



# BERLIN REAL ESTATE MARKET

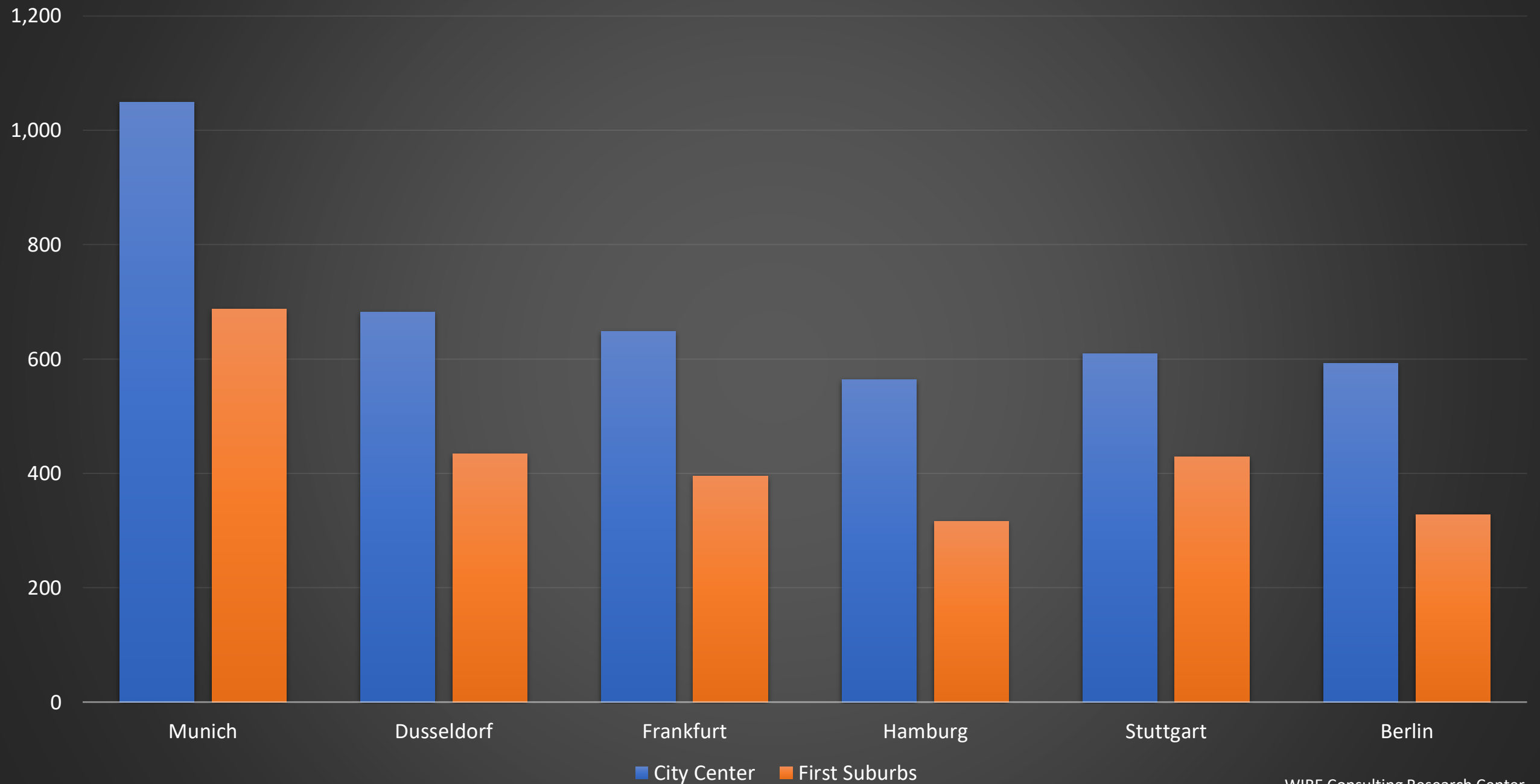
## **BERLIN – SOME DATA:**

- **Inhabitants: 3.690.000**
- **Employment rate +9% in 2017**
- **High-tech start ups, traditional industries and Continental Europe's finance are conglomerating themselves in a few selected areas. One of the most representative ones is the Berlin-Frankfurt axis**
- **Despite the fact that the offer is stimulated by the policies of the Berlin Land, it is slightly able to satisfy 80% of the demand**
- **Less than 25% of locals actually owns a property**

**The average value per square foot in 2017 was 424 \$, half the one of Munich and notably below the ones of Dusseldorf and Frankfurt. Quite a low price when compared to other cultural and labor's capitals.**

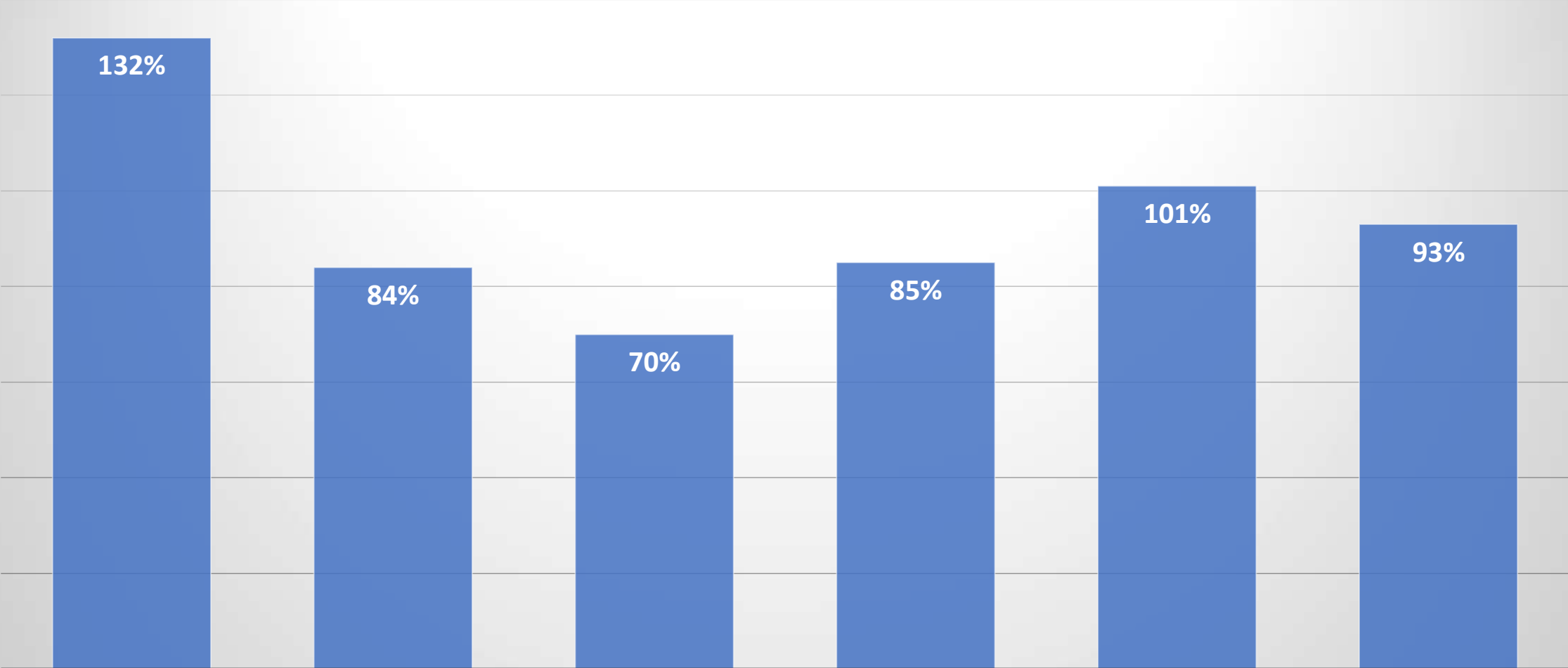
**The growth from the global minimum of the 2009 has been sustained. Considered the current urban development and structure there is evident margin for further appreciation. The single possible break on the short-term is the political instability that has just started to afflict the country.**

# Average Price \$/Sqft Main German Cities



# Price Increase Main German Cities '09-'17

WIRE Consulting Research Center



MUNICH

DUSSELDORF

FRANKFURT

HAMBURG

STUTTGART

BERLIN

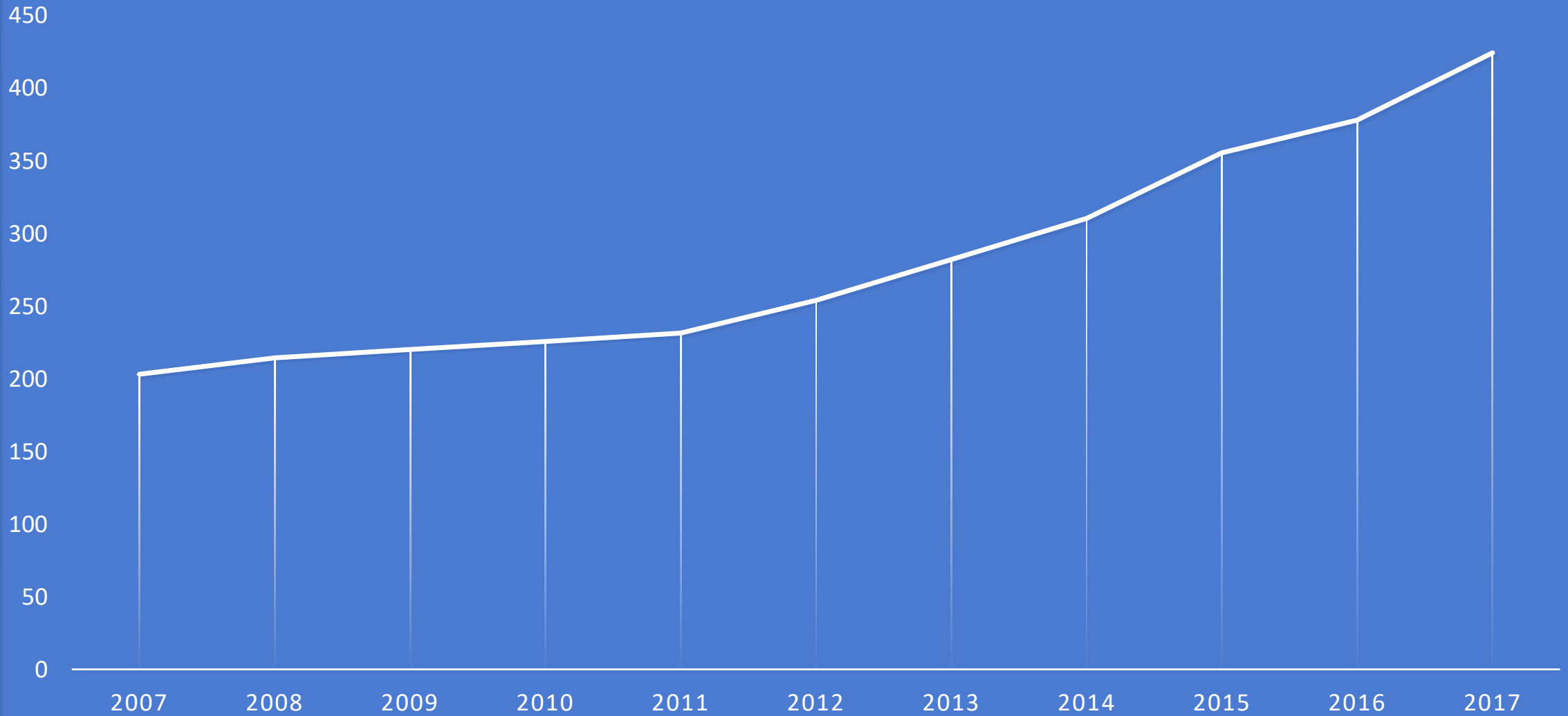
In 2007 average price of properties in Berlin was slightly above 200 \$/Sqft. Today that value is about 424 \$/Sqft (+12,03% y-o-y). The increase has been of constant magnitude and even during the financial crisis there was not a single year of decrease.

On the long-term the systemic risk is almost inexistent thanks to some main factors:

- Low level of private indebtedness
- Healthy public budget. Possibility of state intervention
- Local buyers act with a long-term mentality and are usually far away from a speculative approach
- Demand plentifully overtakes the offer. Demand's matrix is both international and local

# PRICE EVOLUTION \$/SQFT- BERLIN

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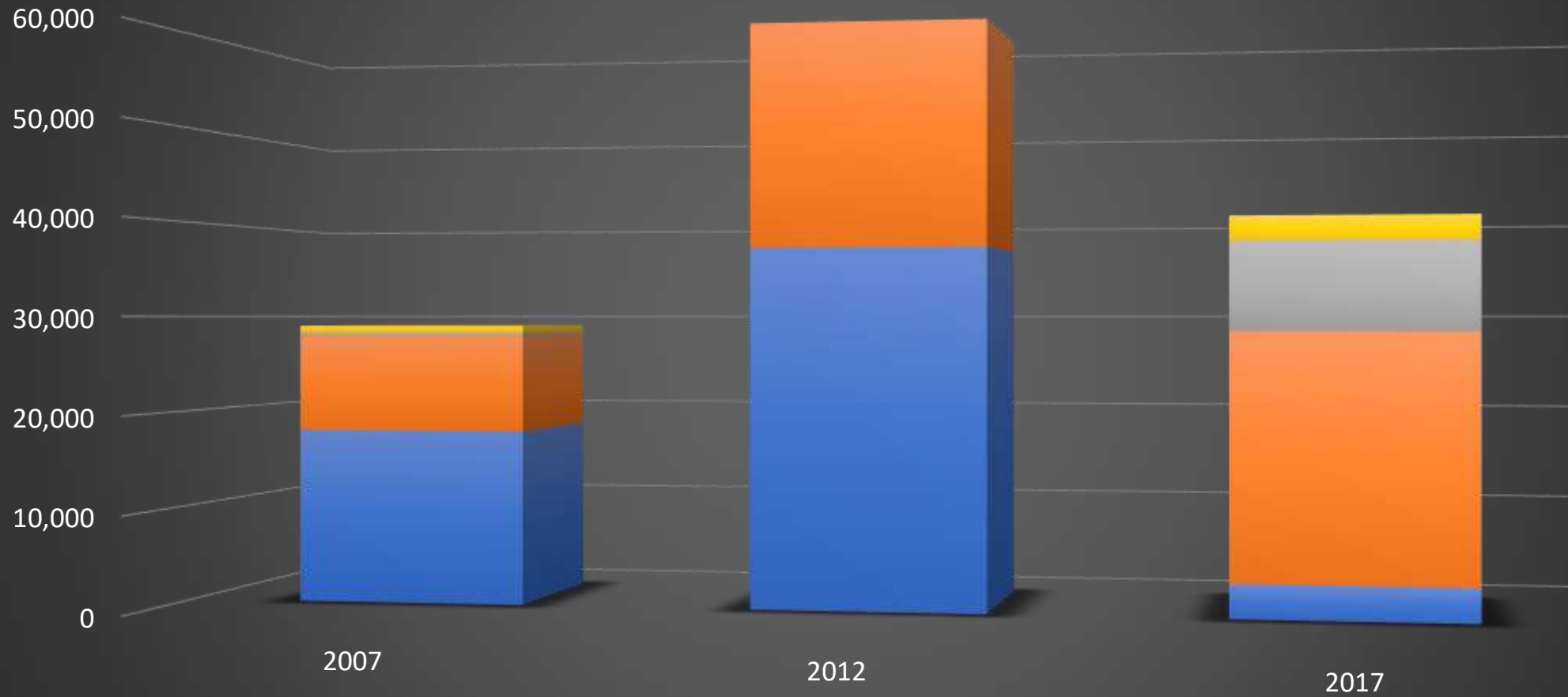


Due to the high tendency toward renting of local folks, returns on rented out properties remain pretty interesting for international investors. In some prime zones it is possible to gain more than 4% net on a yearly basis. In 2017 the renowned Mitte neighborhood saw a record increase of rents of about 19%.

The increase in values is also visible on the change in the relative weight of each price range.

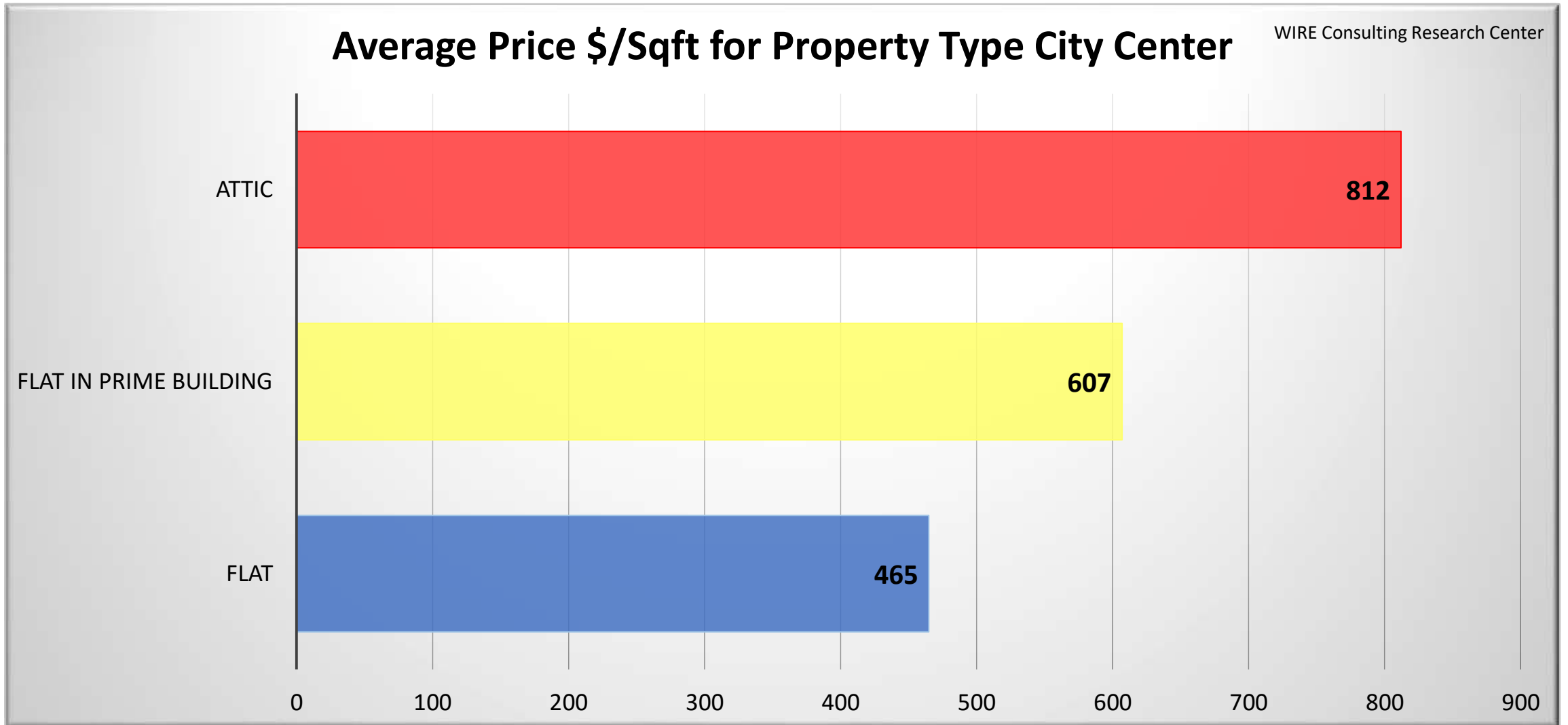


# Number of Apartments for Sale



■ 56 - 226 ■ 226 - 451 ■ 451 - 677 ■ > 677

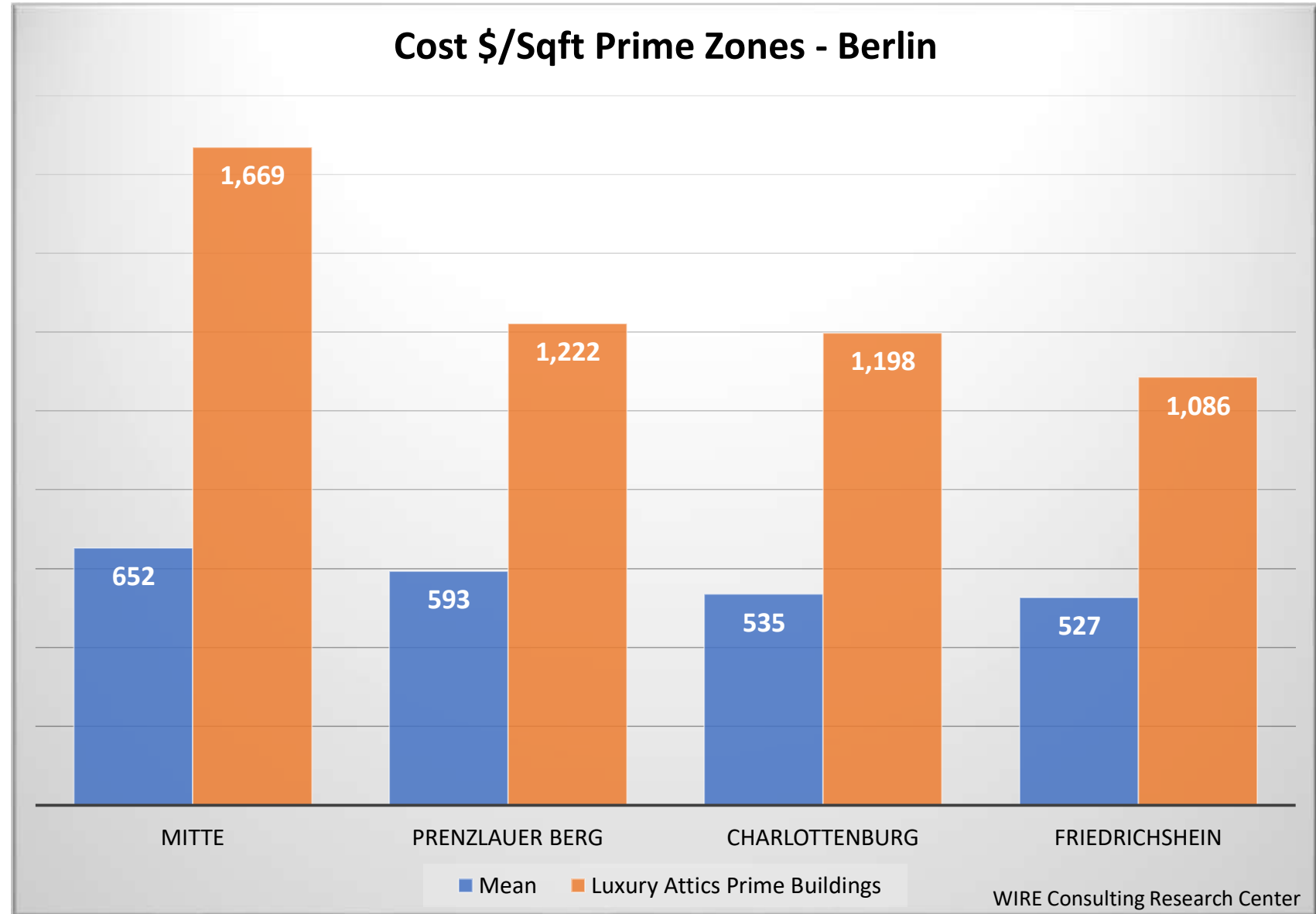
In the city center average prices vary a lot depending on the building's type



Most renowned neighborhoods are the ones of Mitte and Charlottenburg.

The first one includes a wide area, in which variability concerning quality and price tag is one of the highest in Germany.

Excluding unique cases, prices for attics in prime buildings in Berlin are within the threshold of 1.690 \$/Sqft.

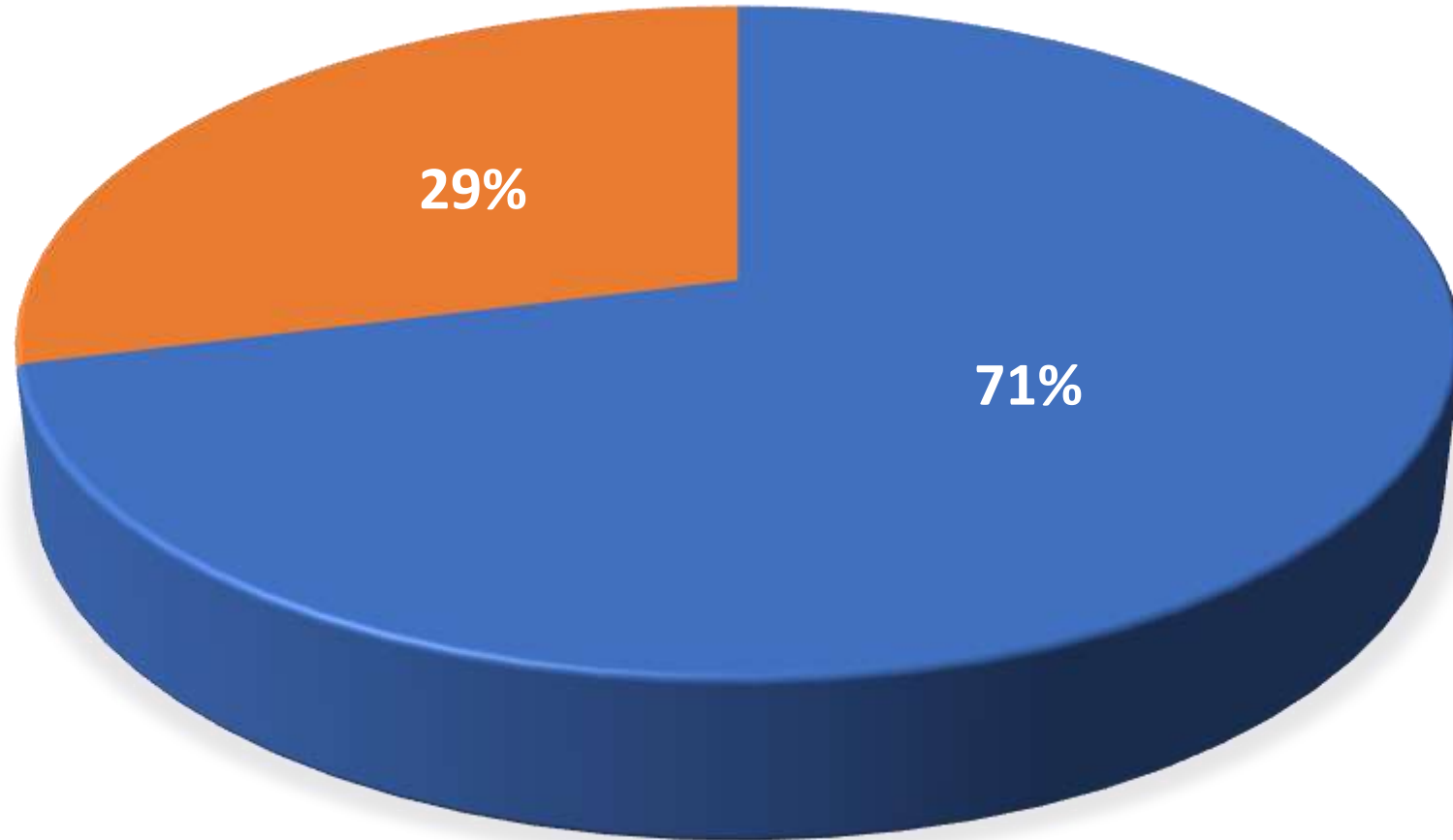


**The percentage of international buyers in Berlin is rapidly improving. Today they represents a share of 29% of total transactions in the central areas.**

**It is estimated that the trend will remain constant. International investor may represent up to 36% of the market by 2022.**

**The countries which see the most outflux of people toward Berlin are in order UK, Italy and France. The Buglarian influx is increasing, too.**

## LOCAL VS INTERNATIONAL BUYERS



■ Local Buyers    ■ International Buyers (by residence)

**In 1Q2018 Prices in Berlin saw a strong upward move of 10,34%. The data is in contrast with the estimates done by some major agencies, which approach themselves to the market with a conservative view.**

**Nevertheless also WIRE Consulting forecasts returns over 6% for 2018. However, compared to the beginning of the year the appreciation will slow down, due to some macro factors like political issues, which will cause international investors to be more cautious.**

# 2018 Growth Forecast - Berlin

