its strength as one of the best places for solid and future-proof investments in residential real estate.



RENTAL MARKET FURNISHED APARTMENTS

The demand for furnished apartments and houses remains very high and the available supply is insufficient in all segments. On the Munich market, as in all major German cities, the furnished supply with very high prices is now significantly influenced by providers of serviced apartments, which offer accommodation in apartment buildings for periods of 1-6 months.

Mr. Lodge's offer, on the other hand, is aimed primarily at customers who are coming to Munich for at least 6 months and are looking for a fully furnished and equipped apartment or house for a temporary need, classic temporary accommodation. In contrast to serviced apartments, these apartments and houses, which are significantly cheaper, are rented out by private landlords through us exclusively for 6 months or more.

For landlords of Mr. Lodge, furnished rentals offer greater flexibility regarding a possible later personal use or sale of the property, as well as our extensive range of services, including technical services, which makes renting easier for owners.

For prospective tenants, we usually offer much cheaper solutions compared to serviced apartments. Depending on the fittings and location, rents are within the following main price ranges:

	average/ good equipment	very good/ exclusive equipment
Furnished 1 room apartments	€ 1,250.- to € 1,600.-	€ 1,600.- to € 2,000.-
Furnished 2 room apartments	€ 1,750.- to € 2,100.-	€ 2,100.- to € 3,000.-
Furnished 3 room apartments	€ 2,300.- to € 3,000.-	€ 3,000.- to € 5,000.-
Furnished 4 room apartments	€ 2,700.- to € 4,000.-	€ 4,000.- to € 7,000.-
Furnished houses	€ 2,800.- to € 4,500.-	€ 4,500.- to € 10,000.-

Apartment prices included all utilities, electricity, internet

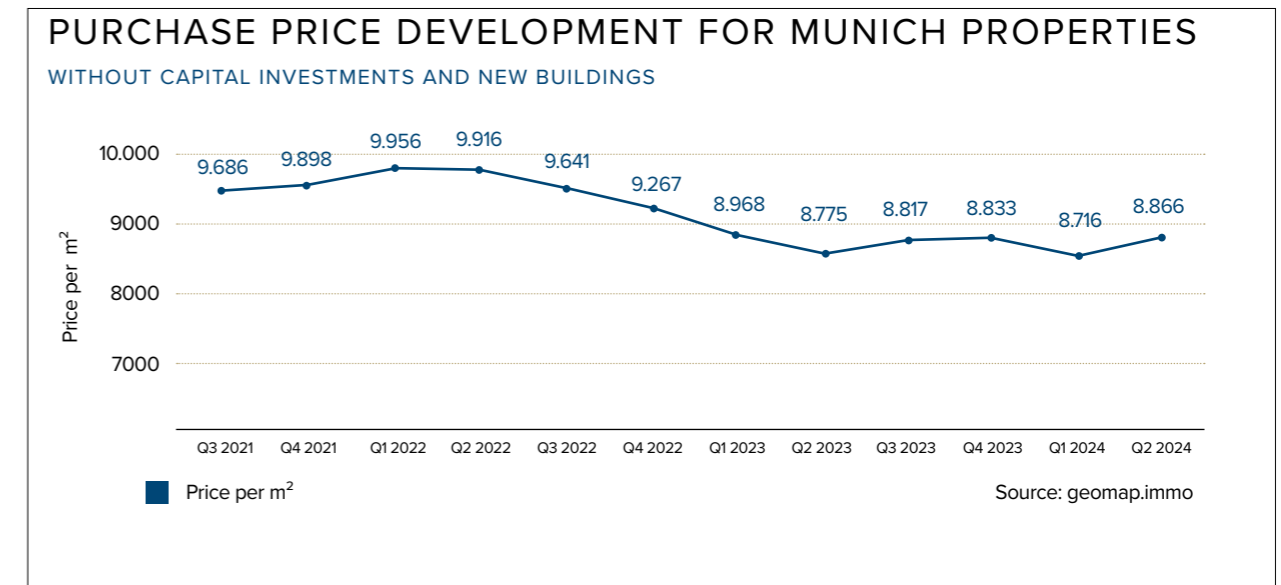
It is already noticeable that fewer new-build apartments are coming onto the market. This will have a greater impact in the coming years when building completions fall, although investments are and will remain lucrative due to the excellent rents and value development opportunities. We are always looking for furnished apartments and houses and would be happy to advise you.



RESIDENTIAL APARTMENTS PURCHASE MARKET

Purchase prices continued to fall in the first quarter of 2024. There were signs of a trend reversal in the second quarter: various sources, including Immoscout24, Immobilienzeitung and Sprengnetter, report an increase of between 0.1% and 0.4%. The IVD writes on the market situation: "The rising number of inquiries indicates a gradual market recovery." Interhyp reports a slight increase in secured purchase prices for comparable residential properties in the second quarter.

The sales department of Mr. Lodge can only confirm this. In the last few months, we have seen a stronger demand, when the purchase prices are competitive and/or the property stands out. Prospective buyers are watching the market very closely. Many investors are looking for favorable opportunities. Owner-occupiers still willing to pay a decent price if the property meets their expectations and the location and fittings are just right. A property is always unique and cannot be multiplied. Buying opportunities in sought-after locations are and will remain rare.





RANGE OF SALES PROPERTIES

The number of apartments on offer in the city of Munich has fallen significantly compared to the previous year (-9%). The picture is different for houses and, above all, plots of land. The supply of houses fell only slightly by 3%. There was a further increase of 6% in the supply of land. There is still an oversupply of houses and plots of land, with too little demand. In the counties, the supply has increased in all categories compared to the previous year.

Cutoff date 29.07.2024 - Immobilienscout24.de

APARTMENTS	2023	2024	Change in %
Munich	3751	3423	-9%
Districts of Munich	619	575	-7%
LK Fürstenfeldbruck	388	328	-15%
LK Dachau	258	193	-25%
LK Ebersberg	157	223	42%
LK Starnberg	182	213	17%
LK Bad Tölz / Wolfratshausen	118	126	7%
LK Miesbach	203	227	12%

HOUSES	2023	2024	Change in %
Munich	903	879	-3%
Districts of Munich	548	538	-2%
LK Fürstenfeldbruck	382	401	5%
LK Dachau	253	290	15%
LK Ebersberg	270	307	14%
LK Starnberg	313	377	20%
LK Bad Tölz / Wolfratshausen	175	177	1%
LK Miesbach	220	235	7%

PLOTS OF LAND	2023	2024	Change in %
Munich	278	304	9%
Districts of Munich	143	158	10%
LK Fürstenfeldbruck	104	141	36%
LK Dachau	98	88	-10%
LK Ebersberg	59	64	8%
LK Starnberg	120	136	13%
LK Bad Tölz / Wolfratshausen	41	49	20%
LK Miesbach	68	84	24%

Source: Immobilienscout24



BUILDING PERMITS

In most districts, the number of building permits in the period from January 1 to June 30, 2024 fell drastically by up to 71% compared to the same period last year. However, the districts of Munich (+41%) and Erding (+63%) are shining with growth, and the city of Munich is also doing well with a decline of just 11%. This shows once again how attractive Munich is as a location.

BUILDING PERMITS	01.01.-30.06.2023	01.01.-30.06.2024	Change in %
Munich	3668	3257	-11%
Districts of Munich	420	591	41%
LK Bad Tölz	396	134	-66%
LK Dachau	370	233	-37%
LK Ebersberg	439	129	-71%
LK Freising	714	263	-63%
LK Erding	330	539	63%
LK Fürstenfeldbruck	281	151	-46%
LK Miesbach	123	82	-33%
LK Starnberg	251	282	12%
LK Rosenheim	573	359	-37%

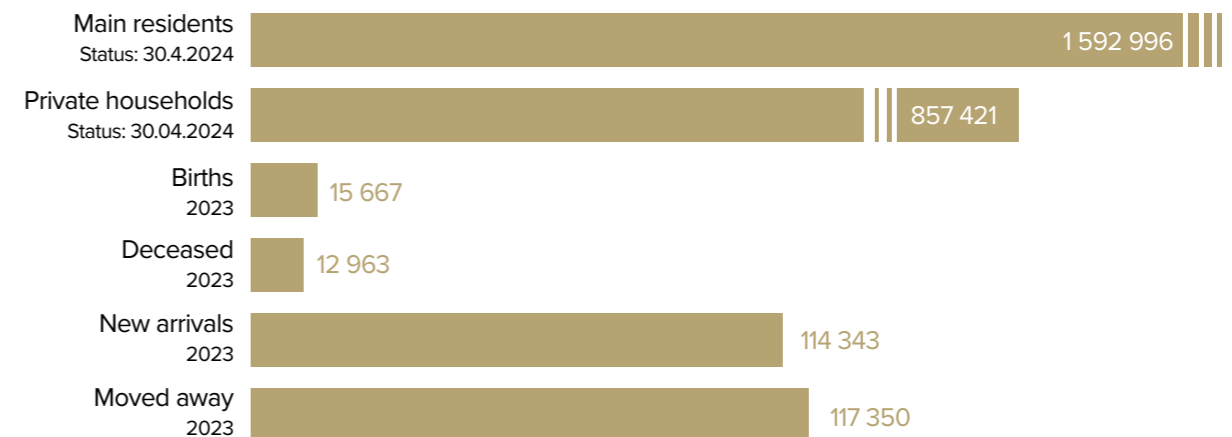
Source: Bayerisches Landesamt für Statistik



POPULATION DEVELOPMENT

As of May 31, 1,594,632 main residents were registered in the city of Munich (an increase of 5606 since January 1) and 858,008 households (an increase of 3612).

POPULATION OF MUNICH 2024



Source: Statistisches Amt München

LABOR MARKET MUNICH

The labor market has also weakened somewhat in Munich. The unemployment rate stood at 4.5% in July (previous year: 4.1%). Compared to the previous year, there were 14.5% fewer vacancies at the end of July.



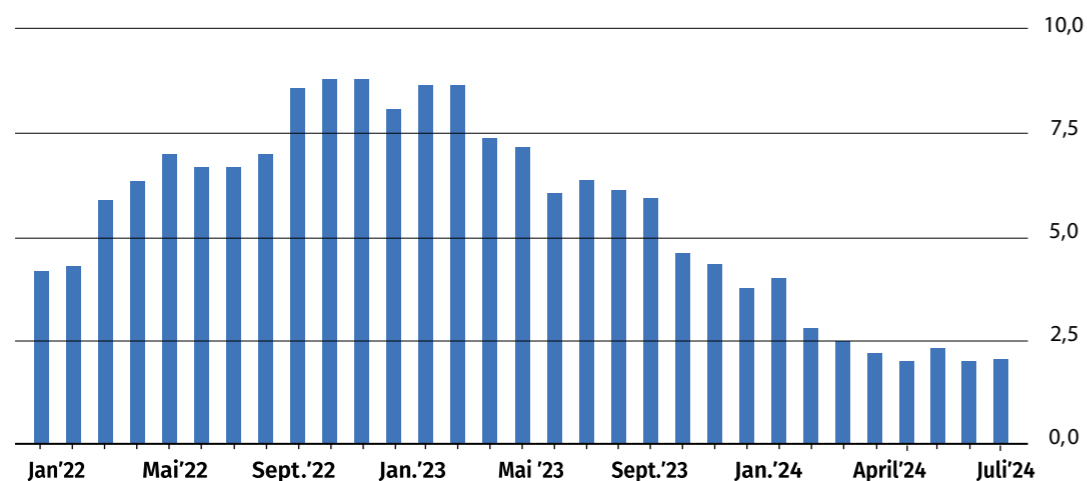
Source: Bundesagentur für Arbeit, April 2024 und Stepstone

INFLATION

Germany's inflation rate has been below three percent since the beginning of 2024, at +2.3% in July. According to the Federal Statistical Office, it is the fall in energy prices in particular that is dampening the inflation rate. Despite the removal of the price brakes on energy products in January, prices for gas and electricity fell by 1.7% in July compared to the same month last year. Food prices rose by 1.3% compared to July 2023.

CONSUMER PRICE INDEX

CHANGE IN % COMPARED TO THE MONTH OF THE PREVIOUS YEAR



6 Source: Federal Statistical Office (Destatis), 2024

INTEREST RATE DEVELOPMENT

Interest rates for building loans have improved significantly, allowing new scope for financing.

INTEREST RATE DEVELOPMENT

Term	Oct '12	Sep '16	Mai '19	Jul '21	Jul '22	May '23	Aug'24
5 years	1.7%	0.7%	0.7%	0.6%	2.7%	3.7%	3.1%
10 years	2.4%	0.9%	0.8%	0.6%	2.9%	3.3%	3.0%
15 years	2.9%	1.3%	1.2%	0.9%	3.1%	3.6%	3.3%
20 years			1.5%	1.1%	3.4%	3.8%	3.4%

Source: Interhyp, 2% repayment, 50% equity

CONCLUSION

The residential real estate market is on the road to recovery. The supply of condominiums for sale in the city and district of Munich is lower than in the previous year. Thanks to better conditions for real estate loans and attractive purchase prices, we expect buying interest to continue to increase until the end of the year.

Furnished apartments and houses remain scarce and expensive and continue to be very attractive as an investment opportunity.

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Fotos © Mr. Lodge GmbH

Design:
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Paul-Robeson-Str. 10
10439 Berlin

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