

Europe Residential Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020-2029

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Report description:

The Europe Residential Real Estate Market size is estimated at USD 1.95 trillion in 2024, and is expected to reach USD 2.43 trillion by 2029, growing at a CAGR of 4.5% during the forecast period (2024-2029).

Demand for affordable residential real estate is increasing thus driving the market. Furthermore, there is a significant price rise in the market hence investors are showing interest in investing in the market.

Key Highlights

- For Instance 2022, according to experts, real estate was expected to continue to be a focus for investment. Market experts believe the upward trend will continue and are confident of widespread adoption. The low-interest rate environment and strong economic growth have supported the recovery. It bolstered investor confidence, but rising inflation and the emergence of COVID-19 variants remained significant challenges. Following record results in the Multifamily sector, investors' appetite is anticipated to increase for these asset classes in 2022, and the office recovery is well underway.
- Like other real estate assets, the European residential market has gradually shifted due to the health crisis. The two main trends affecting real estate over the past several years are the demand for space, which has led to larger homes and flats, and the return to nature, which has resulted in a move from the city to the countryside. The multifamily real estate model, which is currently booming in the Italian market, is a new trend that is also starting to emerge.
- From a pricing point of view, residential markets are experiencing slight growth in most cases despite the general uncertainty surrounding the economy. Many countries have reported unprecedented demand for new housing shortly after the strictest lockdowns. Moreover, this trend is expected to continue throughout 2022, which may support further price growth.
- Following a 5% annual growth in Q1 2022, the number of outstanding residential mortgages grew by 4.2% in Q2 2022 when compared to the same period of the prior year. The most recent data on gross home lending, according to data, the total value

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has dropped by -1% annually (compared to Q2 2021), ending a 5-quarter streak of steady year-over-year development. Gross lending as a whole reached about EUR 395 billion (approx USD 423.56 billion), the greatest level since Q2 2021.

-The recent geopolitical developments in Europe impacted the activity, which resumed after being disrupted by the epidemic for several years, and the inflation rate reached its highest level in several years (+5.3% over the last year). The residential real estate market is also significantly impacted. In Q4 2021, mortgage rates in the Eurozone remained steady at 1.31%, historically low. In 12 nations, the transactions number is increasing by an average of 17%, while residential rental values have increased by 1.8% in the past year.

Europe Residential Real Estate Market Trends

Growth in transaction prices of new dwellings supporting the market

- House prices have increased by 18.2% in Q2 2022 compared to the same quarter the previous year. As a result, the Netherlands continues to be among the top five EU nations with the most significant growth in housing prices, as supported by data from Statistics Netherlands (CBS), the Netherlands Cadastre, Land Registry and Mapping Agency (Kadaster), and Eurostat. The transaction prices for both new and used owner-occupied homes are present in the house price index. In Q2 2022, the average increase in home prices across the EU was close to 10%. After Estonia (+27%), Czechia (+23%), Hungary (+23%), and Lithuania (+22%), the Netherlands experienced the most significant increase in home prices.

- The average transaction price for a newly constructed home increased by 16.9% in Q2 2022 compared to the same quarter year before. Additionally, it was the first time that the median selling price for newly constructed homes went beyond EUR 500,000 (USD 531,500). Existing owner-occupied homes typically cost 18.4% more than new ones. Compared to the first quarter of 2022, when it reached a record 20.3%, this growth was less significant.

- More than 47,000 owner-occupied homes were sold in Q2 2022. It represents a 10.2% decline from the same quarter last year but a 7.9% increase from Q1 2022. The number of new-build homes sold decreased by 13.8% yearly to about 8,000 transactions.

Rental segment showing significant growth in the market

- Amsterdam was the most expensive city in the 22 European cities polled to hire a furnished private room during the third quarter of 2022. It was also one of the most expensive cities to hire a studio or one-bedroom apartment that was furnished. Similar to any other consumer-driven company, high rents are a major cause in many European cities. Prices will rise if supply lags behind demand.

- Rental prices are rising due to a combination of factors, including a lack of available space, high land, and building costs, and the desire of highly compensated workers to live centrally in desirable areas.

- While rents have been gradually increasing for years and years, Amsterdam has the highest absolute prices in Q4 2022 for each type of property, with an average of EUR 900 (USD 969.95) for single rooms, EUR 1,950 (USD 2102.56) for studios, and an astounding EUR 2,300 (USD 2478.77) for apartments. Amsterdam is not even among the top 3 European cities when we look at the changes in rental prices over the past year, showing that prices have risen so much that they are beginning to level off.

- In terms of annual growth for single rooms, Lisbon is in the lead with a 33.3% rise, followed by Berlin (28.4%) and Frankfurt (24%). Rome tops the list for studio rents, with a rise of no less than 45.8% year over year. It is closely followed by Hamburg (44.4%) and Reykjavik (40.4%). The rate of growth in apartment rents from one year to the next was 37.4% in Munich, 31.6% in Reykjavik, and 29.6% in Budapest. These are alarming numbers, but they are the result of rental markets returning to their pre-pandemic state and carrying on with their previous patterns. Most importantly, it emphasizes once more how critical it is to achieve an improved equilibrium between supply and demand.

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Europe Residential Real Estate Industry Overview

Europe's residential real estate market is moderately consolidated, with a few players dominating the market. Major real estate players in the market are Elm Group, Places for People Group Limited, LEG Immobilien AG, Consus Real Estate AG, and CPI Property Group. The residential real estate property sales proportion through online channels has consistently grown. It is due to the rising internet penetration, growing demand, increasing personal disposable incomes, surging middle-class youth population, and opportunities offered by government infrastructure investments.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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