

Press release

Berlin, 10 November 2025

Increase in property prices persists

vdp property price index up by 3.6% year on year

The upward trend in property prices in Germany continued in the third quarter of this year. Compared with the corresponding quarter one year earlier, the property price index of the Association of German Pfandbrief Banks (vdp) rose by 3.6% to reach 183.7 points. The rate of increase was 0.7% compared with the immediately preceding quarter.

The figures used to calculate the vdp index have been collected by vdpResearch every quarter since 2010. They track price developments on the entire German market for residential, office and retail properties and – unlike other price indices – are based on an analysis of actual property transaction data from more than 700 credit institutions.

Once again, the larger contribution to the latest increase in prices was accounted for by **residential property prices**, which advanced by 3.8% compared with the third quarter of 2024. Compared with the second quarter of the current year, price growth here was calculated at 0.8%. **Prices of commercial properties**, which include office and retail property prices, were 2.8% higher year on year and 0.5% higher quarter on quarter.

“The recovery phase on the property market is consolidating further – driven primarily by the growth in residential property prices.”

Jens Tolckmitt

“Property prices have been on an upward trajectory since early 2024. The recovery phase on the property market is consolidating further – driven primarily by the growth in residential property prices,” vdp Chief Executive **Jens Tolckmitt** pointed out. “The market players have adapted themselves to the new framework conditions.” Tolckmitt went on to say that the situation on the commercial property market is more nuanced – depending, above all, on asset class, location and energy efficiency. However, he added, the properties currently being financed by banks have likewise seen prices rise continuously for several quarters now.

Residential properties: multi-family houses with strongest price increase

Growth in residential property prices, which has persisted for more than one year now, was also observed in the third quarter of 2025 – increasing by a total of 3.8%. Once again, prices for multi-family houses experienced the strongest year-on-year growth, standing at 5.2%. Over the same one-year period, prices for owner-occupied homes, consisting of single-family houses and condominiums, rose by 2.4%. Compared also with the previous quarter, prices for multi-family houses recorded a higher rate of increase (+0.9%) than prices for owner-occupied homes (+0.6%).

The fact that the housing market situation did not ease up in the third quarter of this year is reflected also in the growth in rents under new contracts for multi-family houses. Rents went up by 3.7% year on year, which was again a somewhat stronger rate of increase than in the previous quarter (+3.5%). Measured by the vdp index for cap rates, returns on multi-family houses contracted by 1.4%, as rents for this property type rose less strongly than prices.

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Jens Tolckmitt

The housing shortage, Tolckmitt commented, which is especially acute in the metropolitan areas, can be expected to continue for a number of years to come – after all, construction takes time. However, he stressed the need to keep working consistently also on the framework conditions to resolve the predominant problem of excessive construction costs. “The federal government’s recently passed initiative to speed up housing construction (the so-called ‘Bau-Turbo’) is good and welcome, as it helps to accelerate the planning and approval processes for new housing construction.” But he pointed out that the success of this initiative depends greatly, on the one hand, on local authorities making pragmatic use of the newly created measures. On the other hand, Tolckmitt went on, more will be needed: proposals for many further effective measures are on the table – such as, on the financing side, state guarantees of 80% for property loans to facilitate large-scale new housing construction. A lowering of property transfer tax for owner-occupiers – which is a matter for federal states to decide, however – could also give a decisive boost to the housing market, Tolckmitt said.

Housing in top 7 markets: Munich with greatest increase in prices

In the third quarter of this year, growth in residential property prices in Germany’s top 7 cities was even somewhat stronger than in the country as a whole. In Berlin, Cologne, Düsseldorf, Frankfurt am Main, Hamburg, Munich and Stuttgart, price growth averaged 4.6% compared with the corresponding quarter one year earlier. The metropolitan areas with the lowest and highest

price increases for residential properties were Stuttgart (+2.4%) and Munich (+5.3%) respectively.

The persistently high demand for housing – particularly in the urban concentrations – again led to a marked increase in rents under new contracts. Rents in the seven metropolitan areas rose by an average of 3.8% compared with the third quarter of 2024, whereby the increases ranged from +3.3% (Berlin) to +5.1% (Düsseldorf). Returns as measured by the vdp cap rate index decreased by an average of 1.1% in the top 7 cities. The only positive rate of change was recorded in Stuttgart (+0.7%).

Commercial properties: Offices again account for stronger price growth

The year-on-year increase in office property prices (+3.0%) contributed more to the overall rise in commercial property prices of 2.8% than growth in retail property prices (+2.2%). Compared with the previous quarter, the increase in office prices came to 0.6%. This was only marginally higher than the rise in prices for retail properties (+0.5%). Combined, the overall price level for both commercial property types was 0.5% higher in the third quarter of 2025 than in the second.

Whereas rents under new contracts for office properties advanced by 3.2%, growth in rents for retail properties amounted to 1.9% – compared with the third quarter of 2024 in each case. Year on year, returns as measured by the vdp cap rate index rose by 0.2% for offices, whereas they fell 0.2% for retail premises.

“Transaction activity on the commercial property market remains focussed on the top segment”

Jens Tolckmitt

Referring to the trend in office and retail property prices, Tolckmitt commented: “Transaction activity on the commercial property market remains focussed on the top segment, that is, on energy-efficient, flexible properties in top locations.” Thus, he said, corresponding price increases are to be observed there. “The potential effects on the commercial property market of the ongoing uncertainty factors such as future economic developments as well as trade disputes and geopolitical conflicts remain to be seen.”

About the vdp property price index

The Association of German Pfandbrief Banks (vdp) publishes quarterly rent and price indices showing trends on German residential and commercial property markets, based on transactions that have taken place. Prepared by the analyst firm vdpResearch, the index is used by the Deutsche Bundesbank as part of its property price monitoring activities. Over 700 credit institutions operating in the German financial sector supply transaction data (purchase prices and rents actually achieved) on their real estate finance business, and it is these data that form the basis of the index.

Information on developments in the respective sub-markets as well as all index data on the individual vdp property price indices (2003-2025) may be found in the relevant publication and are also available as raw data at www.pfandbrief.de. Moreover, vdpResearch provides a detailed assessment of the regional top 7 housing markets, including all sub-segments (owner-occupied housing and multi-family houses), at www.vdpresearch.de.

Attachment

vdp's property price index Q3 2025

**Association of German
Pfandbriefbanks**

www.pfandbrief.de
www.pfandbrief.market

Press Contacts

Carsten Dickhut
T +49 30 20915-320
E dickhut@pfandbrief.de

Horst Bertram
T +49 30 20915-380
E bertram@pfandbrief.de