

German Rental Market Analysis

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- Overview and Data Collection



Germany has a large rental market and relatively low home ownership



This study is meant to explore the factors that determine rental prices



The analysis looks at the factors determining rental prices



Data is collected from ImmoScout24, the largest property portal in Germany

• Hypothesis and Exploratory Analysis



Rental price is determined by size and number of rooms



State is the biggest factor in determining rental prices

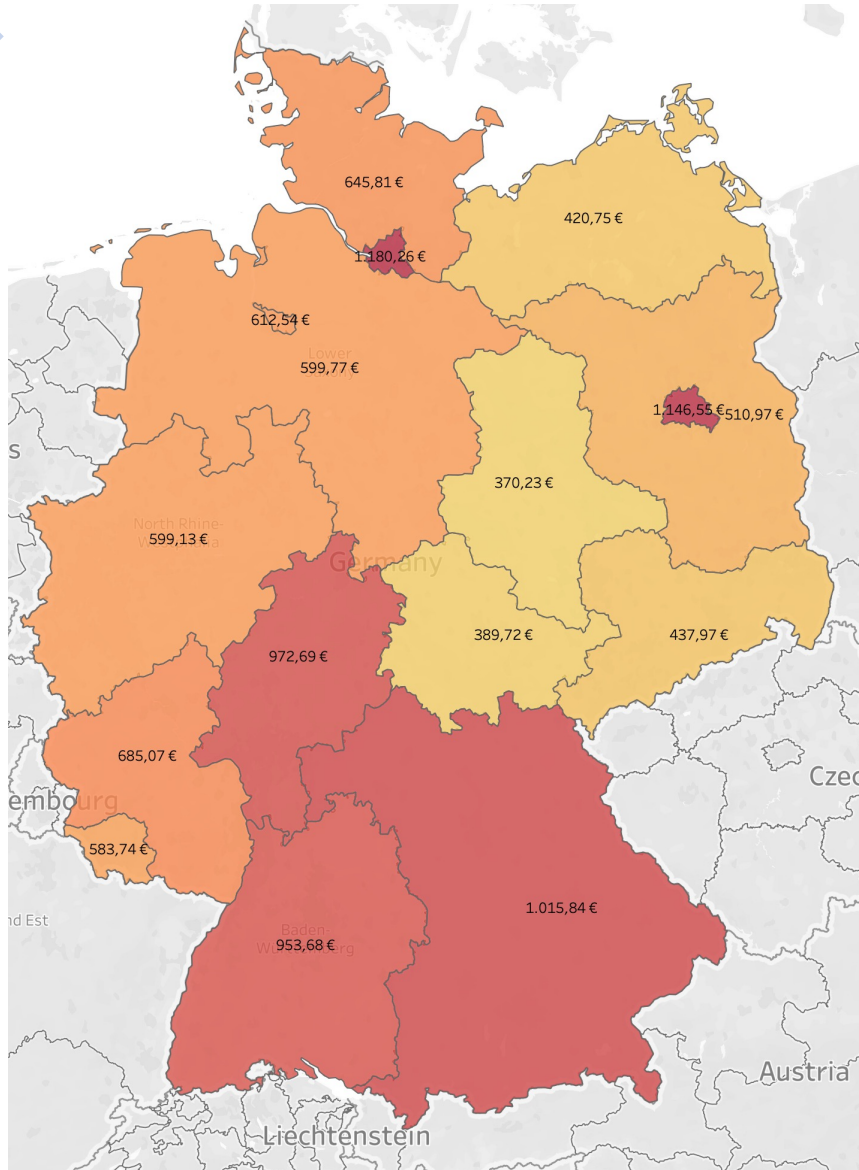


Additional amenities have less effect on price



K-Means clustering



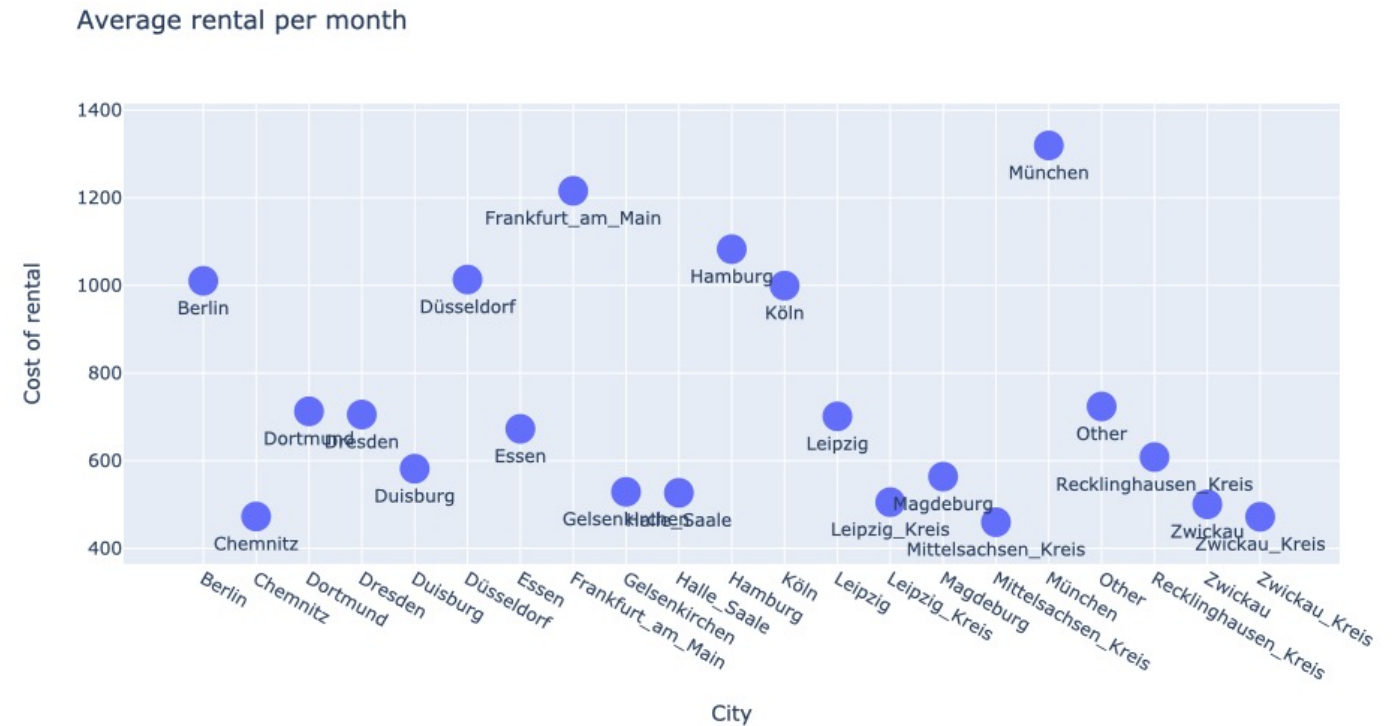


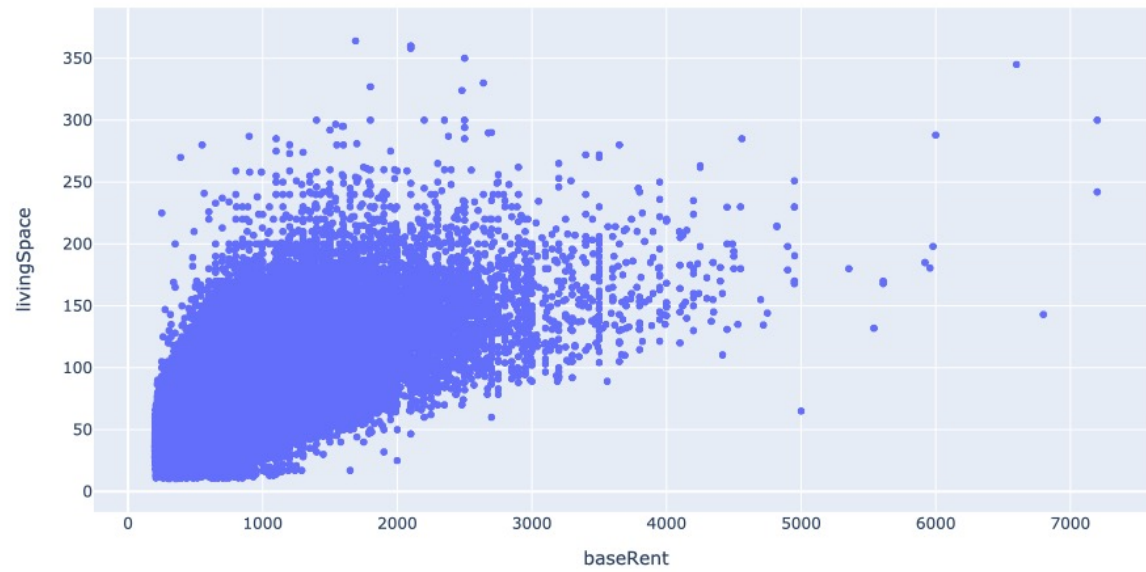
Is rental price determined by location?

- Map showing average rental prices clearly shows big differences from state to state
- Highest average rents found in Bayern, Hamburg and Berlin
- Lowest average rents found in Sachsen and Thüringen

Average rents are highest in

- Munich
- Frankfurt
- Hamburg
- Berlin
- Dusseldorf
- Cologne

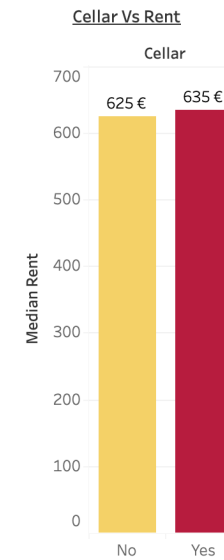
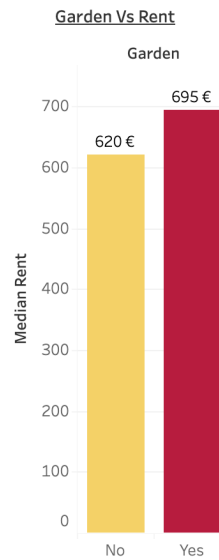
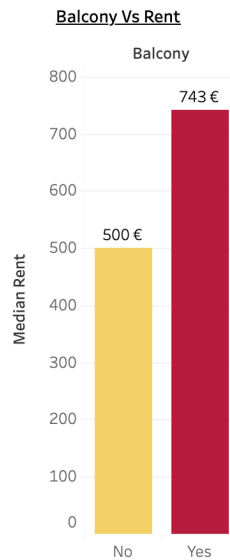




Scatterplot confirming relationship
between higher living space and higher
rents


Additional property amenities

- Having a balcony effects average rent greatly, increasing price by 243 Euro
- A garden also increases average rent
- Cellars show less of a rent increase with marginal difference in price





Summary and Limitations

- Whilst the biggest factor determining rent is location, other factors also contribute to the cost.
 - Total living space also directly correlates with an increase in average rents.
 - These include having a balcony and garden which adds a premium to the price.
 - Less important is whether the accommodation has a cellar or not
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- Data is limited in its scope and does not contain any additional information about the area.
 - It is also limited by time and doesn't show price trends over recent years.
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Recommendations

Additional analysis should be combined to look at other influencers of rental prices, including:

- Price trends over recent and historical years
 - Proximity to services such as schools, hospitals and public transport
 - Relative employment rates in states to show positive or negative correlations with rents
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