



frankedelafuente



The Country Files

GERMANY



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About

International Law Firm Specialized in Property Transactions,
Corporate and Tax Law. Client first, always.
We speak 

The Country Files: Germany

TAKEAWAYS:

In Germany's real estate market, agent commissions typically range from 2% to 7.14% + 19% VAT with the cost shared equally between buyers and sellers since the new regulation that entered into force at the end of 2020. In Germany, real estate agents need to be registered in the chamber of commerce ("Industrie- und Handelskammer, I.H.K.")¹ and their profession is governed by values like honesty when it comes to providing relevant property information to potential buyers.

Notaries play a vital role in verifying the legality of transactions and handling funds. Public property information is easily accessible through registries and online portals, provided that you have the permission of the property owner to access it. The contractual process involves basically a Notarized Purchase Contract for which preparation the parties inform the Notary about the terms of the agreement like the price.

FAST FACTS



Language
German



Currency
Euro



Capital
Berlin



Time Zone
GMT+1



Population
83.2 million

WHAT DO THEY BUY

15.8%

NEW BUILD



84.2%

RESALES

Why they buy in Spain

2nd

Ranking of foreign nationalities buying property in Spain.
Representing 9.47% of all properties sold to foreign buyers in Spain.

6th

Ranking in Andalucía. Representing 5.93% of all properties sold to foreign buyers in Andalucía

4th

National Ranking of foreign buyers by average transaction value. The average transaction value in 2023 was 322,455 €

The Country Files: Germany

DIFFERENCES

Costa Del Sol and Germany exhibit notable differences in their real estate practices. In Costa Del Sol, agent commissions range from 4% to 6% + 21% VAT, primarily covered by sellers, whereas in Germany, commissions vary from 2% to 7.14% + 19% VAT, with equal sharing between buyers and sellers. While estate agent licenses are not mandatory in Costa Del Sol, in Germany real estate agents need to be registered in the chamber of commerce.

Property information disclosure in Costa Del Sol is partial, whereas in Germany, it is comprehensively regulated by the Civil Code. Handling of funds involves escrow, typically managed by lawyers in Costa Del Sol, while in Germany, the notary office ensures transaction legality.

Another significant difference is that in Spain, at completion, the title deed is signed by both parties and the remaining price is paid to the seller at the Notary office, from which moment the buyer becomes the new owner of the real estate property, taking physical possession of it. In Germany, the parties sign the purchase contract at the Notary, but the buyer doesn't pay immediately the remainder of the price (especially if bank financing is required), which also delays the moment when the keys are handed over to the new owner, only after the land registry performed the change of ownership⁴.

These variations reflect distinct market practices and legal frameworks in the two regions.

Price Stability and Growth Rates:

- Germany: The German real estate market is known for its stability. Property prices tend to experience moderate and steady growth, with a focus on long-term value.
- Spain: Spain has experienced more significant price fluctuations, including a property boom followed by a crash in the early 2000s. While the market has recovered, it still tends to exhibit more volatility compared to Germany.

Cultural Preferences and Housing Types:

- Germany: Germans often prefer renting over homeownership, and there is a strong rental market. Apartment living, especially in urban areas, is common. There's a focus on functional and energy-efficient housing.
- Spain: Homeownership is culturally significant in Spain, and many people aspire to own their homes. The market includes a mix of apartments, single-family homes, and vacation properties, with a higher homeownership rate compared to Germany.

Regulatory Environment:

- Germany: The German real estate market is known for its transparent and well-regulated environment. Property laws are stringent, and there are strong tenant protections. The legal process for property transactions is generally efficient.
- Spain: Spain has experienced regulatory changes in response to the 2008 economic crisis. While reforms have been made to improve transparency, the regulatory environment can still be complex, and there may be variations across regions.

The Country Files: Germany

DIFFERENCES

Investment Landscape:

- Germany: The German real estate market is attractive to investors due to its stability and reliable returns. Institutional investors often focus on commercial properties and rental housing.
- Spain: Spain attracts a mix of domestic and international investors, and there is interest in both residential and vacation properties. The market may present higher risks but also higher potential returns.

Economic Influences:

- Germany: The German economy is known for its strength and stability, which positively influences the real estate market. Economic indicators, such as employment rates and GDP growth, play a significant role in property market performance.
- Spain: Spain's real estate market is more closely tied to economic conditions, and it can be influenced by factors such as tourism trends, job markets, and overall economic health. The market may be more sensitive to economic fluctuations.

	COSTA DEL SOL	GERMANY
 <p>AGENTS COMMISSIONS paid by the seller in both cases</p>	4-6%	2% - 7.14% fee is shared equally between buyer and seller
 <p>ESTATE AGENT LICENCE</p>	None	Yes
 <p>PROPERTY INFO DISCLOSURE OBLIGATION</p>	Some Ley de vivienda?	Yes regulated by German Civil Code
 <p>FUNDS</p>	Escrow, usually lawyer, rarely agency	Notary Office verifies the legality of the transaction
 <p>PUBLIC PROPERTY INFORMATION AVAILABLE</p>	No	Yes
 <p>SIGNING THE TITLE DEED</p>	Notary	Notary
 <p>AGENTS</p>	Yes seller always pays - 2 agents involved -	Yes both buyer and seller pay the fee

COSTA
DEL SOL

GERMANY



TECHNICAL
INSPECTION ON
VILLAS

To be negotiated
between the buyer and seller

To be negotiated
buyer and seller need to agree



TYPE OF
PROPERTIES

Freehold

Freehold
only under specific circumstances it can be leasehold



OFFERS

Information Offers
are not open to the public.

Not public,
Through estate agents



VIEWINGS

Usually
on request

On request,
Through estate agents,
Appointments, Open House Events, Private Viewings



HOME STAGING

Not
always

Very common
Especially in the last years



PRICE SETTINGS

Rely
on agent

Usually,
rely on agent



VALUATIONS

Licence
valuation companies

Agents
or certified surveyors



CONTRACT

Yes
to reservation contract

Yes,
Only Notarized Purchase Contract

SELLERS



In Germany, property sellers are legally required to provide thorough and transparent information to potential buyers. This obligation is governed by German Civil Code, ensuring that buyers receive detailed information about the property they are considering purchasing. This includes disclosures about the property's condition, any known defects or issues, as well as any relevant legal and financial information.

SIZE OF THE
PROPERTY



Germany slightly less importance in square metres than in Spain.



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