

Frankfurt am Main, 4 April 2022

Catella Research: European Residential Markets Dynamic in Q1 2022

European residential real estate remains the most dynamic of all real estate classes in Q1 2022. However, war, inflation and the ongoing Corona epidemic are slowing economic development. The expected increase in interest rates, a significantly low supply of products and ongoing urbanisation are decisive factors in this regard. Overall, Catella Research has examined the residential markets in 63 cities and 20 countries in Europe.

Prof. Dr. Thomas Beyerle, Head of Research at Catella Group, comments: "What we can also observe is a new group of private capital investors, which is now appearing more strongly in the respective European countries. We can speculate about their individual motives, but the lack of investment alternatives has undoubtedly led a number of players with strong liquidity to this asset class in view of the low interest rate environment.

Results in detail:

- The average monthly apartment rent (all years of construction) of the 63 analysed cities is currently €16.05/sqm, which corresponds to an increase of 3.82% compared to our analysis last year in the first quarter of 2021. In the same period, average inflation was 6.01% in the 20 countries surveyed.
- The cheapest apartment rents are again found in the Belgian city of Liège (€9.50/sqm), followed by Brno (€9.80/sqm) in the Czech Republic and Malaga in Spain with an average of €9.90/sqm.
- The most expensive rental market is still in Geneva, Switzerland, with a value of €30.80/sqm. Other high-priced residential locations can be found in London (€30.70/sqm), Paris (€28.80/sqm) and Luxembourg (€30.00/sqm).
- In parallel to our last analysis a year ago, the average purchase price for apartments in Europe (all years of construction) shows a visible increase to €5,141/sqm, which means an increase of 2.47%. Prices range from €1,800/sqm in Riga to €15,260/sqm in Geneva.
- The average European prime yields for apartment buildings are 3.41% in the 63 analysed markets. We continue to see a falling yield level in many European locations, we only assumed a future sideways movement in the United Kingdom, Poland, and Switzerland.
- As in the previous year, the lowest yield of all European housing markets can be found in Stockholm (existing apartments) at 1.20%. At 1.30%, Zurich has a similarly low yield level.
- The most attractive prime yields of the 63 markets analysed are in the Baltic cities of Riga and Vilnius, at 5.25%, followed by the Polish locations of Kraków and Wrocław, each at 5.00%.

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You can download the complete study here:

<https://www.catella.com/de/deutschland/research>

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