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Property companies and the interest rate turnaround

Incorporations, structures and insolvencies in real estate before and after the interest rate rise of 2022

116,296
Property companies in the database

−41%
Incorporations in 2023 compared with 2021

8.1 ‰
Insolvency rate of property developers in 2024

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At a glance

116,296	−41%	−63%	8.6 ‰
property companies, 10.0% of the database	incorporations in 2023 compared with 2021; in the rest of the economy +0%	incorporations of property developers over the same period	insolvency rate of property developers in 2025, after 2.4 ‰ in 2021

- One in ten corporations in Germany is a property company. The largest group, with 44,998 companies, consists of those that rent out and manage their own real estate.
- The interest rate turnaround of 2022 hit the formation of property companies harder than any other sector. Incorporations fell from 8,844 in 2021 to 5,180 in 2023, among property developers from 1,575 to 579.
- Since 2024, incorporations have been recovering, unevenly. The renting of own portfolios has almost regained its former level; property development, with 838 incorporations in 2025, is still 47% below the 2021 level.
- Insolvencies of property companies have multiplied. In the second quarter of 2026, 199 cases were recorded; in the second quarter of 2021 there were 42.
- The most vulnerable are property developers that have existed for five to nineteen years and are equipped with the statutory minimum capital. Their rate is several times higher than that of older and better capitalised firms.

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Question and design

For more than a decade, low interest rates formed the foundation of the German property market. Purchase prices rose, developers found cheap financing and buyers for their apartments, and forming a company for the acquisition or development of individual properties became common practice. In 2022 this phase ended abruptly. Mortgage rates rose within a few months from around one percent to almost four percent, and in July the European Central Bank raised its key interest rates for the first time since 2011.

This report traces the consequences of this turnaround in the companies of the real estate sector. It asks how incorporations and insolvencies have developed in the individual segments, which companies are particularly vulnerable, how the structure of newly incorporated companies has changed and how the population is distributed regionally.

The population comprises 116,296 corporations of the real estate sector in the database, 10.0% of all companies.

Population and segments

The sector is divided into five segments. 44,998 companies rent out and manage their own real estate, 31,076 buy and sell their own land, 22,806 develop construction projects as property developers. Service providers for third parties make up the two smaller segments: 10,700 property management firms and 6,716 brokerage companies.

Property companies are on average younger than the rest of the database; 39.9% were incorporated since 2020. Their management more often consists of several people (34.2% compared with 29.3%), and more often the entire management has reached the age of 65 (12.5% compared with 10.6%). Among property developers, the youngest member of management has a median age of 53 years.

TABLE 1

Property companies by segment, compared with the total population

SEGMENT	COMPANIES	INCORPORATED SINCE 2020	ENTREPRENEURIAL COMPANY (UG)	MANAGEMENT OF SEVERAL PEOPLE	ENTIRE MANAGEMENT 65+
Renting and operating of own real estate	44,998	45.9%	7.6%	37.5%	11.0%
Buying and selling of own real estate	31,076	42.0%	6.8%	33.0%	12.3%
Property development	22,806	29.4%	3.5%	35.5%	15.5%
Real estate management on behalf of third parties	10,700	33.9%	14.1%	27.9%	12.5%
Brokerage	6,716	34.0%	12.4%	22.0%	13.4%
Total population	**1,158,810**	**36.7%**	**12.8%**	**29.3%**	**10.6%**

Management relates to active companies with recorded management.

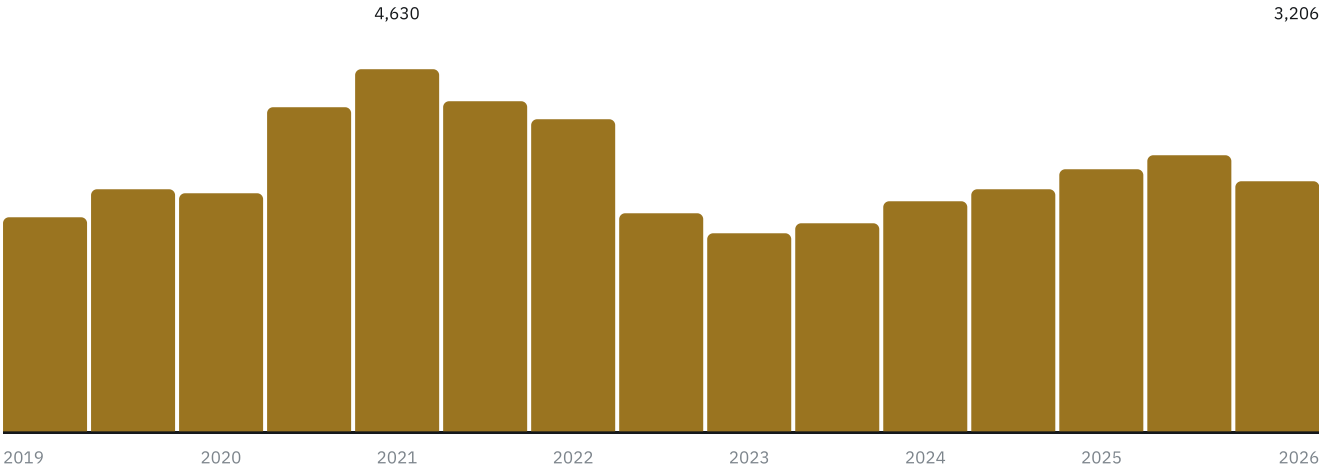
Source: HDH Group, database as of the reference date, own calculation.

Incorporations before and after the interest rate turnaround

Incorporations of property companies more than quadrupled between 2010 and 2021, from 2,110 to 8,844. Their share of all incorporations rose to 13.8% in 2021. The peak fell in the first half of 2021 with 4,630 incorporations; by the second half of 2022 there were 2,796, and in the first half of 2023 only 2,525.

FIGURE 1

Incorporations of property companies per half year, 2019 to H1 2026



Companies still registered today, by date of incorporation.

Source: HDH Group, database as of the reference date, own calculation.

The decline was far deeper in real estate than in the rest of the economy. Between 2021 and 2023, incorporations of property companies fell by 41%, other incorporations by only 0%. Within the sector, the segments whose business depends on new construction and sales were hit hardest.

TABLE 2

Incorporations by segment, 2019 to 2025

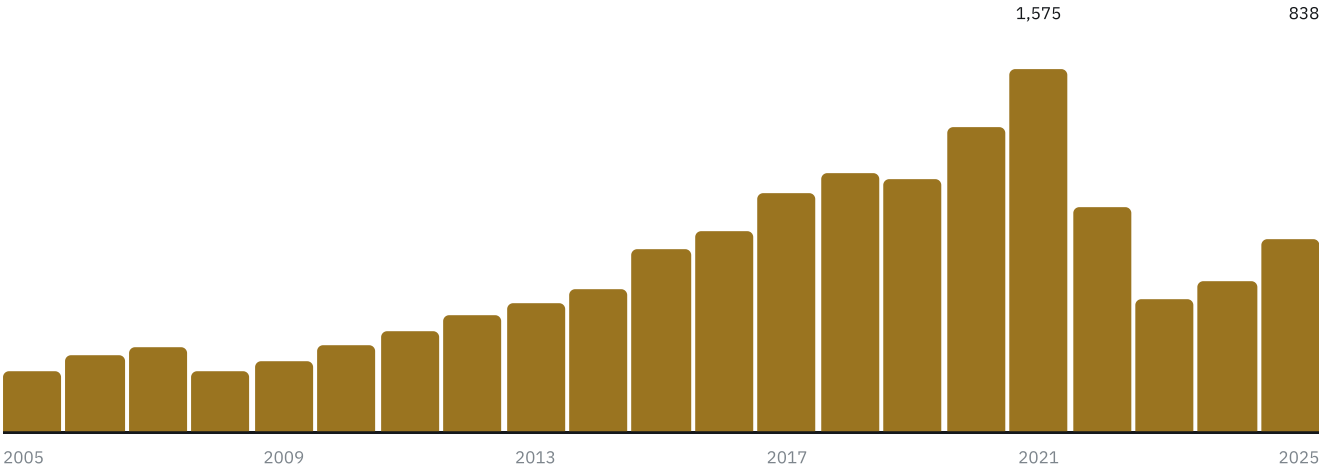
SEGMENT	2019	2021	2023	2025	2023 VS 2021	2025 VS 2021
Renting and operating of own real estate	2,317	3,684	2,426	3,262	−34%	−11%
Buying and selling of own real estate	1,789	2,632	1,448	1,836	−45%	−30%
Property development	1,101	1,575	579	838	−63%	−47%
Real estate management on behalf of third parties	382	557	458	596	−18%	+7%
Brokerage	258	396	269	352	−32%	−11%
All property companies	**5,847**	**8,844**	**5,180**	**6,884**	**−41%**	**−22%**

Source: HDH Group, database as of the reference date, own calculation.

Property development lost almost two thirds of its incorporations between 2021 and 2023. The renting of own portfolios declined considerably less and had almost regained its former level by 2025. Only management on behalf of third parties grew against the trend, to 596 incorporations in 2025 and 357 in the first half of 2026 alone. Where less is built and sold, the need to manage what already exists grows.

FIGURE 2

Incorporations of property developers per year, 2005 to 2025



Source: HDH Group, database as of the reference date, own calculation.

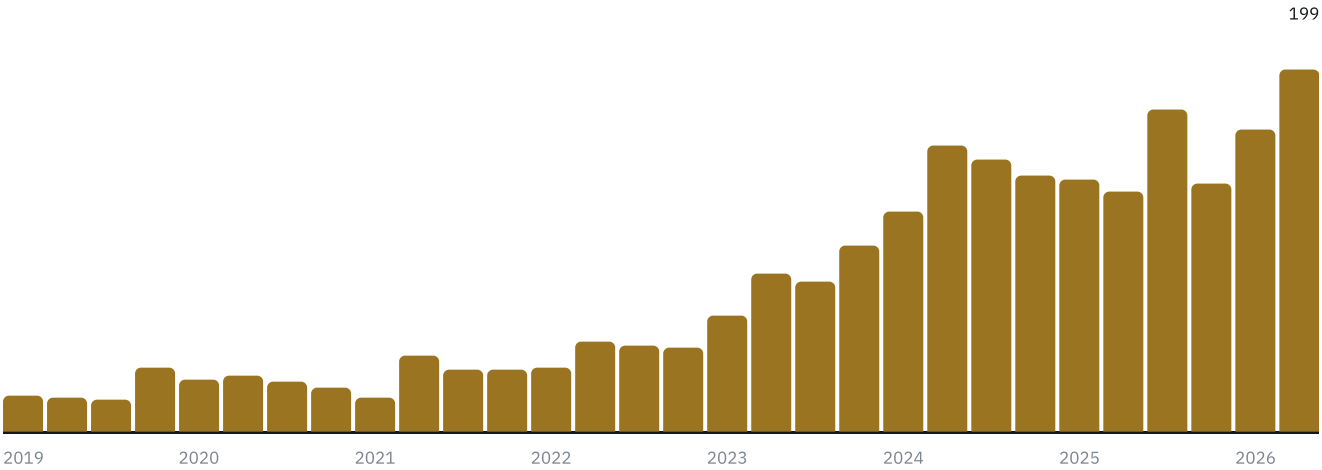
The structure of newly incorporated companies has also shifted. The share of entrepreneurial companies (UG) among incorporations rose from 8.8% in 2021 to 12.7% in 2025, the share of companies that explicitly manage their own real estate from 7.6% to 8.2%. Since the turnaround, property companies are less often formed for development and trading and more often for holding assets, frequently with less capital.

Insolvencies

With a delay of around a year, the collapse in incorporations was followed by a rise in insolvencies. In 2021, the rate for property companies stood at 1.6 ‰, in 2024 at 5.7 ‰ and in 2025 at 5.5 ‰. It has thus more than tripled. The number of cases per quarter rose from 42 in the second quarter of 2021 to 199 in the second quarter of 2026.

FIGURE 3

Insolvencies of property companies per quarter, 2019 to Q2 2026



Most recent insolvency entry of the companies registered today.

Source: HDH Group, database as of the reference date, own calculation.

Compared with the rest of the economy, the rate for property companies remains lower; in 2025 the total population stood at 7.7 ‰. Companies renting out their own portfolios are remarkably insolvency resistant, because rental income continues to flow even when interest rates rise. Property development, by contrast, reached 8.6 ‰ in 2025, more than 3.6 times the 2021 value, and trading in own land 6.4 ‰. Both segments must pre finance land and construction work and depend on buyers, who stayed away when interest rates rose.

TABLE 3

Insolvency rate per thousand companies by segment and year

SEGMENT	2019	2020	2021	2022	2023	2024	2025
Renting and operating of own real estate	0.7	0.9	0.5	1.5	1.7	4.0	3.2
Buying and selling of own real estate	1.7	1.8	2.4	2.0	3.6	6.3	6.4
Property development	**2.0**	**2.1**	**2.4**	**3.1**	**6.0**	**8.1**	**8.6**
Real estate management on behalf of third parties	1.2	1.4	1.8	1.5	3.1	4.1	4.3
Brokerage	2.1	2.9	2.1	2.9	6.4	7.7	7.5
All property companies	1.4	1.6	1.6	2.0	3.6	5.7	5.5
Total population	2.6	2.9	2.6	3.4	4.9	6.8	7.7

Companies with their most recent insolvency entry in the respective year per thousand companies incorporated before the beginning of the year.

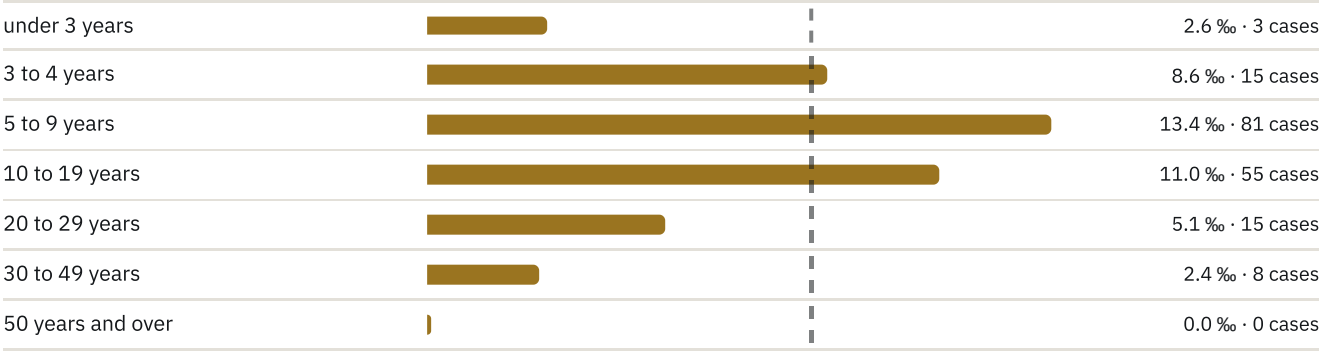
Source: HDH Group, database as of the reference date, own calculation.

Property developers in detail

Among property developers, the risk is clearly distributed by age and capitalisation of the company. Companies that have existed for only a few years have mostly not yet started their projects or have already calculated them under the new conditions. The hardest hit are firms founded before the turnaround that started projects at old prices and interest rates: companies aged five to nine years reach a rate of 13.4 ‰ in the twelve months to June 2026, those aged ten to nineteen years 11.0 ‰. Companies with more than thirty years of existence, which have weathered crises of earlier decades, stand at 2.4 ‰.

FIGURE 4

Insolvency rate of property developers from July 2025 to June 2026 by age of the company, per thousand

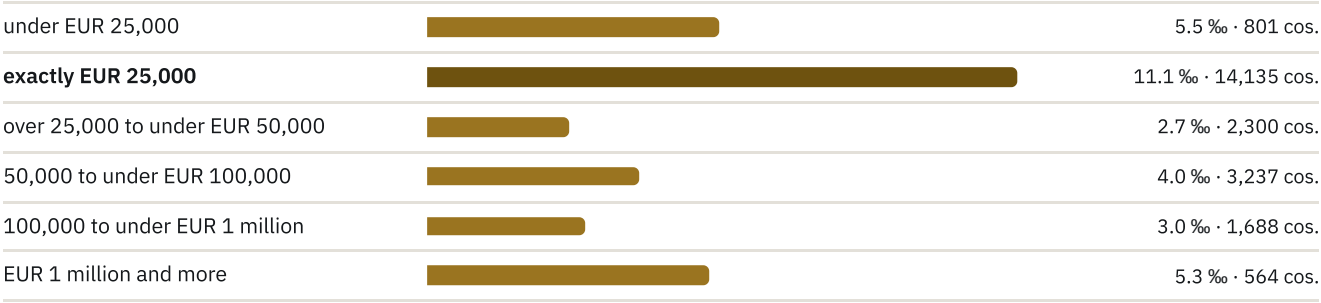


Source: HDH Group, database as of the reference date, own calculation.

Capital separates even more clearly. Property developers with exactly the statutory minimum capital of EUR 25,000 reach a rate of 11.1 ‰, those with higher capital together 3.5 ‰. A higher share capital indicates shareholders who are willing and able to put equity into the company, and banks that have required it.

FIGURE 5

Insolvency rate of property developers from July 2025 to June 2026 by share capital, per thousand



Source: HDH Group, database as of the reference date, own calculation.

Special purpose vehicles and concentration

In real estate it is common practice to hold every larger property or project in a separate company. This limits liability to the individual project and facilitates a later sale. The trace of this practice is found in management. 9.5% of rental companies have a management in which at least one person runs ten or more rental companies. The largest number in one hand is 457. Among property management firms and brokers, such concentration is practically unknown (0.8% and 0.1%).

The address shows the pattern as well. 9.5% of property companies share their business address with twenty or more other companies; in the total population the figure is 5.8%. 2.7% are contractually bound to a parent company; among the parent companies with the most agreements are large housing companies and the property companies of food retailers.

TABLE 4

Parent companies with the most contractually bound property companies

PARENT COMPANY	REGISTERED OFFICE	COMPANIES, AT LEAST
LEG NRW GmbH	Düsseldorf	12
Covivio Wohnen Verwaltungs GmbH	Essen	11
Hyacinthum Immobilienentwicklung GmbH	Neckarsulm	7
Investea Erste Holding GmbH	Berlin	6
Bau-Verein zu Hamburg Immobilien GmbH	Hamburg	6
Lagerbox Holding GmbH	Frankfurt am Main	6
Kapitalpartner Holding GmbH	Markdorf	6
REWE Märkte 60 GmbH	Cologne	6
LEG Grundstücksverwaltung GmbH	Düsseldorf	5
EDEKA Grundstücksverwaltungsgesellschaft mbH	Moers	5

Only domination and profit transfer agreements with a clearly identified parent company.

Source: HDH Group, database as of the reference date, own calculation.

Regions

Measured against all companies in a state, real estate is most strongly represented in Brandenburg (125.5 per thousand), Saxony (123.6) and Berlin (121.9). In Berlin, Brandenburg and Saxony, large portfolios have been refurbished, divided and newly built since reunification, frequently in companies formed specifically for this purpose. The share is lowest in Hamburg and Baden-Württemberg, whose remaining corporate population is particularly large.

Property developers are most densely represented in Bavaria (24.3 per thousand) and Saxony (23.3). Among their locations, after the large cities, Grünwald stands out with 286 companies, a municipality with a low local business tax multiplier.

TABLE 5

Property companies by federal state

STATE	COMPANIES	PER THOUSAND	RENTING	BUYING AND SELLING	PROPERTY DEVELOPMENT
Brandenburg	3,638	125.5	1,462	1,067	645
Saxony	5,262	123.6	2,032	1,370	991
Berlin	11,112	121.9	4,508	3,565	1,479
Mecklenburg Western Pomerania	1,125	118.2	451	300	219
Rhineland Palatinate	4,786	113.7	2,302	1,036	900
Bremen	1,158	108.9	438	324	226
Saxony Anhalt	1,967	102.8	830	469	370
Schleswig Holstein	2,494	101.5	914	739	464
Bavaria	19,981	99.1	7,080	4,890	4,902
Lower Saxony	9,128	98.9	3,691	2,571	1,682
Hesse	9,253	97.8	3,398	2,614	1,817
Thuringia	1,789	96.3	775	399	318
Saarland	1,023	95.2	457	230	178
North Rhine Westphalia	23,485	93.5	9,465	6,571	3,926
Baden-Württemberg	15,235	91.0	5,400	3,556	3,758
Hamburg	4,859	90.6	1,794	1,375	931

Per thousand companies of the respective state.

Source: HDH Group, database as of the reference date, own calculation.

Assessment

The interest rate turnaround hit real estate in two phases. First, incorporations dried up, because new projects no longer paid off under the changed conditions. A year later, insolvencies rose, because projects started under the old conditions lost their financing or no longer found buyers. The economic literature describes this pattern as the adjustment of the asset market to changed capital costs, which passes through the valuation of properties to new construction and from there to developers.

The recovery since 2024 is a recovery of holding and managing. Asset holding companies and property management firms are again being formed in large numbers, while property development remains well below its former level. For banks, suppliers and service providers to the construction industry, this means that the wave of insolvencies among developers has yet to run its course; for property managers, refurbishers and buyers of portfolios, it opens up new opportunities.

Method and limitations

Data basis

The basis is the HDH Group database of registered corporations with their registered office in Germany as of 23 October 2026, with 1,158,810 companies.

Definitions

- **Property company:** a company in the real estate section of the classification of economic activities.
- **Segments:** according to the classes of this section: buying and selling of own land, property development, renting and operating of own land, brokerage, and management on behalf of third parties.
- **Incorporation:** conclusion of the articles of association or adoption of the statutes.
- **Insolvency rate:** companies with their most recent insolvency entry in the observation period per thousand companies incorporated before its beginning.
- **Concentration:** at least one member of management runs ten or more companies of the same segment.

Limitations

- The study covers corporations. Real estate owned by private individuals, partnerships, cooperatives and public enterprises in other legal forms is missing.
- Incorporations and insolvencies are counted for companies still registered today. For earlier years, companies deleted in the meantime are missing; the rise in insolvencies is therefore rather overstated, the collapse in incorporations rather understated.
- The assignment to segments follows the principal activity. Many companies develop, hold and sell at the same time.
- The temporal attribution to the interest rate turnaround is descriptive. Construction costs and energy prices rose at the same time, and support for new construction changed several times.

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PUBLISHER

HDH Group
info@hdhgroup.de
hdhgroup.de

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