

Joint press release

Berlin, 11 May 2026

Property prices rise at start of 2026

- **Increase by 2.2% – effects of Iran war not yet palpable**
- **New joint property price indices compiled by Deutsche Bundesbank and vdpResearch reflected in vdp index effective immediately**

The first quarter of 2026 saw property prices in Germany advance by 2.2% compared with the corresponding period one year earlier. This is shown by the property price index of the Association of German Pfandbrief Banks (vdp). As in the previous quarters, residential properties recorded a somewhat stronger increase in prices (2.3%) than offices at 1.9% and retail properties at 1.5%.

“Property prices began 2026 with another moderate tailwind. It remains to be seen how the Iran war will affect the property market – the figures for the first quarter as yet indicate little impact.”

Jens Tolckmitt

Jens Tolckmitt, Chief Executive of the vdp, interpreted the latest developments as follows: “Property prices in Germany began 2026 with another moderate tailwind, thus consolidating the upward trend observed the previous year.” He added that it remains to be seen, however, whether the current trend will continue in the same way as the year progresses. In particular, Tolckmitt commented, the open question is how the Iran war will affect the property market. That said, he remarked that the figures for the first quarter as yet indicate little impact.

Adjusted index methodology

For the first time, the vdp index trend has been calculated in part using an adjusted methodology that the Deutsche Bundesbank and the vdp’s subsidiary, vdpResearch, have developed jointly since 2020. Both organisations today publish, simultaneously, new and extensive indices on commercial property prices in Germany. These new indices are based on the market fluctuation database already in use for regulatory purposes and draw on the extensive transaction database of vdpResearch, which incorporates actual sales reported by more than 700 banks every quarter as well as on the Central Property Market Database of the Sparkassen-Finanzgruppe.

For the Bundesbank’s new commercial property price indices, the price developments for multi-family houses, offices and retail properties are calculated for different regions and aggregated to arrive at a German-wide

index. This index shows a 2.1% increase for the first quarter of 2026 compared with the same period a year earlier. In addition, a separate price index is calculated for multi-family houses in the top 7 cities. A retroactive starting point is applied here, namely the first quarter of 2013.

“The new price index reflects fluctuations quickly and accurately, especially those in more volatile commercial markets.”

Reiner Lux

“We are delighted that, after many years of cooperation with the Deutsche Bundesbank, a new commercial property price index has now been created. This index reflects fluctuations quickly and accurately, especially those in the more volatile commercial markets,” Reiner Lux, Managing Director at vdpResearch, explained.

Residential properties: prices for owner-occupied housing rise by 2.5%

The 2.3% rise in residential property prices in the first quarter of this year was primarily driven by growth in prices for owner-occupied housing. Prices for single-family houses and condominiums advanced by 2.5% overall. Multi-family house prices went up by 2.2% between January and March of this year compared with the corresponding period in 2025. This increase was weaker than in previous quarters.

Returns in the rental housing sector as measured by the vdp index for cap rates increased by 0.8% year on year. This was due to the fact that prices for multi-family houses rose less strongly than rents under new leases, which advanced by 3.0% between the first quarter of 2025 and the first quarter of 2026.

“The situation on the housing market remains very tense.”

Jens Tolckmitt

“Even though growth in rents has slowed down somewhat at the moment, the situation on the housing market remains very tense. The ongoing housing shortage continues to drive up prices and rents, notably in the metropolitan areas,” Tolckmitt commented. He called on policymakers to consistently push ahead with the regulatory reforms to stimulate the housing market. This, he said, is considerably more effective and quicker to implement than thoughts on creating a new federal housing corporation – all the more so as the Alliance for Affordable Housing (Bündnis bezahlbarer Wohnraum) and the associations that together make up the Federal Working Group of the Real Estate Industry in Germany (Bundesarbeitsgemeinschaft Immobilienwirtschaft Deutschland, BID) as well as the vdp have long since presented proposals addressing this question. As an example in the field of financing, Tolckmitt mentioned the government guarantees – set forth in the coalition agreement – for loans that are intended to help create new housing on a large scale.

Housing in the top 7 markets*: Growth in rents below nationwide average

In Germany's top 7 cities in the first quarter of 2026, prices for residential properties grew by an average of 3.6% year on year. Of the seven metropolitan areas, residential property prices climbed most steeply in Hamburg (+4.9%). Growth rates were somewhat lower in Düsseldorf (+4.1%), Frankfurt am Main and Cologne (+4.0% in each case) and Munich (+3.5%). These were followed by Berlin (+2.9%) and Stuttgart (+1.7%).

Rents under new leases in Germany's top 7 cities rose by an average of 2.4%. This was less than growth for Germany as a whole (+3.0%). Growth rates ranged from +3.9% (Hamburg) to +1.3% (Berlin). Thus, the increase in rents under new leases in the German capital was again – as in the previous quarters – below average. Measured by the vdp cap rate index, returns in the metropolitan areas contracted by 1.3% year on year.

Offices see stronger price increases than retail premises

In the first quarter of 2026, prices for offices and retail properties financed by banks increased year on year. For office properties, prices rose by 1.9% compared with the first quarter of 2025. Retail property prices experienced somewhat lower growth rates of around 1.5%.

Financed office properties also recorded a higher growth rate (2.8%) for rents under new leases than financed retail properties (1.5%) – compared in each case with the corresponding period one year earlier. As a result, returns on offices as measured by the vdp cap rate index were up by 0.8% year on year, while returns on retail premises were stagnant in the reporting period (0.0%), as prices and rents rose in parallel.

All index data on the individual vdp property price indices including raw data are available at both www.pfandbrief.de/vdp-immobilienpreisindex/ and www.vdpresearch.de/leistungen/preisindizes/.

About the Association of German Pfandbrief Banks (vdp)

The Association of German Pfandbrief Banks is one of the five umbrella organisations of the German banking industry. It represents the leading providers of capital for residential and commercial property construction as well as for the government and its institutions.

About vdpResearch GmbH

* The rates of change given here in the section "Housing in the top 7 markets" were calculated using the previous vdp index methodology. They therefore differ from the figures shown by the top 7 index of the Deutsche Bundesbank.

Since 2008, vdpResearch GmbH has been a trusted partner for the German banking industry. The company was established as the vdp's research arm, and the products and analyses it develops have long been an integral part of risk assessment and property valuation at numerous credit institutions, with more than 90% using the vdpResearch Monitoring service. At the heart of the work performed by vdpResearch is its transaction database, which is unique in Germany. A range of digital applications offer solutions tailored specifically for banks and valuers in the field of ESG and sustainability.

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