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# Residential property prices fell in 2023

## Purchase prices have fallen, rents have risen above average

Vienna, 2024-05-28 – In 2023, prices for houses and dwellings fell by 2.6% compared to the previous year, as Statistics Austria reports. Existing dwellings in particular became cheaper (–3.7%), while the prices for new dwellings and houses fell only slightly year-on-year (–0.1%). In 2023, the median price per square metre for a dwelling in Austria was €4 023 and for a house €2 678. Rents including running costs, on the other hand, rose by 7.6%.

“After years of price rallies, residential property in Austria became cheaper year-on-year in 2023 for the first time since the start of the survey in 2010. With a decline of 2.6%, prices for houses and dwellings in Austria have fallen more sharply than the EU average of –0.3%, but we do not see a price collapse like in Luxembourg with –9.1% and Germany with –8.4%. Prices for existing housing in particular fell by 3.7% compared to 2022. Newly built houses and dwellings, on the other hand, hardly became any cheaper at –0.1% – partly because residential construction activity has declined massively: In an European comparison, the net area for which building permits were granted in 2023 fell the second most in Austria at –28%, just behind Sweden with a drop of a third and followed by Germany with a decline of more than a quarter,” says Statistics Austria Director General Tobias Thomas at the presentation of the publication “Housing 2023”.

### Basic needs are mainly met at home

On average, the Austrian population spends 72.9% of their time at home. This is shown by the Time Use Survey 2021/22. Basic needs such as sleeping (95.3%), resting (86.7%), eating (78.3%) and personal hygiene (78.2%) are predominantly fulfilled at home. However, unpaid work (74.4%), such as housework and childcare, is also mainly carried out at home. The majority of the population in Austria is very satisfied with their living situation. Overall, according to the EU-SILC 2023 survey on income and living conditions, the mean score for housing satisfaction on a scale of 0 (not at all satisfied) to 10 (completely satisfied) is 8.1.

Because housing is crucial for meeting basic needs, the demand for new affordable housing is high. However, building permits have been falling since the last peak in 2019. 2023 saw a very low figure of around 46 600 approved dwellings. Only in 2005 fewer dwellings were approved for construction at 45 500. Between 2020 and 2023, building permits fell by 40.7%. One reason for the decline is the rising construction costs for residential buildings, which increased by 22.9% between 2020 and 2023 – slightly above the increase in consumer prices of 20.3% in this period.

### Sharp rent increases in the private rental sector

The average rent including running costs in 2023 was €625.3 per dwelling or €9.4 per square metre, an increase of 7.6% on the previous year. While rents including running costs per square metre rose by an average of 2.8% annually in previous years (2005 to 2021), rents already rose at an above-average rate of 5.0% from 2021 to 2022 and have now been exceeded by the increase of 7.6% from 2022 to 2023. However, the increases vary depending on the rental segment. For example, rents including running costs per square metre in the private rental sector rose by 9% from 2022 to 2023, which is considerably more than the increase in rents for co-operative tenancy (+5.9%) and communal tenancy (+4.8%). Especially in the private rental sector, there are some rental agreements with value protection clauses, which led to increased adjustments in 2023, as the inflation level in 2023 was consistently above 5%. In addition to the rental segment, the rental period and region also influence the actual amount of the monthly rent. For new

contracts (up to less than two years previous rental period), an average of €11.3 per square metre per month is paid for main rental flats. Households with long-term tenancy agreements of at least 30 years pay an average rent of €6.1 including operating costs. The highest average rents including operating costs in 2023 were paid by households in Salzburg at €11.3 per square metre, followed by Tyrol and Vorarlberg (at €10.9 and €10.7, respectively). Vienna was in fourth place with a rent including operating costs of €9.8 per square metre, which is also only just above the Austrian average (€9.4).

### **Rents rise at an above-average rate, while purchase prices fall**

While rents rose sharply, prices on the property market slowed down in 2023. Between 2010 and 2022, property prices rose by an average of 6.7% per year. However, the European Central Bank's gradual increases in key interest rates put an end to this price momentum. In 2023, prices fell by 2.6% compared to the previous year. The sub-index for existing housing, which reflects the price development of existing dwellings and houses, fell by 3.7% in 2023 compared to the previous year (2022: +11.6%, 2021: +13.1%). The sub-index for the purchase of new housing proved to be almost unchanged in 2023 at -0.1% compared to the previous year (2022: +11.5%, 2021: +8.4%). The higher interest rates and thus the higher financing costs had a significant impact on demand: according to an evaluation of the preliminary transaction figures (including an estimate of subsequent deliveries), the number of residential property purchases fell by 28.2%. Purchases of new residential property in particular fell by more than half compared to 2022 (-51.6%). The number of transactions of existing residential property fell by 20.7%.

The changed conditions on the property market – a decline in property prices on the one hand and fewer purchases of new residential space on the other – are also reflected in the analysis of average transaction prices per square metre. The median price paid for dwellings in Austria in 2023 was €4 023 per square metre, compared to €4 426 per square metre living space in the previous year. Dwellings in Vorarlberg were the most expensive at €5 000 per square metre, followed by Salzburg at €4 981 and Vienna at €4 966 per square metre. The median price for houses was €2 678 per square metre, with Vorarlberg also in first place at €5 566 per square metre, followed by Vienna at €5 508 and Salzburg and €5 192 per square metre.

### **Three out of ten people perceive their housing costs as a heavy burden**

Rising rents and interest rates are perceived as a burden. 29% of the population stated in 2023 that they perceived housing costs as a major burden. For 50%, housing costs were a certain challenge and 21% did not perceive the costs as a burden. There are differences according to living arrangements. Almost one in two single-family households perceived housing costs as a major challenge. Families with two or more children (35% and 36%, respectively) and women living alone (33%) also increasingly categorised housing costs as a major burden. However, if you look at the median monthly housing costs as a proportion of household income, no changes can be seen over time. Housing costs accounted for 17% of household income in 2023, which also corresponds to the median ten years earlier.

For detailed results and further information, please refer to our [website](#).

#### **Information on methodology, definitions:**

The **Time Use Survey** 2021/22 was conducted by Statistics Austria on behalf of the Federal Chancellery/Federal Minister for Women, Family, Integration and Media from October 2021 to December 2022 and is the fourth survey (after 1981, 1992 and 2008/09) on the use of time in Austria.

The **building permits** are based on data extracted from the Building and Dwelling Register, which is kept by the first-instance building authorities (municipalities, in some cases also district authorities). However, no results are currently available for the capital city of Vienna in the context of reporting extension, construction or conversion work. In order to improve the quality of the data, the results are estimated taking into account the time lag in reporting. The figures are therefore subject to regular revision, usually with the publication of the fourth quarter or the annual accounts.

The **House Price Index (HPI)** tracks the development of purchase prices for residential real estate in Austria. For the HPI, actual transaction prices from the purchase contracts are recorded and evaluated on a quarterly basis. In addition to the House Price Index, Statistics Austria also compiles a price index for owner-occupied housing (OOHPI) following a net-acquisitions methodology. The OOHPI aims to measure the expenses of

homeowners living in their own dwelling, and is designed to complement the HICP, that currently lacks this component.

The results on rents are based on the **Microcensus Housing Survey**. The Microcensus is a sample survey of private households. Approximately 20 000 households are surveyed each quarter. **Rent without running costs:** The rent without running costs or net rent includes the pure rent including VAT.

**Further enquiries:**

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