2|2025

RESEARCH NEWS

BBSR

Dear Readers,

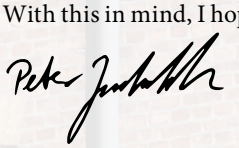
Germany is changing – and with it, the way we live. Recent research findings from the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) show just how profound this change is. More and more people are living alone. In cities such as Hamburg and Berlin, more than half of all households will be single households by 2045. This is driving demand for compact, barrier-free apartments.

At the same time, the demand for housing remains high. According to the BBSR's housing demand forecast, around 320,000 new apartments will be needed each year until 2030. However, demand varies greatly from region to region: while growing cities and their surrounding areas in particular need additional living space, the demand for new construction is moderate in many rural regions. There, it is less a question of new construction than of further developing the existing stock in order to avoid vacancies and utilise existing potential.

This is not just about numbers, but also about quality. How can good building culture be achieved? A research project by the BBSR shows that legal regulations offer more scope for this than is often assumed – from development plans and urban development contracts to public procurement law. The decisive factors are the early inclusion of design requirements and the willingness of those responsible to actively demand quality.

The BBSR's findings make it clear that sustainable living requires differentiated solutions, regional perspective and a clear eye for quality.

With this in mind, I hope you enjoy reading and discovering!



Dr. Peter Jakubowski
Deputy Director of the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR)

BBSR household projection 2045: number of one-person households continues to increase

by Dr Jana Hoymann, Dr Claus Schlömer and Dr Steffen Maretzke

In July 2025, the BBSR presented their new household projection to 2045. The results show that the number of households in Germany will only slightly grow by 2045. Based on these projection assumptions, in 2045 there will be 42.6 million private households in Germany, about 0.6 million more than at the end of 2022.

The trend is mainly due to the continuing increase in the number (+2.2%) of predominantly small (one or two-person) households, thus their share of all households will increase to more than 75% in 2045. About 55% of all people in Germany live in these households. However, the number of larger households is decreasing by 1.4%.

These trends are very different at the regional level. In centrally located and economically strong regions, the number of smaller and larger households continues to grow, while in peripheral and economically weak regions their number will continue to decrease to 2045. In economically strong regions over 75% of all households are small households; in economically weaker regions it is almost 80%.

The hitherto clear east-west difference in the trend of household figures – rising numbers in the west, falling numbers in the east – is declining due to the stabilising figures of young one-person households in a number of economically weaker regions. As in the other regions, they are a result of a temporary increase in births at the end of the 1990s and in the 2010s.

For the first time these cohorts are considered as separate households during the projection period. Regions bordering on Berlin also benefit from its growth and associated suburbanisation effects.

In future, the number of older people will increase in most regions – especially in suburban areas – and the number of smaller and older households will increase accordingly. In some economically weaker regions of East Germany, where the ageing of the population is already very advanced, the number of older people is already declining, so that the number of older one-person households is also declining.

The results of the household projection can be summarised as follows:

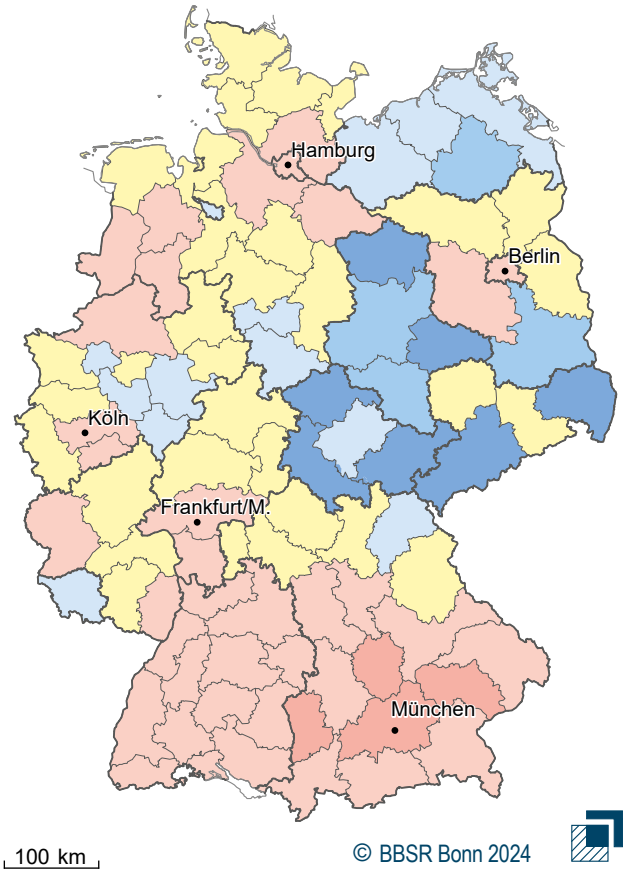
- The number of households in Germany is only slightly increasing.

Regional development of household sizes

Classification of regions according to economic strength (GNI per capita)	One-person and two-person households					Households with 3 or more persons				
	Number of households in 1,000		Development of the number of households in %	Percentage share (by household size and region type)		Number of households in 1,000		Development of the number of households in %	Percentage share (by household size and region type)	
	2022	2045	2022–2045	2022	2045	2022	2045	2022–2045	2022	2045
economically extremely strong	7,730	8,020	3.8	18.4	18.9	2,600	2,620	0.8	6.2	6.2
economically very strong	1,940	2,000	3.1	4.6	4.7	660	650	-1.5	1.6	1.5
economically strong	5,810	6,080	4.7	13.8	14.3	2,060	2,050	-0.5	4.9	4.8
economically weak	12,500	12,870	3.0	29.8	30.3	3,860	3,860	0.0	9.2	9.1
economically very weak	3,920	3,640	-7.1	9.3	8.6	1,090	980	-10.1	2.6	2.3
Eastern Germany (incl. Berlin)	6,790	6,520	-4.0	16.2	15.3	1,740	1,660	-5.8	4.2	3.9
Western Germany	24,960	25,930	3.9	59.5	61.0	8,470	8,440	-0.4	20.2	19.8
Germany	**31,753**	**32,452**	**2.2**	**75.6**	**76.3**	**10,239**	**10,100**	**-1.4**	**24.4**	**23.7**

Source: BBSR household projection 2045/ROP

Development of private households 2022–2045



Data source: 2045 spatial planning projection of the BBSR based on the 2022-based census/ spatial planning projection
Geometric basis: spatial planning regions based on VG5000 (districts), as of 31/12/2019 © GeoBasis-DE/BKG
Author: R. Kerstan-Widmann

- In the past the number of households continued to rise, even as the population was declining due to households becoming smaller. This trend nearly comes to a standstill during the projection period and is followed by a declining population leading to declining household figures, as well as increasing household figures in regions with population growth.
- Similar to the 2045 population projection, there is a coexistence of growth and shrinking in the 2045 household projection. Household figures are falling especially in rural-peripheral areas.
- The temporary increase in births in the 2010s and immigration are causing an increase in younger households almost nationwide, including most rural-peripheral areas.

For the regions concerned, the challenges resulting from these considerable regional differences in the long-term household trends are in some cases completely different, i.a. with regard to housing demand. In early 2025 the BBSR therefore published the housing needs projection, which provides more information on the regional effects of household trends on the housing market.

An interactive application for the 2045 household projection shows the regional changes of key indicators of population and household trends for the spatial planning regions, with separate maps illustrating the most important household sizes and age groups. Maps, charts and tables also describe population and household trends for the federal states and nationwide.

https://www.bbsr.bund.de/BBSR/DE/forschung/fachbeitraege/raumentwicklung/raumordnungsprognose/rop/01-start.html (in German)

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BBSR-Analysen KOMPAKT 08/2025 [in German]

Revision of the BBSR's accessibility analyses

by Thomas Pütz

For several years the BBSR has been analysing the accessibility of various services of general interest and centres by motorised private and public transport. It has now completed the estimations on the current accessibility of middle and higher-order centres by public transport.

Methodological changes and new calculation bases have resulted in large differences to previous analyses. In a change from previous practice, the BBSR has estimated the public transport journey times starting from raster cells instead of public transport stops and has taken transport on foot or by bicycle between raster cells and stops into account. Municipal data were aggregated and weighted by population based on the 2022 Census data, and depicted by raster cells.

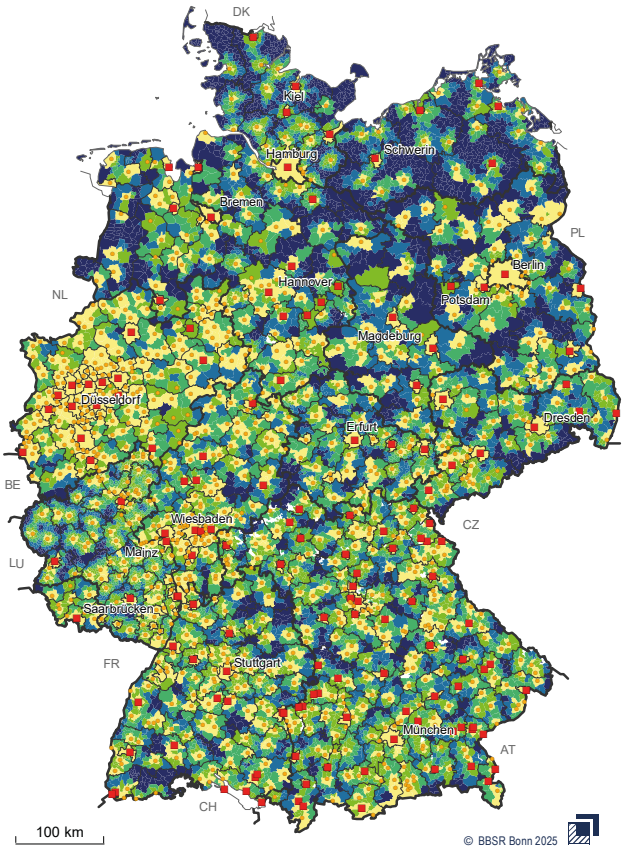
Previously it had been difficult to communicate the results for large cities. The average public transport travel times in Berlin and Hamburg, for example, were significantly longer than those in most countries. Only city centres had been considered as targets with middle-order centre functions.

Since then, the BBSR has identified another 107 centres at borough or district level among the 25 large cities or higher-order centres with more than 250,000 inhabitants. They supply an area of at least 50,000 inhabitants and perform middle-order centre functions (e.g. Berlin-Spandau and Berlin-Köpenick, Frankfurt-Höchst and Frankfurt- Sachsenhausen, Cologne-Porz and Cologne-Rodenkirchen).

They have produced a different accessibility pattern for the large cities mentioned above and now present a much more realistic picture of the accessibility of services of general interest in middle-order centres.

The public transport accessibility analyses are based on Germany-wide timetable data in GTFS (General Transit Feed Specification) format. They come from the information systems of the German federal states, are merged on the DELFI Integration Platform and made available on the Open Data ÖPNV platform. The present analyses are based on timetable data as of September 2024, using a starting time of 8.00 a.m. on 8 October 2024 (a normal working day). In order to model routes to, from and between public transport stops, the BBSR used a Germany-wide road and route network based on OpenStreetMap, which is able to display different speed assumptions depending on various travel modes (e.g. 3.6 km/h for pedestrians, 18 km/h for cyclists).

Accessibility of higher- and middle-order centres



Average population-weighted public transport travel time of 2024 to the nearest higher- or middle-order centre in minutes

- to under 15
- 15 to under 25
- 25 to under 35
- 35 to under 45
- 45 and over
- higher-order centre
- middle-order centre

Data source: BBSR Accessibility Model, 2022 Census
Geometric basis: VG5000 (municipalities), as of 31/12/2023 © GeoBasis-DE/BKG
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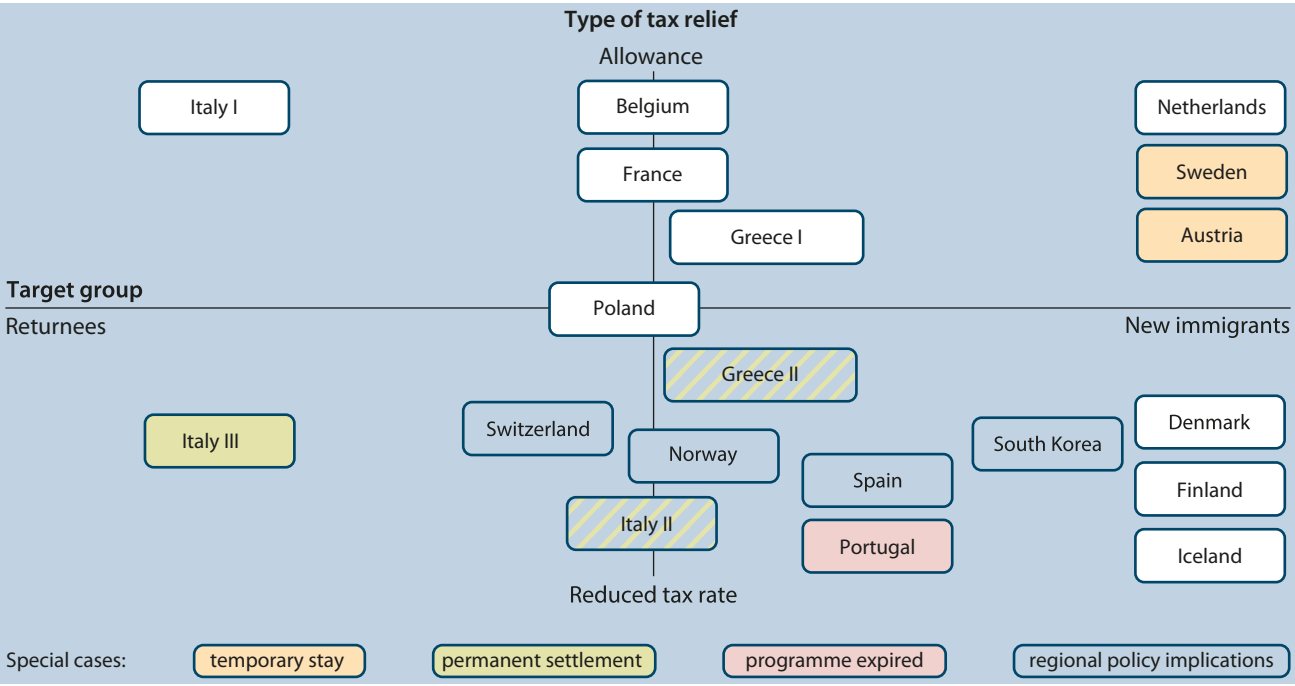
www.opendata-oepnv.de [in German]



Classification of national tax reduction programmes by addressee and type of reduction Source: BBSR

Tax incentives to attract foreign skilled workers – implications for German regional development

by Dr Marian Günzel and Annika Runge

Various models are used internationally to attract new residents through tax incentives. In Germany, the topic has already been put on the political agenda in the context of professional recruitment. A new BBSR analysis (BBSR-Analysen KOMPAKT 07/2025) presents the background to this topic and provides a well-founded overview of existing international regulations. The latter are systematised and discussed with a view to their potential for sustainable regional development against the background of demographic change and the shortage of skilled workers in German rural regions. In this way, the BBSR is complementing the debate in politics and practice about recruiting residents and securing skilled workers, thus contributing to a well-founded basis for discussion and action.

The presentation of the tax reduction programmes reveals that the vast majority of measures are aimed at recruiting and securing international specialists, almost invariably providing temporary tax relief, while only sporadically referring to regional development in terms of demographic stabilisation. Nevertheless, their regulations serve as a fundamental basis for developing special programmes aimed at strengthening economically underdeveloped regions in Germany. Tax legislation and tax sovereignty in the German federal system, however, present a number of related constitutional challenges which, given the expected explosiveness of the issue, demand urgent discussion.

The figure shows a chart in the form of an X-matrix with the X-axis ranging from the "returnee target group" to the "new immigrants" target group and the Y-axis ranging from "type of tax relief: allowance" to "type of tax relief: reduced tax rate". The matrix includes the steadily scaled national tax reduction schemes described in the text. The special cases of "temporary stay", "permanent settlement", "programme expired" and "regional policy implications" are marked in colour, where applicable.

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BBSR-Analysen KOMPAKT 07/2025 (in German)

Resilience in European regions

by Dr Philipp Gareis

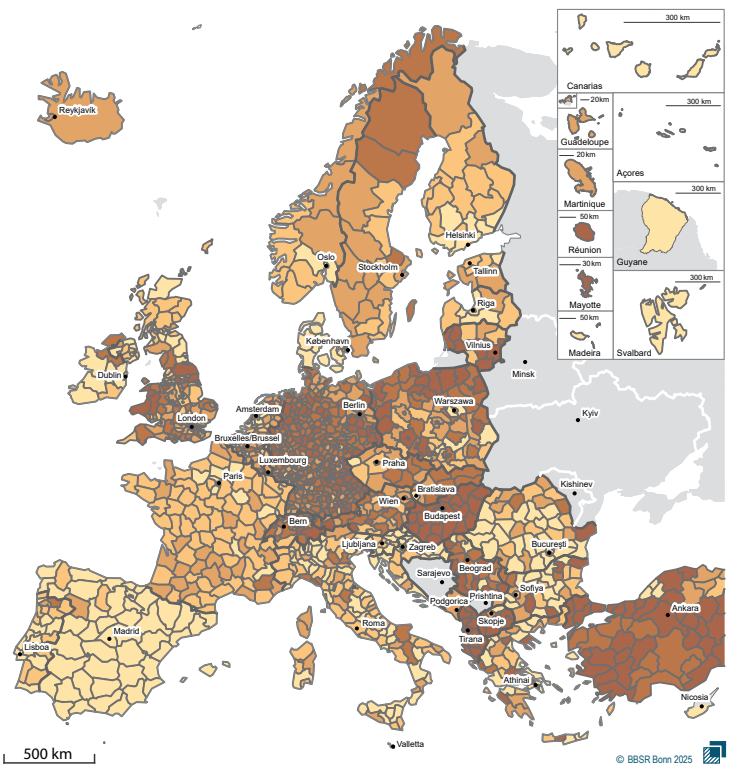
In recent decades Europe has been exposed to many economic crises and its countries and regions have returned to their original economic development paths at different speeds. This has to do with their structures and political objectives and particularly with the adaptability of some regions. Despite the EU's cohesion policy measures, this has resulted in very different development trends and increased disparities between the regions.

In order to better understand successful measures to increase the resilience of regions, the BBSR is researching the economic resilience of European regions over the long and short-term crises between 1980 and 2025; the research is based on long time series data in the independent research project "Resilience in Europe". Economic resilience is measured by the growth in the number of employees in the regions compared to the European average.

Over the past decades, the strategy helped to identify trends in European regions that strongly depend on regional conditions, national policies and the type of crisis. Accordingly, strong disparities can be attributed to different economic structures and strengths, the value added having influenced economic sectors in different ways. Higher value added shares in the manufacturing sector, for example, had a negative effect on resilience in the crises of 1981 to 1986 and 1992 to 1995. However, they had a positive effect in the economic and financial crisis (2008–2016), which also explains the high resilience values of many German regions during that period compared to the EU-27 average.

Apart from economic prerequisites, historical developments play a major role in determining the level of economic resilience. The former satellite states of the Soviet Union, for example, were less economically resilient in their transformation phase, while Southern European regions started their economic catch-up process in that period due to successful economic policies.

Quantile-based resilience values in the EU-27 from 2008 to 2016



Quantile-based resilience values

- low
- rather low
- medium
- rather high
- high
- no data

Data source: Spatial Monitoring System for Europe of the BBSR, JRC 2024
Geometric basis: GfK Geomarketing; GISCO NUTS 3, 2021
Authors: P. Gareis, R. Binot

The BBSR's regression analyses show that the national influence on regional resilience capacity is of enormous importance, also in economic terms. In future they will help to identify best practice examples in Europe and to initiate learning processes for implementing successful policies.

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Empowering smart cities: approaches to European networking

by Dr Bettina Distel and Dr Charlotte Räuchle

Digital urban development has a long tradition in the European Union. Programmes such as the Digital Decade offer many opportunities for municipalities to scale digital transformation. National governments have also implemented programmes to accelerate the transition. Thus, municipalities across Europe working towards smarter and more resilient cities are often addressing similar challenges, such as climate change and adaptation. To facilitate exchange and enable German municipalities to participate in European initiatives, projects and networks, the German Federal Ministry for Housing, Urban Development and Building initiated the project "Empowering Smart Cities – Approaches to European Networking" which was supervised by the BBSR.

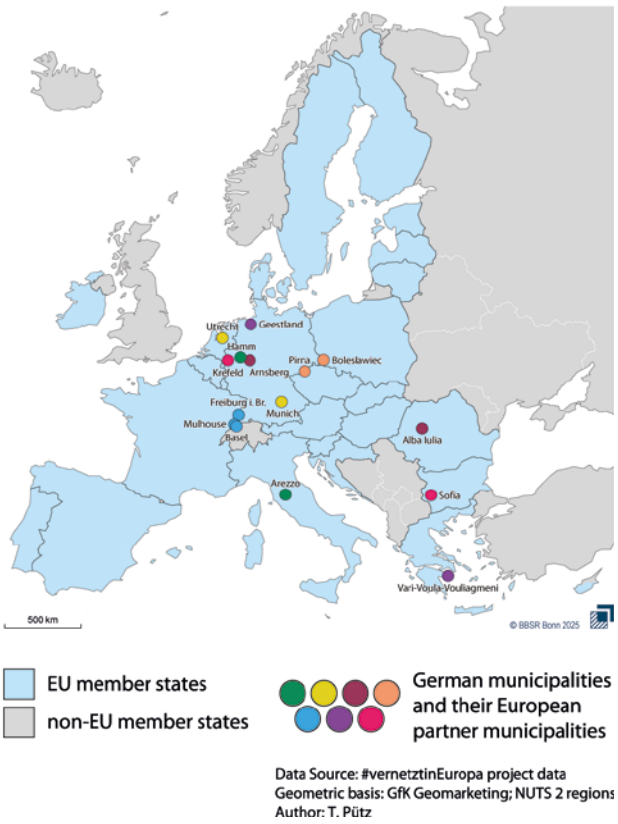
Running from 2021 to 2024, the project systematically analysed and supported the participation of German municipalities in European programmes, and furthered networking and knowledge transfer among selected German and European municipalities. To this end, one trilateral and six bilateral partnerships were formed to exchange ideas and knowledge and to cooperate on various smart city projects.

The partnerships were supported by a series of on-site and online partnership meetings, workshops and networking events, covering topics from the implementation of LoRaWANs and enhancing digital competences to developing digital twins. Building on systematic analyses and the municipalities' experiences, the project yielded key insights:

- The partnerships showed how municipalities across Europe are addressing the same challenges by means of digitalisation. Thus, there is a strong need not only to transfer knowledge, but also to exchange actual solutions. A prime example for reusing existing smart city solutions was the bilateral partnership between Utrecht and Munich, during which Munich data were successfully integrated into the Dutch digital twin – despite different values and strategies in building digital twins.

- Smaller municipalities benefit the most from European initiatives and networks because they commonly lack the necessary resources to implement smart city solutions. Being part of a network of smart municipalities allows access to knowledge and existing solutions and paves the way for municipalities to become smart cities.

Overview of the participating municipalities



The insights gained from the project are summarised in three publications (see below) that compile information on existing European regulations and the pattern of European smart city networks and initiatives. The final publication provides a summative overview of the project, including detailed profiles of each partnership. It enables other European municipalities interested in smart city development to access the often tacit knowledge on urban development, experiences made by the partnerships, concrete ideas and the solutions they developed.

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BBSR-Online-Publikation 35/2025

BBSR-Online-Publikation 36/2025

BBSR-Online-Publikation 37/2023

www.bbsr.bund.de > Forschung > Forschungsprojekte > Smart Cities befähigen (in German)

Study on the 15-minute city: Germany's progress better than expected

by Dr Brigitte Adam and Thomas Pütz

A new study by the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) on behalf of the Federal Ministry for Housing, Urban Development and Building (BMWSB) reveals that the "15-minute city", where everyday destinations like supermarkets, day nurseries or family doctors can be reached in a maximum of 15 minutes on foot or by bike, is much more common in Germany than expected. The project was carried out by S&W Urban and Regional Research, Dortmund.

"The analyses show that the 15-minute city has already become reality in many places," says Dr. Brigitte Adam, project manager at the BBSR. "We can detect good conditions for short distances in municipalities that have compact settlement structures – both in small towns and in medium-sized and large cities."

The BBSR analysed all German municipalities according to standard criteria and recorded 24 typical facilities and services of daily life like supermarkets, schools, surgeries, playgrounds, green areas, gastronomy, swimming pools and local public transport stops. Its estimations were based on the walking speed of an average adult and, using a special index, considered different walking speeds, e.g. of older people or children. For a few facilities, which are usually visited less frequently and are often found in fewer locations, such as swimming pools, specialist doctors or libraries, it used the average speed by bicycle and produced a clear picture of local accessibility according to the 15-minute city.

Overall, the study shows that, on average, people in Germany reach around three-quarters of these facilities within 15 minutes on foot or by bicycle. In the top-rated cities, they are on average only six to eight minutes away. "It is a common fallacy that only large cities or up-and-coming hipster districts support short distances," says Dr Brigitte Adam. "Our data show that functionally mixed neighbourhoods with short distances are also possible in large housing estates or garden cities."

A key finding of the study is that neighbourhoods with good local supply benefit people from different social backgrounds. "The concern that good accessibility automatically leads to the suppression of low-income households has not been confirmed," explains Dr Adam.

Increasing the quality of life, improving the conditions for walking and cycling

The 15-minute city is not only a planning ideal; it offers practical answers to current challenges of urban development. It facilitates everyday life through short distances, strengthens local communities, enlivens neighbourhoods and improves the quality of life for everyone in the city. It also relieves the environment and promotes climate protection.

"If we want people to walk or cycle more every day, we must consistently improve the conditions for this," emphasises Dr Adam. The study provides practical recommendations that do not require new laws and large redevelopment programmes. What is crucial is the cooperation between transport and urban planning, which requires measures such as:

- Promoting densification and mixed use developments in sparsely built-up residential areas, for example, by repurposing vacant buildings or backing a mixed use of areas. A prerequisite is local demand.
- Improving the infrastructure for active mobility: wider pavements, safe cycle paths, fewer barriers, more quality of stay at the expense of private car transport.
- Strengthening communication, listening and planning according to local circumstances: actively involving citizens, clarifying local needs, jointly developing solutions and countering fears that the 15-minute city would restrict free mobility.

"Not every city needs a new concept, but the 15-minute city provides a clever framework of orientation and measures that make our cities greener, healthier and more liveable. Many of these measures can already be implemented under existing legislation" explains Dr Adam.

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BBSR-Online-Publikation 27/2025

Regulative "Baukultur" – the potential of building law to serve the quality of the designed space

by Dr Alexander Fichte

The German Building Codeprovides a framework for the built environment, but the question is rarely asked as to whether the related legal instruments can be used to improve it. This gave rise to a project investigating the interactions between the law and "Baukultur" (“culture of building” encompassing all human activities to change the built environment), which, at first glance, appears to be an unequal pairing. Using a mix of practical analysis, interviews and workshops, the aim was to find out how building law instruments can be used more intensively to shape the built environment. The study also took public procurement law into account.

Building and public procurement law already offer a wide range of opportunities to support Baukultur. Binding development plans, for example, provide scope for determining the disposition, scale and character of the built environment, for the use and planning of space and enable both innovation and the protection of historic areas. Urban development contracts may provide additional planning potentials. The so-called "blending regulation" (Federal Building Code, Section 34) supports the preservation of structures that shape the site, while conservation and planning statutes promote design quality and local identity. Renovation procedures and integrated urban development concepts may also integrate Baukultur objectives into strategic planning at an early stage. Public procurement law provides additional opportunities to steer Baukultur, in particular through functionally neutral statements of work, eligibility and procurement criteria as well as through interdisciplinary decision-making bodies.

The study participants drew the conclusion that the existing legal framework is generally sufficient to improve the quality of space. Although there is a large consensus on the goal of deregulating Baukultur, stronger regulation does not seem to bring added value. Excessively detailed requirements, for example, in binding development plans or soundproofing provisions, may impede the implementation of Baukultur objectives. Nevertheless, the socially desired deregulation may affect the quality of the built space. Planning facilitations, such as the recently adopted Section 246e of the German Federal Building Code or projects based on the building codes of the German federal states that do not require building or other permissions, may have a side effect of impairing Baukultur definitions during the planning and approval process.

Legal influence on the built space – sculpture by Jaume Plensa in the Neckarbogen neighbourhood as part of the national gardening show in Heilbronn Photo: Wolf-Christian Strauß

The Baukultur guidelines of the German Federal Government, however, consider accelerated planning and approval procedures as an opportunity to ensure the quality of design. A practical example is the Hamburg standard, applied since February 2025, combining accelerated procedures and well-directed structural simplifications with high quality standards.

What appears to be critical for realising a qualitative Baukultur is not the legal interpretation of the existing framework, but the attitude and self-image of those responsible for measures and instruments. Design requirements should be formulated and established early on in the process and not in later planning or execution phases.

The research project was carried out by the German Institute of Urban Affairs (DIfU) and completed in July 2025. It was funded under the Experimental Housing and Urban Development (ExWoSt) programme. The final research results are planned to be published in the first quarter of 2026.

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www.bbsr.bund.de > Forschung > Forschungsprojekte > Regulative Baukultur (in German)

Municipal heat planning in Germany gains momentum

by Andrea Arnold-Drmic and Justus Thiele

Climate protection remains a major challenge in our time. With the aim of achieving greenhouse gas neutrality by 2045 at the latest, the German Climate Protection Act sets clear and ambitious guidelines. The heating sector, which requires transformation as it is still heavily dependent on fossil fuels, also has considerable potential for a fundamental change.

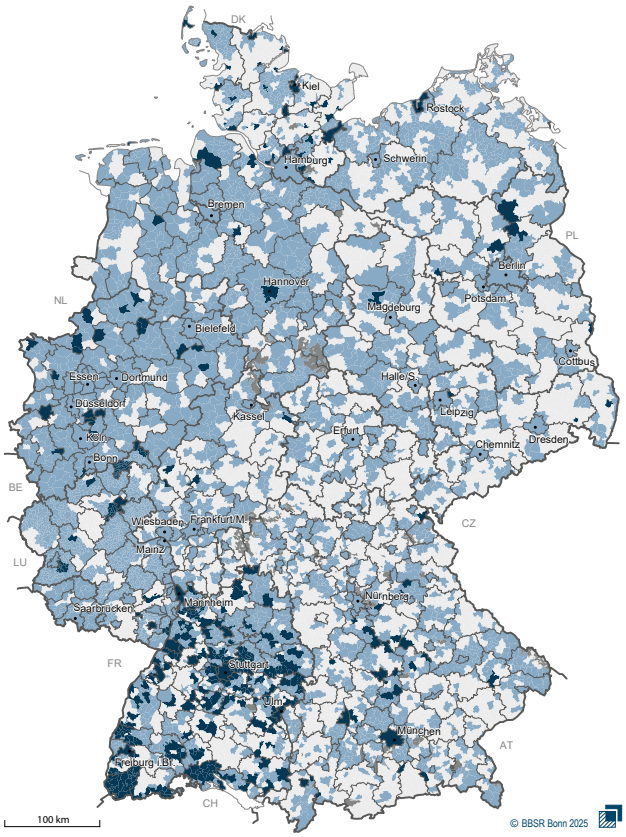
The transformation of the heat supply is therefore an essential prerequisite for achieving the climate goals. The German Heating Supply Planning Act (Wärmeplanungsgesetz WPG), which came into force on 1 January 2024, provides the first national legal framework in this context. It obliges all German federal states to draw up municipal heat plans nationwide. Municipal heat planning is therefore no longer a voluntary option, but a legally required instrument guiding forward-looking, effective action.

It is implemented at all levels: from individual buildings and neighbourhoods to the entire municipality, and requires the alteration, improvement and expansion of the existing infrastructure. This implies considerable investment by local governments, companies and private households. It is all the more important to keep the planning steps transparent and provide regular updates informing about the progress.

Since the WPG came into force, municipal heat planning, supported by early funding programmes, has gained noticeable momentum. Many local governments have already become active – not only in federal states with related state laws, but also where the national legislation has created the framework. By August 2025, a total of 5,067 municipalities – about 46% of all municipalities in Germany – had started drawing up a heat plan (see map). Another 528 municipalities (4.8%) have already created them. It is noteworthy that almost half (50.44%) of the plans were started and completed in municipalities with less than 100,000 inhabitants, municipalities which normally would have been obliged to draw them up by mid-2028. Progress in view of the legal provisions becomes particularly clear when considering the population: In all federal states, more than 60% of people now live in municipalities that are in the process of or have already completed heat planning.

In the coming years, it will not only be important to establish heat planning nationwide, but particularly to ensure a high-quality heat supply and a binding implementation of heat planning. It will also be necessary to ensure that the plans developed provide a reliable basis for real projects and thus contribute sustainably to the energy transition in heating.

Current state and stocktaking of municipal heat planning in Germany



Current state of municipal heat planning

- unincorporated area (uninhabited)
- process started
- unknown
- heat plan completed

Data source: Municipal heat planning data collection of the BBSR (as of 05/08/2025)
Geometric basis: VG5000 (municipalities)
Date: 31/12/2023 © GeoBasis-DE/BKG
Author: A. Arnold-Drmic, J. Thiele

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BBSR presents new housing needs forecast

by Anna Maria Müther

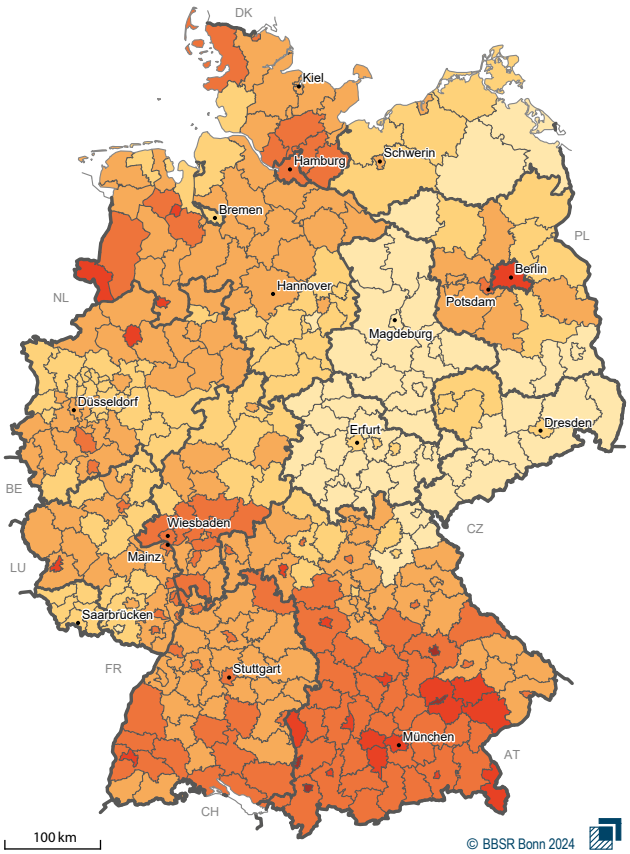
The construction of new housing is of high priority in the discussion around housing policy. How much new housing should be created? How can the growing demand be met? How do the various regional needs differ? The BBSR housing needs forecast provides specialist answers to these and other questions.

In the coming years, the projected needs for new housing will remain high at almost 320,000 housing units per year (2023 – 2030), with persisting regional differences. The currently high-demand and high-priced metropolitan areas and their surrounding regions, where the figures for absolute need are particularly high, continue to grow. At the same time, the demand for housing is falling in peripheral, shrinking regions and vacancies are increasing.

New housing needs are identified based on the growth of the population and households, according to the demographic projections of the BBSR, and on the demand behaviour of households. In its housing needs projection, the BBSR also analyses the required replacement need and the vacant housing stock, which might be brought back into use and replace some of the new construction need. It furthermore investigates a possible catch-up effect, which in recent years has been caused by insufficient construction activity compared to the population growth, and by insufficient reserves of vacant housing stock. In the BBSR housing needs forecast, the 2022 Census data form a current and reliable basis with corrected population figures and with small-scale data on the housing situation of households.

The new housing needs in the regional submarkets differ: As expected, the projected need for 2023–2030 is highest in independent large cities (i.e. those not part of a district administration), at 45 housing units per 10,000 inhabitants per annum, and is far above the national average of 38 housing units per year. Within the category of district types, they are followed by urban districts (37 housing units p.a.), rural districts with a tendency towards urbanisation (33 housing units p.a.) and sparsely populated rural districts (30 housing units p.a.). The fact that the projected needs for housing are highest in large cities is also evident in the seven largest cities, which, with a total requirement of about 60,000 new housing units p.a. (2023 – 2030), account for about 20% of the total need. Housing needs per 10,000 inhabitants are also higher than the national average. In Munich, with 74 housing units p.a., it is almost twice as high as the national average.

Annual total new housing needs 2023–2030



Annual total new housing needs per 10,000 inhabitants

- to under 15
- 15 to under 30
- 30 to under 45
- 45 to under 60
- 60 to under 75
- 75 and over

Data source: 2030 Housing Market Forecast of the BBSR
Geometric basis: VG5000 (districts). as of 31/12/2022 © GeoBasis-DE/BKG
Author: J. Nielsen

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BBSR-Analysen KOMPAKT 05/2025 (in German)

BBSR Expert Panel: real estate market stabilises but uncertainty remains

by Eva Katharina Korinke and Nicole Brack

The German real estate market remains under strain in 2025, but is showing first signs of recovery. The latest survey of the Real Estate Market Expert Panel of the BBSR among 700 experts in the residential, office, retail and logistics segments shows that economic sentiment has gently moved out of the trough in the second half of 2024.

Market pessimism continues to dominate

The negative balance values in the four real estate market segments examined at the end of 2024 underpin the view that the situation has once again worsened in the second half of 2024. The office market is particularly affected, where a total of 39% of interviewees expect a negative development in the balance of positive and negative sentiment. Sentiment also remains subdued in the retail sector (minus 29%) and in the residential market (minus 15%). For the first time even the always positive logistics sector has slightly declined (minus 1%).

Despite these results, all segments – except the logistics sector – seem to have recovered: After a sharp drop in 2022 caused by the European Central Bank's increase in key interest rates, the market mood has been gradually improving.

Residential construction continues to decline

When looking ahead to 2025, the new construction sector seems to remain the Achilles heel, with 46% of respondents on balance expecting the completion figures in rental housing to fall, 37% in the office sector and 34% in retail. Only the logistics industry is on balance quite optimistic: 7% of respondents expect an increase in new construction.

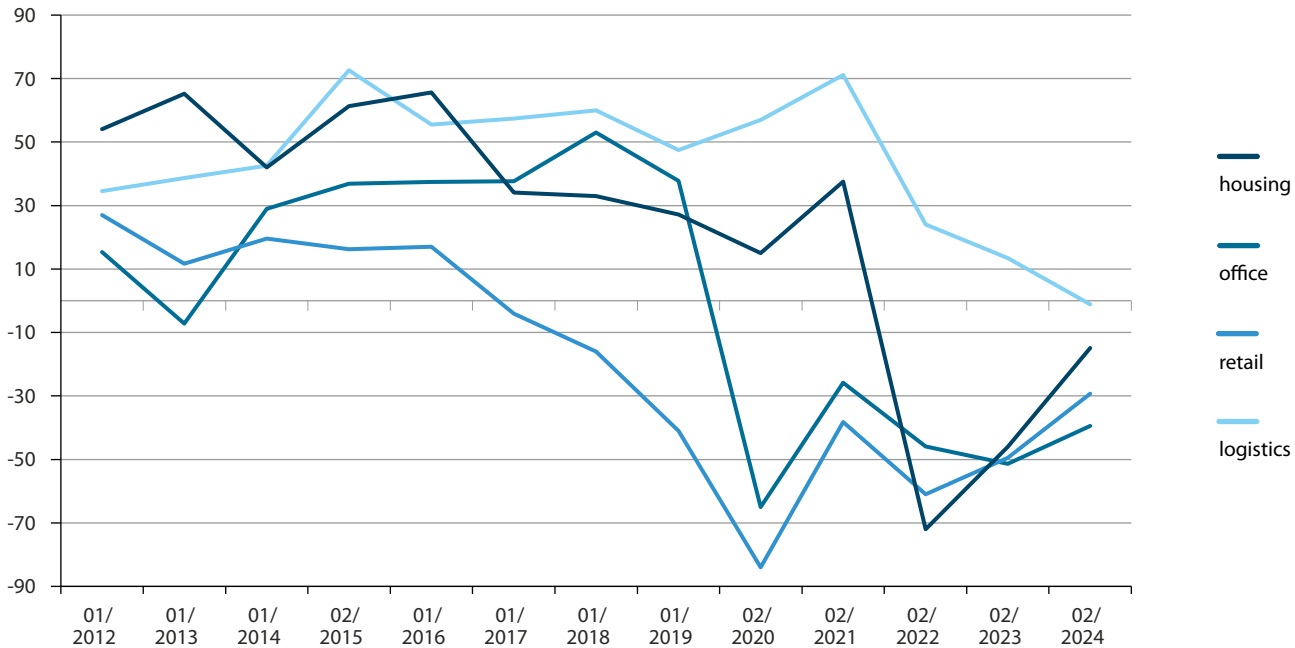
The main reasons for the mostly pessimistic outlook seem to be a general investment restraint in times of weak and uncertain economies as well as the significantly increases in construction and manufacturing costs. Further investment decisions are also complicated by the uncertainties in the policies around construction and climate change.

Rents continue to rise

Increasing rents are expected in all four market segments, especially in the residential sector where 84% of all interviewees expect rents to rise in the first half of 2025. Even in the retail sector, which had always expected a decline in rents, on balance 1% of respondents now expect rents to rise, in the office sector it is 12%, in the logistics sector 18%.

The rent increases are a result of the low level of new construction activity, sometimes accompanied by a strong

Do you consider the market currently to be in a better, the same or a worse economic situation than in the last half year? Estimations are classified according to real estate market segments.



The figure shows the balance of sentiment values from the responses „(rather) better" and (rather) worse.
Example of reading: „-10" means that the share of interviewees expecting a worse economic situation is exactly 10 per cent points above the share of interviewees expecting a better economic situation.
„0" means that the difference is zero, both shares of interviewees are equal.
Source: Real Estate Market Expert Panel of the BBSR; figures in % of respondents (2024: N=706)

growth in demand, as in the residential sector. They usually reflect increasing construction standards, energy efficiency requirements and production costs for new construction, also in non-regulated markets.

Continuing moderate demand for offices and retail

The demand for office and retail space remains weak, with 34% of experts on balance expecting a decline in the demand for office space and 28% in retail.

Source: stockagency – stock.adobe.com (generiert mit KI)

Energy efficiency retrofitting as a growth market

The increasing demand for energy efficiency refurbishments is a ray of hope for the construction sector. On balance, 38% of experts expect an increase in energy efficiency measures in the rental housing market. The majority also expect a rise in retrofitting activities of the office (21%), logistics (18%) and retail segments (20%). Increasing energy prices and regulatory requirements such as the Energy Performance of Buildings Directive (EPBD) continue to drive market dynamics in these segments.

Conclusion: The market remains challenging

The real estate market is stabilising slowly but remains under pressure. The sustainability of the incipient recovery will become apparent in the coming months. Particularly energy efficiency retrofitting might give the industry new impetus.

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BBSR individual publication "Immobilien-Konjunktur-trends 2025" (2025 real estate market trends) [in German]

Decline in building demolitions in Germany

by Daniel Wöffen

In Germany, every year a decreasing number of buildings are demolished. This is one of the central results of the research project "Long-Lasting Real Estate (LoLaRE): requirements for sustainable buildings with long service lives", carried out by the Institute of Construction Management, led by Professor Jens Otto, at Dresden University of Technology (TU Dresden) and funded by the Federal Ministry for Housing, Urban Development and Building (BMWSB) as part of the "Zukunft Bau" (Future Building) innovation programme. In its latest results report, the Institute has for the first time analysed statistical datasets on the loss of buildings in Germany between 2007 and 2021 and examined the reasons for removing buildings.

According to the study, demolition numbers have decreased since 2007, particularly since 2018. The number of demolished residential buildings has declined by 36% between 2007 and 2021, that of non-residential buildings by 19%, which is a positive trend in terms of resource conservation and climate protection. On average, between 2007 and 2021, almost 12,000 buildings per year were demolished, with single-family homes accounting for the largest proportion.

Although most of the demolished residential buildings had been constructed between 1949 and 1978, 17% of them were less than 43 years old. The main reasons for demolitions are the creation of new residential buildings and the conversion of built-up areas into open space.

Decision-making processes and factors involved

In addition to the statistical analysis, the Institute of Construction Management conducted expert surveys to examine the decision-making processes for or against demolition. The results show that factors such as the protection of historical monuments and of existing buildings promote the preservation of buildings, while building regulations and economic considerations often lead to demolition. High renovation costs, especially in connection with strict fire protection requirements, or low structural reserve capacities of the building fabric play an essential role here.

"Decisive for the longevity of buildings is their adaptability to new requirements, parameters such as the number of storeys, vertical circulation, load-bearing structures and load reserves being important" says Charlotte Dorn, project coordinator at TU Dresden. "The study suggests that these factors should already be taken into account in the planning phase of new buildings in order to secure long-term use options and promote sustainability", says Dorn.

Practical insights for sustainable construction planning

The investigation showed that the decision for or against demolition requires a thorough weighing up of the legal, economic, technical and cultural aspects. The project participants also examined the relationship between flexibility of use, life cycle assessment and life cycle costs based on a practical example in the context of a qualitative assessment.

"The results of the research project provide valuable insights into the reduction of building demolitions and the planning of durable, adaptable buildings. They underline the importance of flexible uses to promote sustainable urban and construction planning", emphasises Daniel Wöffen, who coordinated the study at the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR).

The BBSR is responsible for implementing the Zukunft Bau innovation programme on behalf of the BMWSB.

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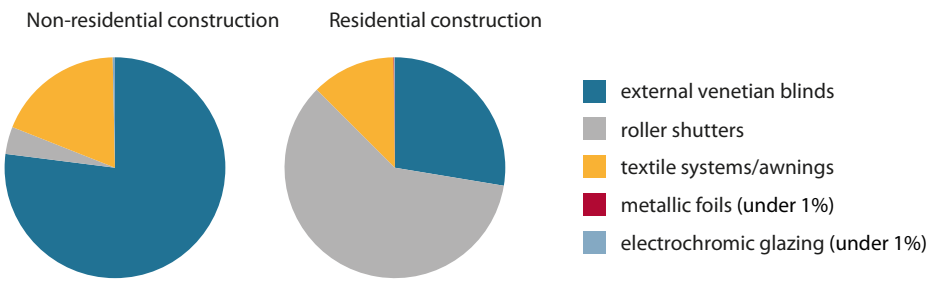
Solar protection for buildings during hotter summers

by Jana Mühle

Also in Germany climate change is causing a rise in temperatures, the number of hot days, and the duration and frequency of heatwaves. It is also increasing the importance of solar protection, which plays a significant role in the summer heat resistance of buildings.

Proportions of sun protection systems for windows/vertical glazing



Source: Fraunhofer Institute for Building Physics IBP, Stuttgart

In the context of a project on behalf of the BBSR, the Fraunhofer Institute for Building Physics IBP has analysed the market for solar protection systems and automated solar protection control systems. The objective was to check the plausibility of related planning and calculation parameters and suggest appropriate revisions. In order to find out the extent to which the market products are used, it investigated current construction projects involving automated solar protection control systems. A survey of various manufacturers of solar protection systems available in Germany revealed different proportions of the systems depending on the building use. The Fraunhofer Institute documented the systems with regard to intended areas and limits of deployment, restrictions in combining solar protection systems, and automation options and recommendations. In particular, it collected information on the positioning of wind sensors, solar radiation etc., and analysed solutions for facades, sloping glazing and roof lights.

The results for non-residential buildings showed that windows and vertical facades are well equipped with effective solar protection systems, and that external venetian blinds dominate. A market trend towards more wind-stable zip blinds offers the chance of effective solar protection even in higher parts of a facade. The systems are largely automated, predominantly time or wind-controlled. Most systems are equipped with solar radiation sensors.

As residential buildings are less likely to be equipped with solar protection systems than non-residential buildings, they have even greater potential for improving summer heat protection. The most preferred product in residential buildings are roller shutters, most of which are now motorised, only a small proportion being solar radiation-controlled. The increasing use of smart home solutions is driving the use of automated solar protection control systems.

The switching values and solar radiation control functions applied are not based on standards and sometimes differ significantly. Building simulation programmes can usually calculate the solar radiation through facades with solar protection very accurately, even though they have limited possibilities to model solar radiation control systems, both in terms of sensor technology and control logics.

Currently, a dynamic thermal building simulation for checking the summer heat protection of buildings is very rarely deployed. The basic prerequisite for using it more frequently are simpler operating systems of related programmes, for example, with stored pre-parameterisations of the building models according to DIN 4108-2 and a focus on the most essential input and output variables relevant for verification.

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Urban Development Day 2026

Once again, all towns and municipalities across Germany are invited to take part in Urban Development Day. The event will take place on 9 May 2026. On this day, events will be held throughout Germany to showcase the impact of urban development funding at local level.

The Urban Development Day is a joint initiative of the Federal Ministry of Housing, Urban Development and Construction, the federal states, the German Association of Cities and the German Association of Towns and Municipalities.

All towns and municipalities in Germany that are currently developing areas with urban development funding are eligible to participate. Last year, around 600 towns and municipalities took advantage of the nationwide day of action with over 700 events.

In addition to the local authorities participating in the programme, institutions and organisations, associations, professional associations, redevelopment agencies, cultural workers, property owners and retailers are invited to participate in the Urban Development Day with their own events and activities.

More information can be found at
www.bbsr.bund.de [in German]