

## Key findings May 2013

**Prime property prices in Munich rose by 9.3% in 2012**, outperforming most other key European cities

Long favoured by wealthy German buyers, **Munich is increasingly popular with international buyers** from Russia, the Middle East and the UK

**Affluent buyers are targeting the areas of Altstadt-Lehel, Glockenbach, Schwabing and Maxvorstadt in the city centre**

**Munich's excellent medical facilities are drawing interest from Middle Eastern buyers**

**Mainstream residential prices in Munich stand at around €4,200 per sq m** while luxury prices are closer to €15,000 per sq m

## Tax facts

In Germany, real estate transfer tax (RETT) or 'Grunderwerbsteuer' is levied on the transfer of real estate. Prior to 2007 all German federal states applied a rate of 3.5% but since this date states can set their rates independently. In Munich – and its wider state of Bavaria – transfer tax still stands at 3.5%, but in Berlin and Hamburg it is now 4.5% and in Stuttgart and Düsseldorf buyers pay 5%.

The information contained in this report with regard to taxation is correct to the best of our knowledge and belief at the time of going to press. It is written as a general guide and we recommend that specific professional tax advice is sought.

"Munich's excellent hospital and medical facilities – on a par with London's Harley Street – are helping to attract interest from Kuwaiti, Saudi and Qatari buyers, amongst others."



Kate Everett-Allen, International Residential Research

**Munich, the long-standing location of choice for wealthy Germans, is starting to attract more international buyers. How does Munich's luxury homes market compare with other European cities?**  
**Kate Everett-Allen assesses the city's changing residential landscape:**

Germany, Europe's economic giant, continues to prop up the flagging balance sheets of its fellow Eurozone members. However, with its latest approval of aid to Cyprus, Germany's electorate is suffering bail-out fatigue and there are concerns closer to home. Germany's GDP is forecast to rise by only 0.5% in 2013, below that of the Eurozone as a whole (0.6%) and a far cry from the 3.1% it achieved in 2011. However, although economic indicators may be weakening, the outlook for property prices is more upbeat.

Since its housing market downturn in the late 1990s, Germany's residential sector has outperformed most of its European neighbours. The conservative lending policy of German banks – combined with the fact that only 45% of German households own their home – helped lessen the impact of the global credit crunch when it hit in 2008. As a result, post-Lehman mainstream property prices have risen by 7.4% in Germany, but fallen by 8% across the wider Eurozone (figure 1).

At €4,200 per sq m, mainstream prices in Munich are among the most expensive in Germany (compared to €3,100 per sq m in Frankfurt and €2,200 per sq m in Berlin). However, property prices still compare favourably with other European cities.

The city has a population of 1.4m but attracts 5.7m tourists each year. Munich remains popular with many wealthy Germans and an increasing number of international buyers. Latest estimates suggest around 5% of buyers purchasing homes in Munich above €2m are from abroad with Russian and Middle Eastern buyers most prominent.

Munich's excellent hospital and medical facilities – on a par with London's Harley Street – are helping to attract interest from Kuwaiti, Saudi and Qatari buyers amongst others. Estimates suggest 700 Arab patients were travelling to the city each year for treatment some ten years ago, and this figure has risen substantially since.

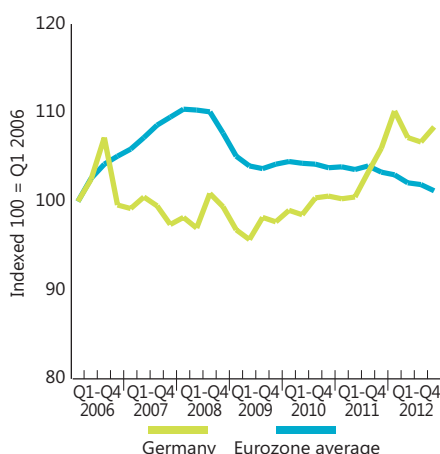
Most of Munich's prime buyers want a home within a 30-minute walk of the city centre and here prices can reach €15,000 per sq m. An apartment in the heart of the city in prime areas such as Altstadt-Lehel, Glockenbach, Schwabing and Maxvorstadt rank highly on most luxury buyer wish lists (see map on page 2).

Munich's up-and-coming areas such as Nymphenburg have undergone significant regeneration in recent years and values in neighbouring Neuhausen are moving upwards, but older houses and villas in Pasing remain popular too.

The luxury residential market in Munich recorded price growth of 9.3% in 2012 outperforming many other European cities including London and Paris (figure 2).

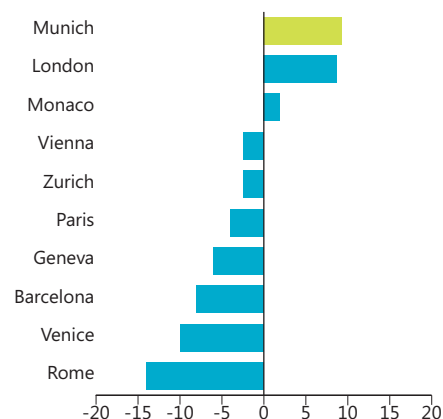
Unlike much of Europe, residential sales activity has increased in Munich with total sales volumes rising from €9.3 billion in 2011 to €9.9 billion in 2012. Quality properties are often being sold within two weeks of coming to the market. We expect prime prices in the city to rise by a further 5-10% in 2013 as supply tightens and demand increases due to Munich's growing international appeal.

Figure 1  
**Mainstream residential price performance**  
Germany versus Eurozone, 2006-2012



Source: Knight Frank Residential Research, Europace

Figure 2  
**Prime residential price performance**  
in key European cities  
Annual % change, 2012



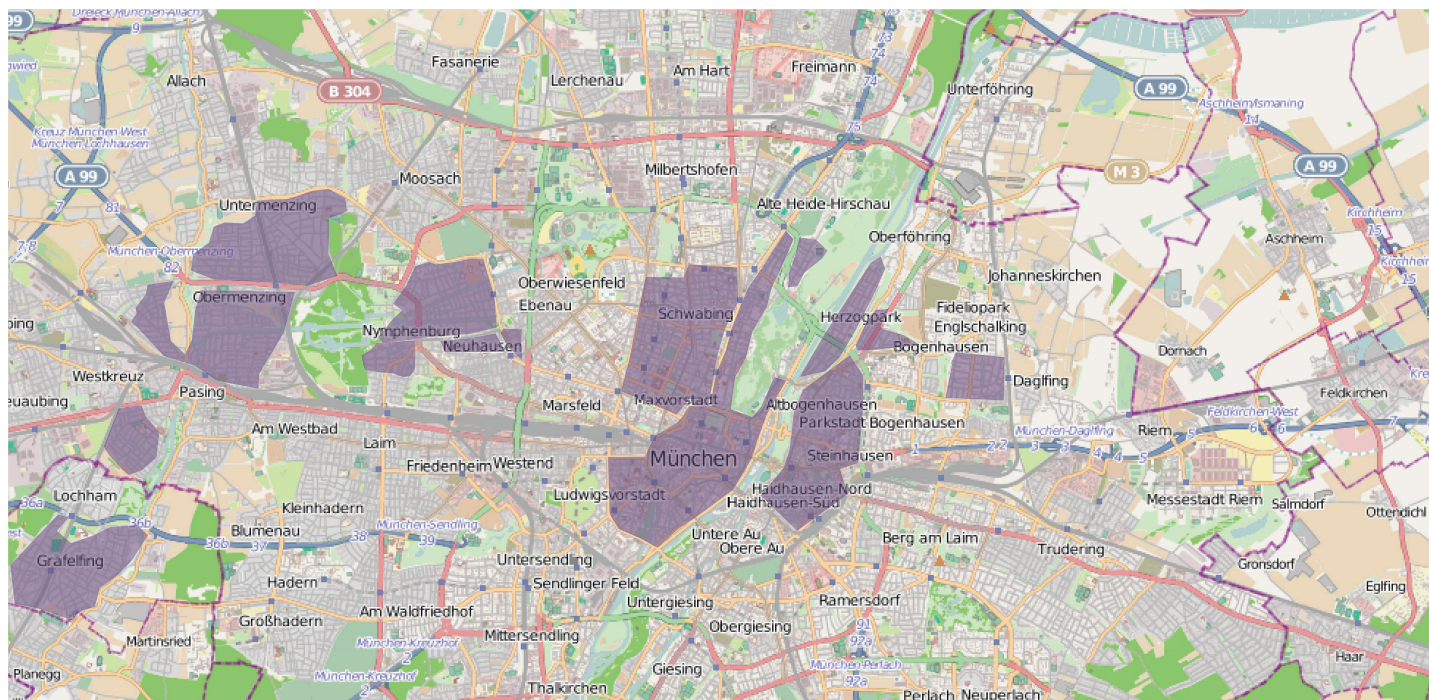
Source: Knight Frank Residential Research

# RESIDENTIAL RESEARCH MUNICH INSIGHT



## Where are Munich's prime districts?

= Prime residential locations



## Prime properties for sale



To view all luxury homes for sale in Germany [click here](#)

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