

## GERMANY PROPERTY



## Current trends in the Munich rental market and the types of properties available

This issue of Germany Market Watch focuses on the city of Munich, a frequented destination for international assignees. We include the city's rental market trends, available property-types and popular expatriate neighbourhoods.

### FOCUS CITY: MUNICH

#### THE CITY EXPLAINED

Munich is the capital of the German state of Bavaria, located in the south of the country. It is the third largest city after Berlin and Hamburg, with a population of more than 1.5 million. The city is divided into 25 boroughs, known as Stadtbezirke and—by world standards—offers residents a very high standard of living.

#### RENTAL MARKET

The relationship between supply and demand continues to be the main influencer in today's Munich rental market. As the number of prospective tenants has increased in the last 12 months, growing demand outstrips supply. The city's overall vacancy rate—the length of time between rental property tenancies—has also declined in the last 12 months, meaning that available stock continues to decrease.

Despite the city building new districts such as Aubing, Feldmoching and Freiham, construction continues to fall short of meeting Munich's growing housing demand and competition for new builds is especially high.

#### Property-types

Such a competitive market means that nearly all types of properties are low in availability. This is especially so for unfurnished small apartments (one and two bedroom) and large furnished apartments (three and four bedroom). Houses too are rarely available in the centre of Munich, but can be sourced in the city's suburban areas and are popular with relocating families.

Average net rental prices (excluding utilities) for apartments and houses, per calendar month are outlined below:

Bedroom	Apartment	House
1	€800-1,200	N/A
2	€1,000-1,600	N/A
3	€1,500-2,500	N/A
4	€3,000-4,000	€4,000-7,000

When providing housing allowances to assignees in Germany, organisations should be mindful of additional living costs such as waste disposal, street and house cleaning, heating and water supplies.

#### Popular Neighbourhoods

Schwabing in the north of the city is a very popular area for expatriates. It attracts relocating singles, couples and families. Properties in the area are mostly apartments. Typically, rental properties start from €25/m<sup>2</sup> and can be low in availability due to high demand. Maxvorstadt, Glockenbach, Westend and Neuhausen are also popular expatriate areas, offering similarly priced properties to Schwabing.

In the east of the city, Haidhausen and Lehel attract assignees looking for apartments. Rental properties in these neighbourhoods also start at around €25/m<sup>2</sup> per month, but may rise depending on the standard of property. Other city districts include Sendling, Giesing and Au, which offer slightly more affordable apartments, with rental rates starting from €20/m<sup>2</sup>.

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On the outskirts of Munich, Pasing, Laim and Trudering, as well as the newly built districts of Aubing, Freiham and Feldmoching, are all popular neighbourhoods amongst relocating families. The areas offer larger apartments and have more availability than those closer to the city centre. Monthly rental rates start at approximately €20/m<sup>2</sup>.

### SCHOOLING

Schooling facilities in Munich are of a very high quality, although German state schools may not be the most suitable option for expatriate children unless they speak German or are young enough to pick up the local language quickly. This means that international schools are often the most popular choice, including the Munich International School and Bavarian International School. There are also multilingual international schools available for children relocating from a non-English speaking location, like the IBSM International Bilingual School Munich.

The limited number of international school options means that long waiting lists are commonplace and it is recommended that assignees relocating with children begin the application process as early as possible to ensure they are able to secure a place in their preferred school. It is also advisable to shortlist two or three schools, in case the first option is unavailable.

School fees in Munich can also be very expensive by world standards and it is common to pay a non-refundable registration fee during the application process. Organisations will need to consider this when budgeting school allowances for families relocating with children.

### TRANSPORTATION

#### Public Transport

Munich has an excellent public transport network, which is efficient, affordable and reliable. This includes extensive underground (U-Bahn), tram and bus networks that extend across the city. Assignees can use the same ticket for all these forms of public transportation, making it easy to travel via train, tram or bus for one journey.

### Driving in Munich

Often, assignees may choose to drive if their children attend a school outside of the city centre. However, parking in the city can be challenging in terms of limited availability and high cost, so assignees should ensure that their home and/or workplace includes parking facilities. Traffic congestion can also be a major challenge, particularly during peak hours.

### GOING FORWARD

At Cartus, we have experienced a continued increase in the number of tenants entering the Munich rental market. Such high demand pushes rental prices up and leads to low availability, which are trends we are finding in all major German cities, particularly in areas that provide good quality, expatriate housing. With competition amongst prospective tenants high, we recommend that assignees ensure they are flexible in their property search criteria and once they do source accommodation that they like, they should act quickly to secure it.



**Sources:** F+B Rental Price Index, CBRE, immobilienScout24.de, Federal Statistics Office, Property Investor Europe, Trading Economics.

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