DIW Weekly Report

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# The era of ever-larger dwellings in Germany is coming to an end

- Living space per person has more than doubled in Germany since the 1950s
- Around 2005, new dwellings in Germany started getting smaller again
- Smaller households and high prices are driving demand for compact living space

## LEGAL AND EDITORIAL DETAILS

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DIW Berlin — Deutsches Institut für Wirtschaftsforschung e. V.
Anton-Wilhelm-Amo-Straße 58, 10117 Berlin
**www.diw.de**
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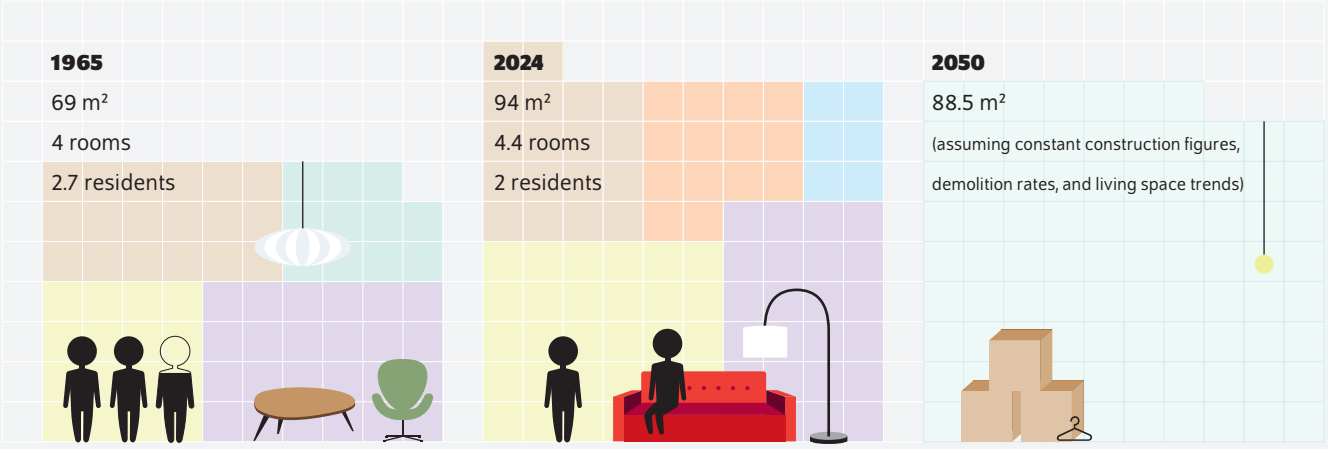
AT A GLANCE

# The era of ever-larger dwellings in Germany is coming to an end

By Konstantin A. Kholodilin and Sebastian Kohl

- Average living space per person in Germany has more than doubled since the 1950s, but new apartments are now shrinking, a trend starting around 2005
- In other industrialized countries, after peaking following decades of growth, new apartments are also shrinking
- Smaller households and rising real estate prices are leading to higher demand for smaller apartments, especially in cities
- Apartments in multi-family buildings are getting smaller, while living space in single-family homes continue to grow
- A decline in average living space is expected through 2050, which will also reduce energy consumption

**Since the 1950s, apartments in Germany have grown by an average of 25 square meters – but by 2050, they could become smaller again**




Source: Destatis; authors' own calculations.



## FROM THE AUTHORS

*"There is currently a shortage of smaller dwellings that can be fixed by building more of them. It is already happening, but not to a sufficient extent. Therefore, the main focus should be on turning larger apartments into smaller ones."*

*— Konstantin A. Kholodilin —*

## MEDIA

**Audio Interview** with Konstantin A. Kholodilin (in German)
**www.diw.de/mediathek**

# The era of ever-larger dwellings in Germany is coming to an end

By Konstantin A. Kholodilin and Sebastian Kohl


## ABSTRACT

Over the past 150 years, living space consumption has increased significantly—in Germany from less than half a room to almost two rooms per capita. The average living space per person more than doubled between 1956 and 2024, reaching 49.2 square meters. Rising incomes enabled the construction of ever larger dwellings which led to improved living conditions. Today, the majority of people live in spacious dwellings instead of cramped conditions. At the same time, this means that more resources per capita are required for construction, maintenance, and heating. However, the early 2000s marked a turning point: the size of newly built apartments began to decline. This decline has been particularly noticeable in rental apartments in big cities since the 2010s. This Weekly Report attributes the trend reversal, which can be observed not only in Germany but also in many other countries, to three factors: shrinking household sizes, rising real estate prices and rents, as well as new land use regulations that restrict the construction of single-family homes. The results suggest that the demand for housing is undergoing a structural change, with smaller, more energy-efficient, apartments becoming more important.


Housing is scarce in Germany, especially in large cities. However, the average living space per capita is at an all-time high. This is primarily due to the fact that larger and larger dwellings have been built over several decades, while at the same time household sizes have shrunk.

Per capita housing supply in Germany has been following a long-term upward trend traceable back to the first population and building censuses of cities in the 19th century. In 1861, these reported that there were 0.4 heatable rooms per person in Berlin; by 1900 this had risen to 0.5 or even 0.8 habitable rooms (including unheated rooms and kitchens).[1] In 1927, the current standard of one room per person was reached. Today, the figure is 1.7 rooms or even 2.5 rooms for owner-occupied residential property. This increase is similar to that in large cities in other countries.[2] Since the 1950s, this development can also be measured in terms of living space in square meters (m²) per person: in Germany, it rose from 18.4 m² in 1956 to 49.2 m² in 2024 – more than doubling.[3] One reason for this is the decline of small dwellings the proportion of units with one to three rooms fell from 43 percent in 1950 to less than 30 percent today, despite reunification with the smaller East German housing stock. Around 2005, however, the trend reversed. Since then, the average size of newly built apartments has been shrinking. If the number of completed apartments, the demolition rate, and the reduction in the average living space of new apartments remain at their current levels, the average apartment size will decrease from around 94 m² in 2024 to around 88.5 m² in 2050.

This long-term trend and its recent reversal are not exclusively a German phenomenon. Similar developments can be observed in various European countries as well as in Japan

1 Elisabeth Gransche and Franz Rothenbacher (1988): Wohnbedingungen in der zweiten Hälfte des 19. Jahrhunderts 1861–1910. Geschichte und Gesellschaft 14 (H. 1), 64–95 (in German).

2 Piet Eichholtz, Matthijs Korevaar, and Thies Lindenthal (2022): The Housing Affordability Revolution. Working Paper American Economic Association (available online; accessed on November 3, 2025. This also applies to all other online sources in this report, unless otherwise noted).

3 Statistisches Bundesamt (2000): 50 Jahre Wohnen in Deutschland: Ergebnisse aus Gebäude- und Wohnungszählungen, -stichproben, Mikrozensus-Ergänzungserhebungen und Bautätigkeitsstatistiken. Wiesbaden; see Website of Statistisches Bundesamt: Wohnungsbestand im Zeitvergleich (in German; available online; accessed on December 10, 2025).



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and the United States. Three factors could be contributing to this development. First, private households are becoming smaller, which requires smaller dwellings. Second, rising purchase and rental prices are making larger dwellings less affordable. Third, some municipalities are prohibiting the construction of single-family homes, as these typically require more space than apartments in multi-family buildings.[4]

## Size of new homes in Germany started shrinking in 2005

The average living space of new dwellings shows similar trends in many countries (Figure 1). The selection of countries considered is based primarily on the availability of long time series on the living space of newly built homes and comparability with German housing history. Depending on national statistics, the data refer to building permits, construction starts, or completions. These indicators are closely related: an increase in the average dwelling size in permits results in larger completed dwellings a few years later, assuming the number of demolitions remains constant.

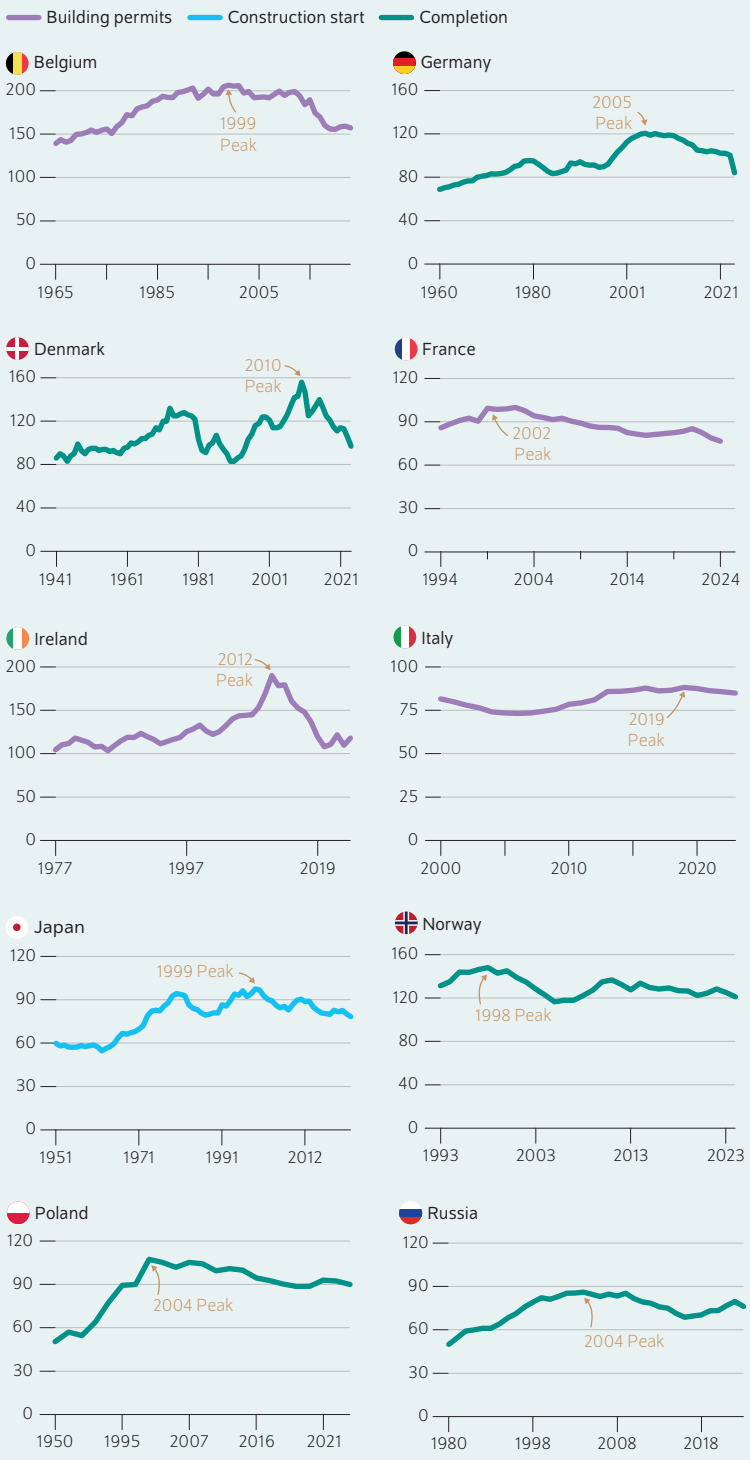
Despite national differences—such as larger homes in Belgium and Norway due to many single-family houses, or smaller apartments in Japan's high-rise buildings—a common trend is evident: the average size of newly built homes increased over several decades, eventually peaking and then declining (Figure 1). The timing of this change varies: in Belgium, Japan, and Norway around 2000; in Germany, France, Poland, and Russia, between 2002 and 2005; in Denmark and Ireland, after the Great Recession of 2008/09; and in Italy since 2019.[5] A similar trend is seen when looking at new construction by number of rooms: large apartments have recently been overtaken by medium-sized and, in some cases, small units (Figure 2).

## Three factors explain the trend reversal toward smaller apartments

Three factors may contribute to explaining this development. First, current demographic change is leading to smaller households that require less living space.[6] In Germany, the average household size fell from 2.9 people in 1961 to 2 people in 2021. At the same time, the proportion of single-person households rose from 21 to 41 percent. In large cities such as Berlin, Hamburg, and Munich, this figure has been around 50 percent since the early 2000s. Nevertheless, large dwellings dominate the housing stock: in 2021, only 3.5 percent

Figure 1

**Average size of newly built dwellings**
In square meters




Note: Building permits: Belgium, France, Ireland, Italy. Construction starts: Japan. Completions: Germany, Norway, Poland, and Russia.

Sources: Statbel, Destatis, Statistics Denmark, INSEE, Central Bureau of Statistics of Ireland, ISTAT, Statistics Bureau of Japan, SSB, Statistics Poland, CSU RSFSR, and Rosstat.



In many countries, there has been a shift in the average living space of newly built dwellings.

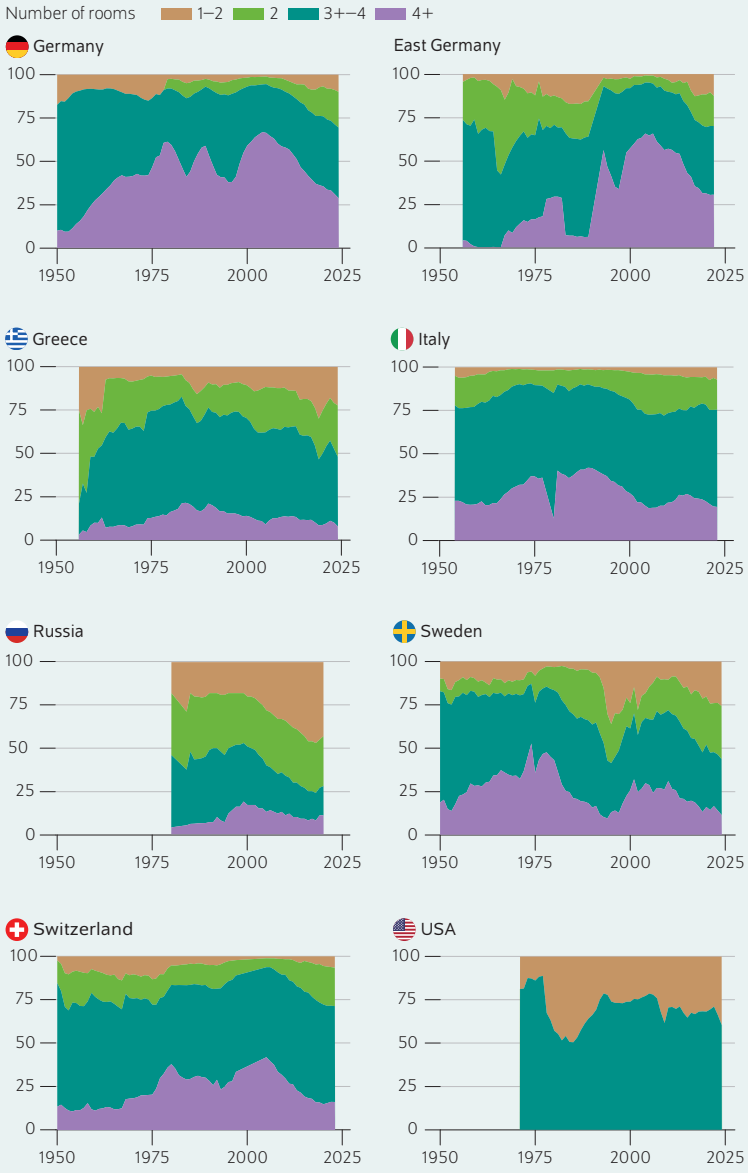
4 Multi-family dwellings are buildings with three or more apartments.

5 Construction statistics vary from country to country: for Belgium, France, Ireland, and Italy, data is only available on building permits; for Japan, data is available on construction starts; and for Germany, Norway, Poland, and Russia, data is available on completions. The peak in building permits would mean a peak in construction completions two to three years later.

6 Katherine Ellsworth-Krebs (2020): Implications of Declining Household Sizes and Expectations of Home Comfort for Domestic Energy Demand. Nature Energy 5 (1), 20–25 (available online); Keith D. M. Snell (2017): The Rise of Living Alone and Loneliness in History. Social History 42 (1), 2–28 (available online).

Figure 2

**New apartments by number of rooms**
In percent




Note: The housing categories are country-specific and are reported with fractions over time. Eastern Germany refers to the GDR before 1990 and to the new federal states including Berlin thereafter. Dwellings with unknown room counts were excluded.

Sources: National statistical offices.



Since the beginning of the 21st century, fewer large apartments and more small apartments have been built in many countries.

of dwellings had one room, and 13 percent had one to two rooms.[7] In Berlin, the figures were 4.9 and 23.2 percent, respectively, which is still well below the proportion of single-person households.[8]

Most dwellings at the federal level have four or more rooms (including the kitchen, but excluding the bathroom), while most households consist of one or two people (Figure 3). This shows a clear gap between housing supply and household structure. The reason for this discrepancy is that the housing stock changes slowly— dwellings are often 15 to 20 years older than their residents—while demographics change more rapidly. This is because buildings remain in place for several generations and are rarely replaced. In 2022, over 87 percent of homes were built before 2000.[9] However, since 2005, the construction industry has been responding to the reduction in household size: It is increasingly building smaller homes.

Secondly, real estate prices and rents have risen sharply since 2010,[10] making it increasingly difficult for families to afford larger dwellings. Many must compromise on the size of the dwelling they want to buy or rent, thus giving up their dream of a single-family home by moving into multi-family buildings.[11] Housing providers prefer smaller dwellings because they can charge higher rents per square meter or per room.[12]

In addition, rising real estate prices are encouraging investors to build or densify multi-family houses instead of single-family homes, as they yield higher returns. Either several single-family homes or one large building with many apartments can be built on the same building plot. This spreads the increased land costs across several dwellings, reducing the share of land costs per dwelling. Due in part to the long-term trend toward urbanization, the number of apartments per building rose from around 1.5 to over 2.3 between 1871 and 2011.[13] The proportion of newly built dwellings in multi-family houses out of all newly built dwellings rose from 34 to 58 percent between 2001 and 2022 (Figure 4). As a rule, apartments in multi-family buildings are smaller than single-family homes.

The share of newly built apartments in multi-family buildings also follows a remarkably stable cyclical pattern, with

**7** See data on the website of the Federal Statistical Office on the housing stock in Germany.

**8** See data on the website of the Berlin-Brandenburg Statistics Office (in German) on dwellings by number of rooms.

**9** See results of the 2022 census – building and housing census.

**10** Konstantin A. Kholodilin and Malte Rieth (2025): Real Estate Market Remains Tense – Rents and Apartment Prices Are Rising. DIW Weekly Report No. 51/52 (available online).

**11** Seong Woo Lee, Dowell Myers, and Heon Soo Park (2000): An Econometric Model of Home-ownership: Single-Family and Multifamily Housing Option. Environment and Planning A 32 (11), 1959–1976.

**12** Sebastian Kohl, Florian Müller, and Ria Wilken (2025): Housing question old and new: mapping crowding, tenure, rents, and segregation in the neighborhoods of major European cities around 1900 and today. International Journal of Urban and Regional Research (forthcoming).

**13** Thomas Rahlf (2016): The German time series dataset, 1834–2012. Jahrbücher für Nationalökonomie und Statistik 236 (1), 129–143.

each cycle lasting approximately eight to 15 years. These cycles are similar to real estate market cycles: during boom phases, the share of dwellings in multi-family buildings increases, while during downturns, it decreases again.

The real estate cycle can be illustrated by the ratio of housing price to rent, an indicator of speculative price bubbles. During booms, purchase prices rise faster than rents because buyers speculate on future increases in value. Rents, on the other hand, change more slowly due to rent regulation in existing contracts. When purchase prices rise faster than rents, the ratio of purchase price to rent increases. The correlation between this ratio and the proportion of completed apartments in multi-family buildings is not perfect, but it is clearly discernible. As a rule, the increase in the proportion of apartments in multi-family buildings follows the increase in the purchase price-rent ratio with a delay (Figure 4). Due to the comparatively long construction period, builders cannot react immediately to price changes.

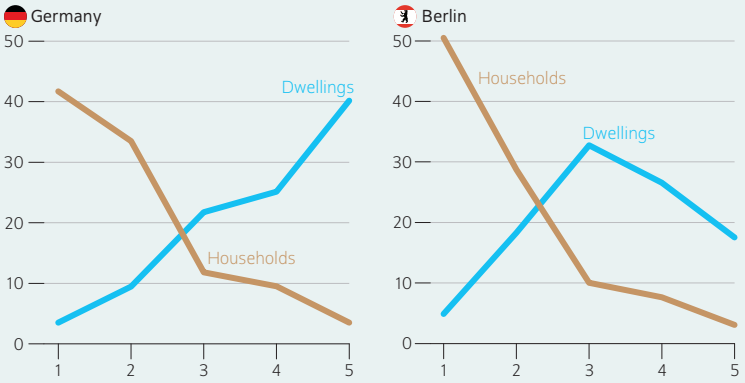
Not only is the proportion of completed apartments in multi-family buildings increasing, but the buildings are also getting larger, while the apartments in them are getting smaller (Figure 5). Between 1980 and 2022, the average number of apartments per multi-family house rose from around 7.5 to over 10.5. Through 2015, the average living space per newly built apartment increased, but since then, the floor space of single-family and multi-family houses has developed differently (Figure 6).

Single-family homes are getting bigger, apartments in multi-family buildings smaller.[14] In conjunction with the increasing proportion of apartments in multi-family buildings, the average living space has been declining since 2005. Interestingly, data for western Germany suggest that living space appears to follow a cyclical pattern similar to the proportion of apartments in multi-family buildings.

Thirdly, government regulations on land use can influence development. Some cities, such as Hamburg, Münster, and Wiesbaden, with a combined population of 2.5 million, started restricting the construction of single-family homes in the early 2020s.[15] Such homes consume a lot of space, seal the soil, and are considered harmful to the environment due

Figure 3

**Number of rooms per dwelling and number of people per household**
In percent in 2021




Note: The number of rooms includes all rooms in a dwelling, including the kitchen, but excluding the bathroom.

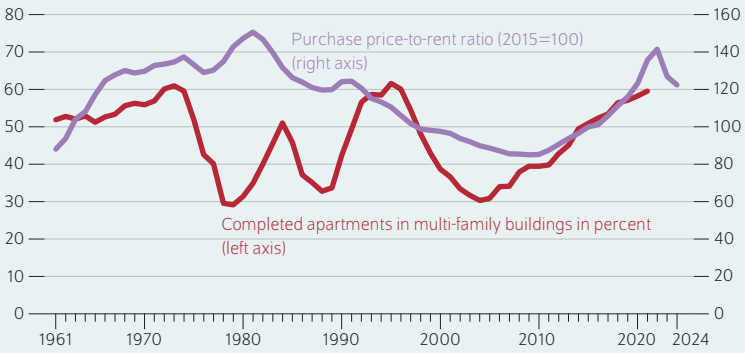
Sources: Destatis; Berlin-Brandenburg Statistics; authors' own calculations.



Most dwellings in Germany have four or more rooms, but most households consist of only one or two persons.

Figure 4

**Housing price-to-rent ratio and proportion of completed apartments in multi-family buildings**
Indexed (2015=100) or in percent




Note: The housing price-to-rent ratio is shown on the right-hand axis, while the proportion of apartments in multi-family buildings is shown on the left-hand axis.

Sources: Destatis; OECD; Macrohistory.



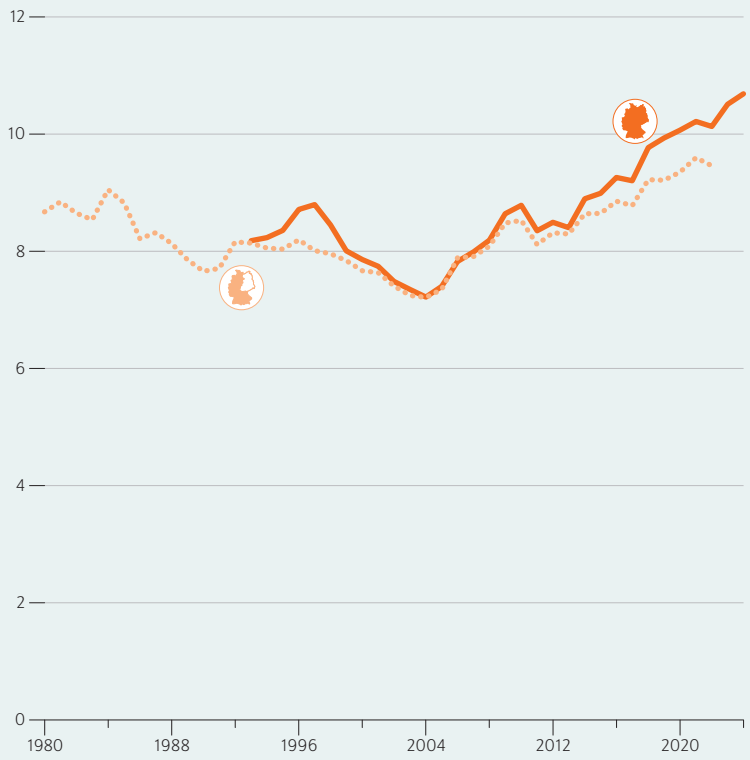
During real estate booms, the proportion of apartments in multi-family buildings in Germany rises.

**14** Sebastian Kohl et al. (2024): Crowding (at) the margins: Investigating the unequal distribution of housing space in Germany. Discussion Paper, Freie Universität Berlin (available online).

**15** See, for example, Bürgerschaft der Freien und Hansestadt Hamburg Drucksache 22/3115 Schriftliche Kleine Anfrage der Abgeordneten Dr. Anke Frieling (CDU) vom 03.02.21 und Antwort des Senats (in German; available online); Oliver Bock (2023): Dem Häuslebauer geht der Boden aus. Frankfurter Allgemeine Zeitung vom 23. Mai (in German; available online). Die durch die Stadt Münster angenommenen „Leitfaden Klimagerechte Bauleitplanung" enthält den folgenden Punkt: „Baugrenzen und Bauhöhen (Mindestwerte) werden so festgesetzt, dass in ihnen kompakte Maße möglich und flächenintensive Einfamilienhäuser ausgeschlossen werden" (in German; available online). In addition, local authorities in countries such as Australia, Canada, New Zealand, Switzerland, and the US are promoting the densification of the housing stock, including the removal of restrictions on multi-family dwellings, see for example Simon Büchler and Elena Lutz (2024): Making housing affordable? The local effects of relaxing land-use regulation. Journal of Urban Economics 143; Bundesinstitut für Bau-, Stadt- und Raumforschung (2024): Dichte und Nutzungsmischung: Innovative Ansätze der Nachverdichtung in deutschen und amerikanischen Städten. ExWoSt-Informationen Ausgabe 56/1 (in German; available online).

Figure 5

**Number of apartments per multi-family building**




Note: The dashed line shows the data for Western Germany, while the solid line represents the whole of Germany. Multi-family buildings are buildings with three or more apartments.

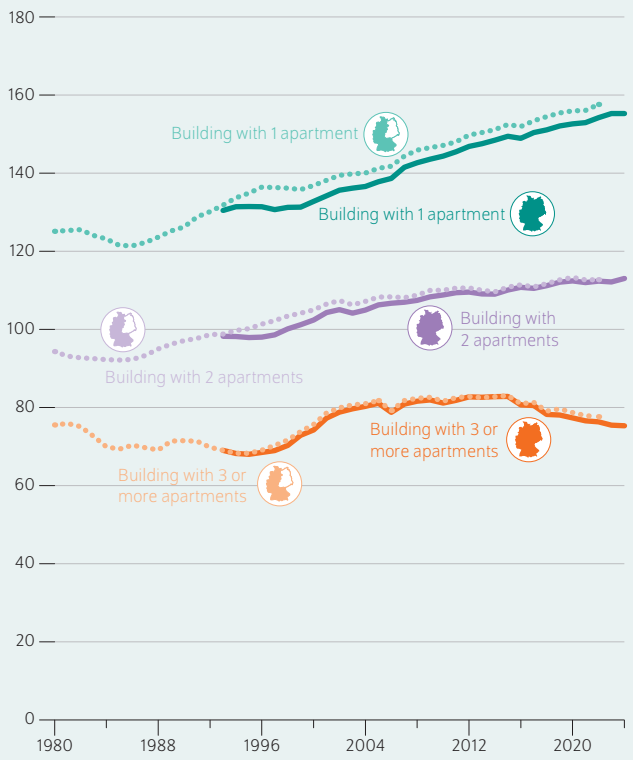
Sources: Destatis; authors' own calculations.



The number of apartments per multi-family house has risen in recent years.

Figure 6

**Living space per dwelling**
In square meters




Note: The dashed lines show the data for western Germany, while the solid lines represent the whole of Germany.

Sources: Destatis; authors' own calculations.



New single-family homes are getting bigger, while apartments in multi-family buildings are getting smaller.

to their high energy consumption.[16] As a result, environmentally conscious politicians are fighting against this form of housing in urban areas.

## Conclusion: Not only are more homes needed, but above all smaller homes

The discrepancy between housing supply and household structure is growing. Households are becoming smaller and need smaller dwellings, but the housing stock is dominated by large apartments. This is largely due to earlier construction decisions that were adapted to the demographic structure at the time. The shortage of affordable housing that is noticeable in many places today is partly related to this discrepancy. One solution lies in building smaller apartments—which is already happening—and in splitting larger apartments into smaller ones in existing buildings.

Reducing living space also reduces energy consumption. Studies show that per capita living space is the biggest factor in the energy requirements of residential buildings.[17]

However, due to the low number of new buildings in Germany, it will take decades for this trend to become clearly visible in the entire housing stock. By 2050, the average living space of all dwellings will likely decrease by six square meters, which corresponds to a 5.9 percent reduction in living space compared to 2024.

**16** Marc Fleischmann (2021): Faktencheck: Ist ein Mehrfamilienhaus immer besser fürs Klima? GEO vom 25. Februar (in German; available online).

**17** Gesche M. Huebner et al. (2015): Explaining Domestic Energy Consumption – the Comparative Contribution of Building Factors, Socio-Demographics, Behaviours, and Attitudes. Applied Energy 159, 589–600; Gesche M. Huebner and David Shipworth (2017): All about Size? – the Potential of Downsizing in Reducing Energy Demand. Applied Energy 186, 226–233.

**Konstantin A. Kholodilin** is a research associate in the Macroeconomics Department at DIW Berlin | kkholodilin@diw.de

**Sebastian Kohl** is a professor of sociology at Freie Universität Berlin | sebastian.kohl@fu-berlin.de

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