ImmoWissen
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2026/2027 EDITION

SAFE PROPERTY DEALS IN GERMANY

THE PRACTICAL GUIDE TO BUYING
& SELLING REAL ESTATE

Everything foreign buyers and sellers need to get it right

IMPORTANT NOTICES

Before you start: important notices

NO LEGAL ADVICE

This book provides general information on buying, selling and financing real estate in Germany. It is no substitute for individual legal, tax, financing or investment advice. Before making decisions with legal or financial consequences, especially before signing a purchase or loan agreement, consult a lawyer, notary, tax advisor or independent mortgage advisor.

German law only

This book describes German law and the German property market. It says nothing about the law of any other country. German legal terms and quoted German documents are deliberately kept in German. Only the official German legal texts are legally binding.

Legal status and currency

Laws, case law, tax rates, thresholds and funding programmes change constantly. All information reflects the legal status as of **October 2026** and was carefully researched. Later changes are not taken into account. Check figures, deadlines and amounts for their current validity before relying on them. Legal sources by chapter are listed at the end of the book.

Case law and disputed questions

Court decisions cited in this book each concern a specific case. Other courts may decide differently where the facts or the legal view differ. Where the legal position is not finally settled, a view other than the one presented here may also be tenable.

Sample calculations, templates and checklists

Sample calculations are simplified: figures as of the legal status stated, without solidarity surcharge, church tax or personal circumstances – a tax advisor calculates your own case. Sample letters and checklists are drafting aids: adapt them to your situation before using them.

Liability

The content was created and checked to the best of the publisher's knowledge. No guarantee is given for its accuracy, completeness or currency. Liability for intent and gross negligence and for injury to life, body or health remains unaffected.

Links to websites

Where this book refers to third-party websites, their operators alone are responsible for their content. No legal violations were apparent at the time the references were included.

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CHAPTER 1

The Foundation – Budget, Equity & Closing Costs

1. The 35% Formula, in Detail

Anyone buying a house or apartment tends to cut it too close on the numbers. The golden rule among German mortgage lenders is this: your monthly loan payment (interest plus principal) should never exceed 35% to 40% of your monthly net income.

Example calculation (simplified):

- **Net household income:** €3,000
- **Maximum monthly loan payment (35%):** €1,050
- **Left over for living expenses, hobbies & savings:** €1,950

> **WHY NOT MORE?**
>
> Because owning brings costs a tenant never had to think about: payments into the *Instandhaltungsrücklage* (the building's maintenance reserve fund), *Hausgeld* (the monthly service charge paid to the owners' association), property tax, and higher heating bills. Anyone who puts 50% of their salary into the loan payment has no room left to breathe the moment an unplanned repair comes up.

2. The Equity Matrix

Banks today generally require you to pay the closing costs entirely out of your own pocket. It's even better to bring an extra 10% to 20% of the pure purchase price as equity, on top of that, to secure the best interest rates.

Price	Closing Costs (e.g. 11.5%)**	Extra Equity (10%)	Reserve*	Min. Savings
€200,000	€23,000	€20,000	€9,000	€52,000
€300,000	€34,500	€30,000	€9,000	€73,500
€400,000	€46,000	€40,000	€9,000	€95,000
€500,000	€57,500	€50,000	€9,000	€116,500

* Based on 3 months of net income at €3,000 net household income, held as a reserve. ** Example for a state with a high Grunderwerbsteuer and an agent; depending on the state and the agent, closing costs come to roughly 5% to 12%.

3. Schufa & Credit Clean-Up Before the Bank Meeting

Before you even walk into a bank, clean up your credit rating. Banks assess your risk profile automatically, largely through your record at the *Schufa* (Germany's main credit bureau):

- **Cancel unused credit cards & installment loans:** Every credit card lowers your theoretical available credit, even unused.
- **Clear your overdraft:** Your checking account must not have been in the negative at any point in the 3 to 6 months before you apply.
- **No consumer loans:** Pay off zero-percent financing for a TV or furniture completely before applying for your mortgage.

4. State-by-State Overview (Grunderwerbsteuer)

The *Grunderwerbsteuer* (Germany's property transfer tax, paid once at closing) varies drastically by state. On top come flat fees of roughly 1.5% to 2.0% for the notary and the *Grundbuch* (the German land register), plus, where applicable, the agent's commission (when you buy an apartment or a single-family home as a private buyer, you pay at most as much as the seller; 3.57% including VAT is the usual regional rate).

Rate	States
3.5%	Bavaria
5.0%	Baden-Württemberg, Lower Saxony, Rhineland-Palatinate, Saxony-Anhalt, Thuringia
5.5%	Bremen, Hamburg, Saxony
6.0%	Berlin, Hesse, Mecklenburg-Western Pomerania
6.5%	Brandenburg, North Rhine-Westphalia, Saarland, Schleswig-Holstein

5. Two Legal Ways to Save on the Grunderwerbsteuer

Money-Saving Trick 1 — List the Inventory Separately in the Purchase Contract

The *Grunderwerbsteuer* is levied only on the immovable property — not on movable items! If you're taking over movable fixtures such as a fitted kitchen, awnings or a garden shed from the previous owner, you can list that value separately in the purchase contract. Anything permanently built in (e.g. a walled-in sauna) usually stays taxable.

EXAMPLE (SIMPLIFIED)

Purchase price €300,000. The fitted kitchen and awnings are valued separately in the contract at €15,000. The Grunderwerbsteuer is then calculated on only €285,000. At a 6.5% tax rate, that's an immediate saving of €975 — in cash.

CAUTION

The value has to be realistic. The tax office can ask for proof at any time (e.g. the original purchase receipts for the kitchen); for large amounts that is the rule.

Outdated — Subtracting the Reserve (for Condos)

It used to be recommended to deduct your share of the maintenance reserve (*Erhaltungsrücklage*, formerly *Instandhaltungsrücklage*) from the purchase price. Since a 2020 ruling of the Federal Fiscal Court (*Bundesfinanzhof*, II R 49/17), this no longer reduces the *Grunderwerbsteuer*. The money belongs to the community of owners, not to the seller. Ask for the size of the reserve all the same: it shows you how well the community has provided for renovations.

Money-Saving Trick 2 — Assign Notary Costs for Deletions to the Seller

Make sure the purchase contract explicitly states that the cost of deleting the seller's old *Grundschulden* (land charges — a German-style lien registered against the property) or mortgages is borne by the seller — and doesn't simply get folded into your own notary costs.

E N D O F S A M P L E

SAFE PROPERTY DEALS IN GERMANY

The complete e-book: 85 chapters, 270 pages, 2026/2027 edition.

Available at immowissen-kompakt.de/en/