

Frankfurt am Main, 16 March 2020

## Catella housing map 2020 shows strong differences in A and B locations

Average residential rents rose by 5.1% year-on-year in 81 German locations. The strongest increase in rents was recorded in the category "medium locations", outside the top 7 markets. At the same time, yields declined in almost all locations. On average, the prime initial yield currently stands at 4.37% and has fallen by 22 basis points compared with the previous year. At B locations, the average yield fell much more sharply to 3.82%. With the annual residential map Catella wants to contribute figures & values to the frequently charged discussion in the rental housing sector.

Prof. Dr. Thomas Beyerle, Head of Group Research at Catella, comments: "The yield of the top 7 housing markets declined by 6 basis points to 2.9% over the last twelve months. The decline was significantly higher in B locations. With regard to the risk/return profile, a further increasing diversification potential with attractive returns within Germany can be observed, especially for risk-averse investors. Particularly at the portfolio level, there are numerous alternatives for minimising risk.

The numbers:

Rent:

- The average residential rents of the 81 locations analysed have risen further in the annual comparison. In medium locations the average rent is currently €8.97/sqm and in very good locations €11.54/sqm.
- Compared to the previous year, this represents a price increase of 5.13% in medium locations and 4.19% in very good locations.
- The different growth rates in different locations are particularly striking: both throughout Germany and in the top 7 residential markets, rents in the medium locations rose more strongly than in the very good locations.
- In our analysis, the average rental price of the very good locations in the top 7 residential markets increased by only 3.45% to currently €17.91 per square metre, which is the smallest increase of all location categories examined. In the previous year (2018 vs. 2019) growth rate was still approx. 6%.
- The strongest increase in rents, 5.38%, was in the category "medium locations" outside the top 7 markets.
- The most expensive location in absolute terms, with an average rent of €23.42 per square metre in very good locations and €17.33 per square metre in medium-sized locations, is currently measured in Munich.
- The lowest rent with an average of €6.17/sqm was registered in medium-sized locations in Duisburg. In the very good locations in the city of Remscheid, rents in average currently stands at €7.50/sqm.

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## Yields:

- In addition, a decline in yields was observed at almost all 81 locations. On average, the current prime gross initial yield is 4.37%, 22 basis points lower than in the previous year. Here, too, a declining compression dynamic can be observed. In 2019, a decline of 51 basis points was still recorded.
- The yield of the top 7 housing markets fell by only 6 basis points to 2.9% this year. The decline was significantly higher in the B locations and the top 25 markets in our overall ranking. The average prime yield here is 3.82%, which corresponds to a decline of 31 basis points.
- Berlin remains the clear leader with a prime gross yield of 2.40% due to the very high demand and the strong investment dynamics of recent years. The most attractive returns are currently being generated in Cottbus and Herne with 6.60% each.

The complete study can be downloaded here:  
<https://www.catella.com/en/germany/research>

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