

Strategis CEO: "The Berlin housing market must reinvent itself"

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Sascha Nöske speaks to React News about the trend towards rental projects in residential



Residential projects are increasingly being redesigned from ownership to rent. This is the observation of Sascha Nöske, co-founder and CEO of the Berlin-based residential investment consultant Strategis, who spoke to *React News* about the current challenges and opportunities in the housing market.

Strategis was founded in 1998 and has since been active exclusively in the residential sector, primarily in B2B. According to its own information, the company has turned over more than €2bn in transaction volume as well as sold more than 11,000 flats and let more than 10,000. Strategis also manages over 7,000 units for third parties.

In recent years, the trend has been more towards increased conversion from rental to owner-occupied flats. But the swing to rental has occurred, says Nöske, because in the current crisis some of the planned flat prices can no longer be realised. "Berlin's booming housing market has to reinvent itself," he says.

“Berlin is heading from a current housing shortage to a real housing emergency”

The change now taking place has several implications. Flat purchases, whether on the private or institutional side, are being postponed or cancelled due to the more difficult financing conditions. And sales currently only work in very carefully planned new construction projects and in existing properties in sought-after locations.

In conjunction with the sluggish construction of new housing, where targets are missed year after year, Berlin is “heading from a current housing shortage to a real housing emergency”.

Marketing time doubled

In addition, the marketing time to achieve a certain sales quota has lengthened to such an extent that some developers are running into difficulties with financing. “For example, to achieve a required quota of 30%, two or three months used to be enough,” says Nöske. “Today you are happy if the threshold is reached after six months.”

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However, when it comes to rentals, according to Nöske, prices are being agreed that exceed expectations. This leads to rental properties becoming increasingly attractive for investors again.

The demand is still enormous, and the capital is still there, but it is being used differently. “After all, we don’t have a real estate crisis, but a construction cost and inflation crisis, which causes people to handle their money differently or more cautiously.”

Tide will turn again

Nöske is not experiencing significantly falling flat prices, as is currently being proclaimed in many places – at least not in the locations where people want to live and invest. “If rents continue to rise, and they will, then the trend will be back towards buying,” he says.

At that point, foreign buyers are likely to return more and more. At present, Nöske observes that their presence in Berlin has declined noticeably.

After all, for many years the talk was more about which nation was currently the strongest group of buyers – not about whether there was a significant number of foreign investors at all.

Currently, however, the German housing market is also competing with, for example, US bonds, some of which currently offer much more attractive investment conditions.