Real Estate Research

September 2025

Housing Affordability Review – 2025

Mapping Residental Rental Affordability Around the World

IN A NUTSHELL

- Salt Lake City and Austin maintain first and second place as the most affordable locations, while Brisbane, Melbourne and Sydney climb the ranks compared to last year, completing the top five.
- US cities continue to be some of the most affordable globally, due to high income levels and often fewer supply barriers. Five US cities appear in the top 10, including San Francisco. However, New York and Miami remain notable outliers.
- Australian cities also score well, although Indian and Chinese cities pull down the APAC average.
- Europe sits squarely in the middle, although with notable outliers including a surprisingly affordable Munich, and the increasingly expensive home of digital nomads, Lisbon.
- Despite low affordability, global cities like London, Paris, New York, Berlin and Tokyo continue to attract people through their culture, career opportunities, energy and lifestyle – making high rents a price many still appear willing to pay.

Residential Rental Affordability Around the Globe – Ranking of Select Cities

NB: Z-Score - Combined Affordability Ratio & Residual Household Income in USD (PPP)
Source: OECD, Oxford Economics, Moody's, ULI, CEIC, Eurostat, IMF, empirica, idealista, global property, local broker, national statistics, DWS, July 2025

1 / Introduction

Global Residential Affordability

Why Housing Affordability Matters

Housing is a fundamental human necessity, irreplaceable by alternative means. Consequently, housing affordability serves as a critical indicator of both economic vitality and social cohesion, particularly within major urban agglomerations.

When housing costs consume an excessive share of household income, they can constrain access to essential goods and services, suppress savings, and heighten financial vulnerability. Ensuring access to affordable housing enables individuals and families to reside near employment, education, and healthcare, thereby fostering inclusive, resilient and sustainable urban communities. As urban populations expand and housing supply lags behind demand, addressing affordability becomes imperative – not only for economic stability but also for social equity and long-term urban sustainability.

While city-level comparisons may offer limited relevance to individual households experiencing affordability pressures, they are indispensable for institutional investors. Cross-market evaluations of affordability provide a framework for assessing structural risks, demand resilience, and the long-term viability of residential real estate investments.

While important, we must remember that affordability is only one metric used to appraise any one real estate market. And it can also be interpreted in different ways. While a city with low affordability could be seen as risky, it may also reflect that the city is highly attractive, drawing in residents despite high rental costs.

In this context, we are pleased to present the second edition of our Global Housing Affordability Review, now expanded to include five additional markets and a total of 80 urban locations across the Americas, Europe and the Asia-Pacific region.

Rental Markets Remain in Focus

While housing affordability is a multifaceted issue, encompassing a broad spectrum of factors, institutional investors are increasingly concentrating on rental market dynamics, including comparative analyses of affordability metrics. This focus is especially relevant when examining major global cities across diverse world regions.

Despite advancements in data transparency – driven in part by technical progress in data mining and analytics – the precise quantification of “housing affordability” remains elusive. Affordability is inherently complex, shaped by a diverse array of household-specific variables, making it difficult to capture through a single metric.

To address this, we continue to rely on two well-established indicators: the rental affordability ratio and residual spending power. The former expresses net rent as a proportion of disposable household income, while the latter reflects the remaining income after rent payments, adjusted for purchasing power parity (PPP).

The example below highlights the difference between these two measures and why it matters to distinguish them:

Example: Rental Affordability Measures

	City A	City B
Median Income	$40,000	$100,000
Average Rent	$10,000	$50,000
Affordability Ratio	25%	50%
Residual Income (PPP)	$30,000	$50,000

See section 4 for further details. For illustrative purpose only.

By integrating both indicators, we aim to construct a more robust and nuanced measure of the “local rental burden”, enabling a differentiated assessment of affordability across global rental markets.[1]

[1] See section 4. Data Definition & Methodology for further reference on indicators and measures used

2 / Results

One year after the first edition of the Housing Affordability Review 2024, we revisit the topic with a slightly expanded set of global cities. This year's analysis covers 80 urban markets, representing a combined population of approximately 350 million – up from 300 million last year – driven by the inclusion of Mexico City, Istanbul, Hanoi, Jakarta, and Manila.

Across these markets, the average rent-to-income affordability ratio rose by nearly two percentage points to reach 38%. While part of this increase stems from the newly added cities, the more significant driver was a decline in affordability within the existing sample. Concurrently, household disposable income grew by over 2%, with the expanded market coverage contributing to a slightly muted increase.

The combined impact of these two indicators is not directly quantifiable, as they offset each other and require normalization via Z-scores. However, "renting" has on average become more expensive compared to last year.

At the same time, the overall range of affordability outcomes narrowed slightly, particularly at the lower end of the spectrum. The combined result should not be interpreted as a general decline in affordability, but rather as a shift towards a more balanced global distribution.

Key Insight 1: Regions Matter

A clear regional divide persists across the three major global regions, with North America remaining the most affordable, followed by Europe and then the APAC region.

While APAC markets collectively register a negative score, primarily driven by mainland Asia, Australia continues to stand out as notable exception in terms of affordability. Here the built-to-rent market (BTR) is relatively nascent, providing opportunities for investors to be first movers. Supply is often characterized by "premium product", but inner ring suburbs also offer opportunities for "essential product", better reflecting local income levels.

Europe aligns closely with the global average, with cities spanning the full spectrum of affordability. Often held back by low vacancy and structural constraints on development, this could create opportunities for those able to find solutions to deliver new supply.

Finally, North America sits firmly in positive territory, particularly across the fast-growing, low-density cities in the US Sunbelt. Despite strong population growth, high income levels and fewer constraints on development have helped to ease rental pressure in some markets.

Key Insight 2: Perspectives Matter

Beyond regional trends, a key insight is the significance of evaluating both affordability indicators – rent-to-income ratios and residual spending power – separately.

While many cities score poorly on affordability ratios, strong income levels often offset these results, leading to a more favorable overall ranking. Notable examples include Singapore, Dubai, San Francisco and London. Here the disparity between the two indicators is particularly pronounced, with high income levels substantially improving overall scores.

The opposite is true at the other end of the spectrum. In more regional markets such as Nagoya and Leipzig, weaker income levels drag down overall affordability scores, despite relatively moderate rent burdens against the global background.

Key Insight 3: Density Matters

A third key insight relates to population density across the cities analysed. Unsurprisingly, rental affordability tends to correlate with density: the more compact and competitive the urban environment, the greater the upward pressure on rents – driven not only by residential demand but also by competing land uses.

As such, higher density is a reflection of "agglomeration benefits" such as job opportunities and access to amenities. Consequently, rental pressure is not only driven by geographic constraints but also by tenants' willingness to pay premium rents in highly attractive urban environments.

Key Insight 4: Major Movers

While the dataset remained largely stable overall, fluctuations in income levels and rental prices throughout the year contributed to shifts in the ranking.

Notable changes include Seoul, which advanced 16 positions due to a marked improvement in income levels, while Boston and Dublin each climbed 10 places. In contrast, cities such as Helsinki, Rome and Frankfurt experienced downward shifts, primarily attributable to below-average income growth and a resulting decline in residual spending power compared to last year. Indian cities like Chennai and Mumbai also fell in the rankings, as rising rental costs were not offset by corresponding increases in income.

Rental Affordability Ratio

Rents accounting for a higher share of income

The analysis of rent-to-median-disposable-income ratios across the 80 global cities highlights the persistent divergence in housing affordability worldwide. On average, households allocate 38% of their disposable income to rent, a figure that increased slightly compared to last year's findings and once again exceeds the widely accepted affordability threshold of 30%. This suggests that in many urban markets, housing costs are placing increasing pressure on household finances.

US cities remain in the lead…

At the more affordable end of the spectrum, US cities such as Salt Lake City (20%), Austin (23%), Dallas (24%) and Atlanta (25%), as well as Leipzig (23%), Brisbane (23%) and Melbourne (24%) outside the US, demonstrate relatively balanced markets, where income levels are sufficient to cover rental expenses comfortably. These cities often benefit from a combination of moderate rent levels, robust wage growth, and less constrained housing supply.

This observation also holds true for several mid-sized regional cities in Europe, notably in France and Germany. Cities such as Lyon, Lille, Stuttgart and Cologne perform well in this regard, largely due to relatively favorable rental levels when considered in relation to local income conditions.

Additionally, some US cities even saw rental declines due to increased supply in recent years – although the latter is fading now. Austin for example, a city ranked second in overall affordability, saw the steepest decline in asking rents across the country, clearly supporting the rental affordability ratio.

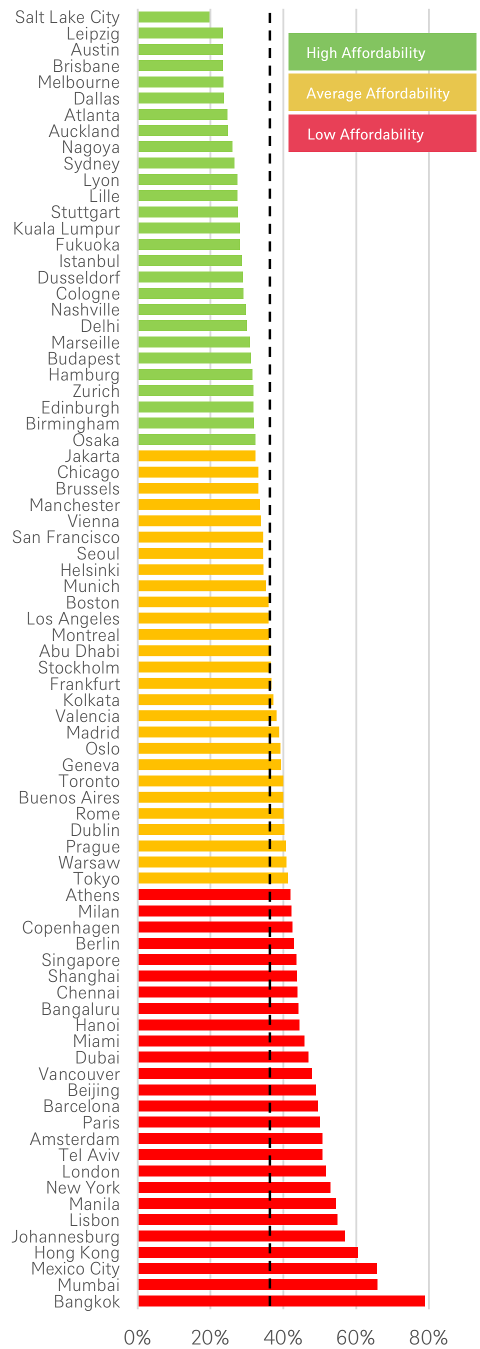
Conversely, cities like Bangkok (79%), Mexico City (66%), and Mumbai (66%) face acute affordability challenges. In these markets, rent consumes more than two-thirds of household income, reflecting either disproportionately high housing costs, low income levels, or both.

…but the picture remains diverse

Nonetheless, high-density global hubs such as Hong Kong (61%) and New York (53%) or London (52%) rank among the 10 least affordable cities in the analysis, underscoring the impact of limited space and high demand on rental markets.

Notably, 29 cities – over one-third of the sample – exceed a rent-to-income ratio of 40%. However, these figures should not be viewed in isolation. While these high ratios indicate affordability stress, they must be interpreted in the context of local income levels and cost-of-living dynamics to fully understand their implications.

Average Net Rents (2 bedroom apartment) as a share of Median Household Disposable Income (%)



Source: OECD, Oxford Economics, Moody's, ULI, CEIC, Eurostat, IMF, empirica, idealista, global property, local broker, national statistics, DWS, July 2025

Remaining Disposable Income after Rent

Increase in residual spending power

The analysis of total disposable income remaining after rent (PPP-adjusted) reveals substantial variation in post-rent financial capacity. On average, households retain approximately $4,000 in PPP-adjusted disposable income, which is an increase of 2.5% vs last year's findings and even around 3.6% against the unchanged 75-city sample.

A median of around $3,900, being somewhat below the aforementioned average of $4,000, indicates a skewed distribution favoring wealthier cities, but nonetheless shows a substantial increase in residual spending power. In other words, cities in the upper half of the sample exhibit higher levels of residual spending power than would be anticipated under an assumption of uniform distribution.

Wide dispersion of results; top 10 markets 75% ahead

Singapore tops the ranking with the highest remaining income of more than $8,000 followed by San Francisco ($7,650) and Abu Dhabi ($7,000). Unsurprisingly, these wealthy cities generally benefit from high income levels and relatively balanced housing costs, enabling residents to maintain strong purchasing power after rent. San Francisco for example demonstrates a pronounced concentration of ultra-high-net-worth individuals, with over 500,000 millionaires and approximately 80 billionaires residing in the metropolitan area[2] Despite evident disparities in income distribution, the median household income remains substantially above the national average, underscoring the city's overall affluence.

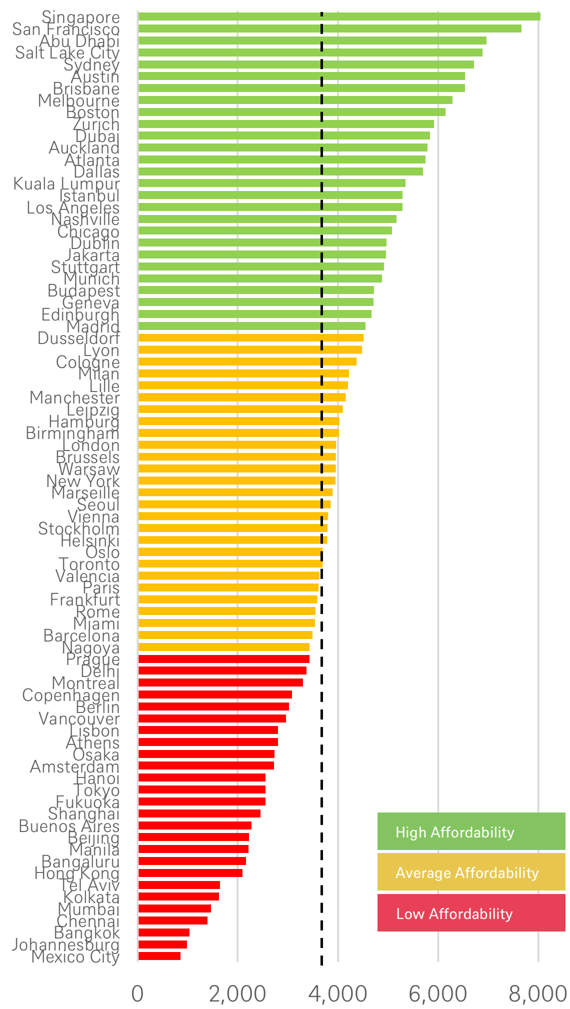
At the other end of the spectrum we see markets with more severe affordability constraints. Cities like Mexico City ($860) and Johannesburg ($1,000) may reflect more pronounced local variations in unit sizes, asset quality, or tenant profiles. However, several Indian, Chinese and Japanese cities, as well as European markets like Amsterdam ($2,750) and Berlin ($3,000), also rank low. In these locations, relatively low income levels combined with high rent burdens leave households with limited financial flexibility and heightened vulnerability to economic shocks.

Mainland Asia below-average

Regional patterns are evident: North American and Australian cities generally perform well, offering higher post-rent income levels. In contrast, many Asian cities struggle with low residual incomes. European cities show mixed results – while cities like Zurich and Munich rank above average, others such as Berlin, Lisbon and Athens fall below the median. It is worth noting that many stretched cities like Berlin dropped even further in the ranking compared to last year.

Overall, the data highlights the importance of assessing housing affordability, not only through rent-to-income ratios but also by considering the absolute level of disposable income remaining after rent. This metric provides a more nuanced view of household resilience and economic well-being, especially in cities where high rents may be offset by strong income levels – or exacerbated by weak ones.

Remaining Disposable Income after Rental Payment (USD, PPP)

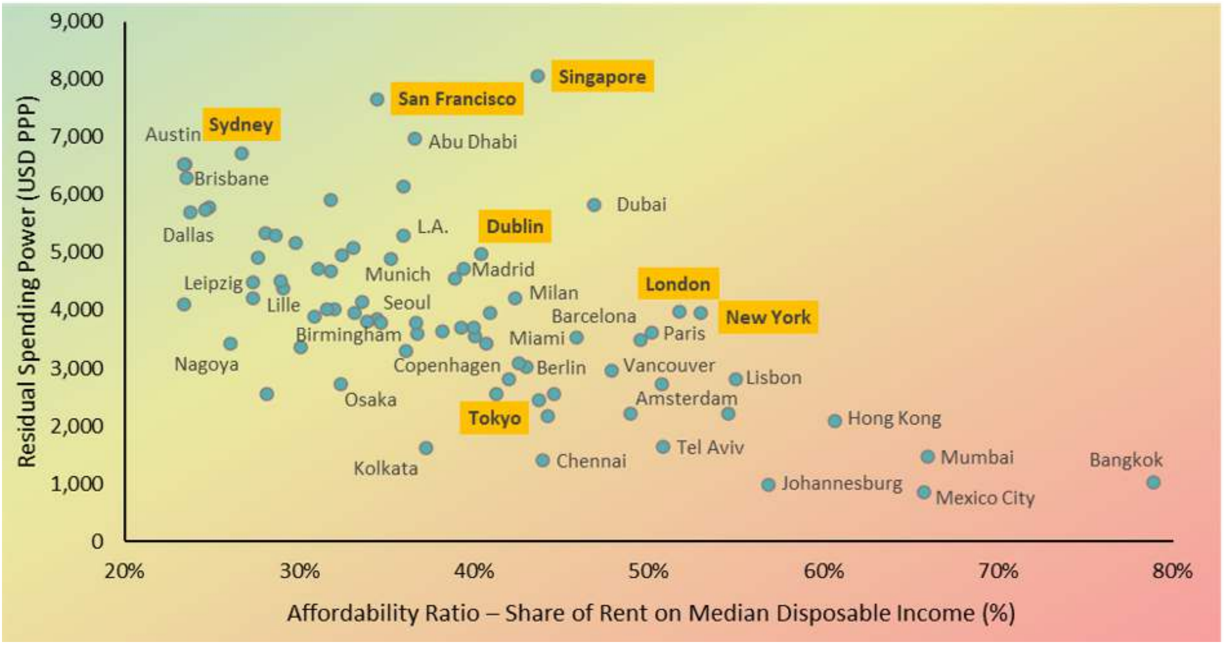


Source: OECD, Oxford Economics, Moody's, ULI, CEIC, Eurostat, IMF, empirica, idealista, global property, local broker, national statistics, DWS, July 2025

[2] Altrata, 2023

Affordability Ratio & Remaining Disposable Income

(Affordability in %, Remaining Income in USD, PPP)



Source: OECD, Oxford Economics, Moody's, ULI, CEIC, Eurostat, IMF, empirica, idealista, global property, local broker, national statistics, DWS, July 2025

Combined Affordability Score (Z-Score)

The combined analysis of affordability ratio and residual spending power offers a holistic view of housing affordability and economic resilience. Higher z-scores reflect stronger overall performance – indicating cities where housing costs are more manageable relative to income – while lower scores point to markets under greater affordability stress.

US and Australian residential markets remain most affordable

The top 10 ranking is similar to last year. Again, with five out of 10, US markets defend their lead.

Salt Lake City retained its top spot in the ranking, closely followed by Austin, scoring second once again. However, strong economic performance helped the Australian cities of Brisbane, Melbourne and Sydney climb slightly from their already impressive 2024 standings, rounding out the top five. All of these cities combine relatively affordable rents with solid income levels, making them some of the most resilient urban markets globally.

APAC tilted towards the lower end, Europe firmly in between

In contrast, the bottom five cities – Bangkok, Mexico City, Mumbai, Johannesburg and Hong Kong – face significant affordability challenges. These cities are marked by high rent burdens and limited disposable income, often compounded by rapid urban growth, income inequality and constrained housing supply. Even Hong Kong, a city perceived as wealthy, is facing affordability constraints when considering median household incomes.

Low affordability is also seen across the global centres of New York, Paris, Tokyo and London – all ranking in the bottom quartile. In part a reflection of density and limited housing supply, this again highlights a willingness from some residents to pay a premium to live in a globally renowned centre.

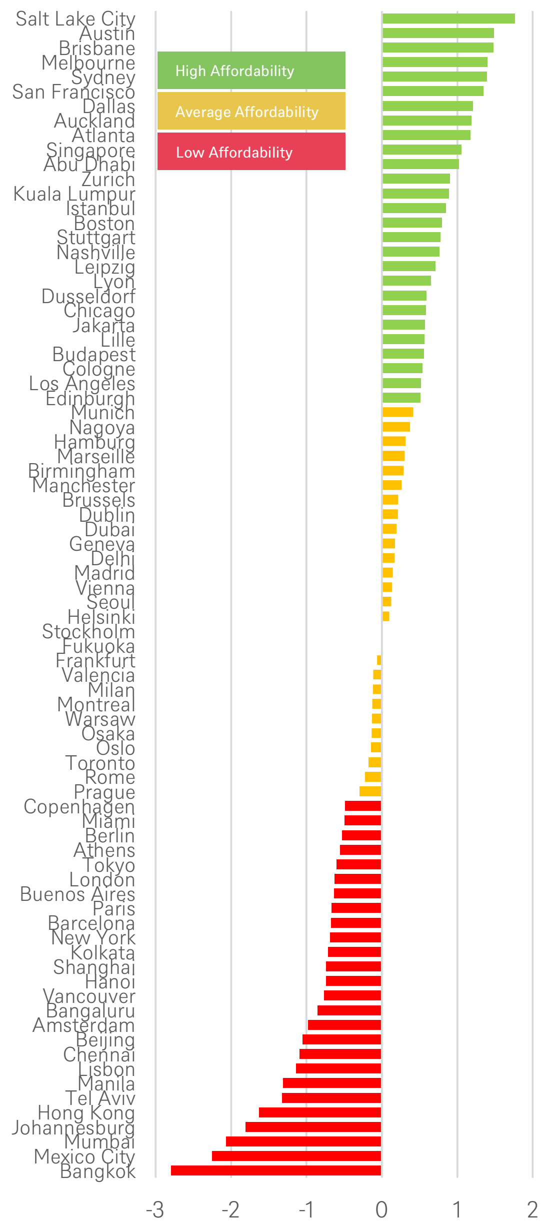
European cities show mixed results, reflecting the diverse housing and income dynamics across the continent. As noted, London and Paris as well as Berlin or Lisbon fall below the median, whereas Zurich, Stuttgart and Leipzig perform relatively well, although not exceptionally. Notably, no European city ranks within the global top 10, with Zurich achieving the highest position at 12th.

Overall decline in affordability at the bottom half

Notably, cities in the lower half of the ranking experienced a sharper decline in affordability ratios compared to those in the upper half. At the same time, their residual spending power grew at a significantly slower pace than that of their more economically resilient counterparts.

While this trend is partly driven by new market entrants, more affordable cities generally demonstrated greater stability. In contrast, already stretched markets saw a modest deterioration, becoming slightly less affordable.

Combined Affordability Score (Z-Score)



Source: OECD, Oxford Economics, Moody's, ULI, CEIC, Eurostat, IMF, empirica, idealista, global property, local broker, national statistics, DWS, July 2025

3 / Cities in Focus

Munich – Expensive yet Affordable Bavarian Powerhouse?

Market Specialist: Martin Lippmann, Frankfurt

Germany's third largest city and Bavarian capital is often portrayed as an economic powerhouse. A dynamic combination of global corporations, renowned universities and a thriving tech startup ecosystem drives Munich's economic outperformance. Coupled with a high quality of life, the city continues to attract new residents. As a result, Munich commands the highest rental prices in Germany, reinforcing its reputation as an expensive place to live. But is Munich truly unaffordable?

With a population of approximately 1.5 million and a growth rate exceeding 1% in 2024, Munich ranks among Germany's largest and fastest-growing cities. This growth underscores the city's appeal, driven by superior job prospects and exceptional living standards. On the supply side, while the housing stock continues to expand, completions in 2024 fell to their lowest level in nearly a decade—17% below the 10-year average. Forward-looking indicators such as building permits suggest that this trend is unlikely to reverse in the near future.

As a result, housing in Munich is becoming increasingly scarce and expensive. The city's vacancy rate stands at a mere 0.1%, and nearly 500,000 daily commuters further highlight the pressure on housing. Rental prices per square metre—both for existing and newly built properties—are the highest nationwide. The persistent demand surplus continues to drive prices upward, reinforcing Munich's image as a costly city.

However, affordability is a more nuanced issue. Unlike other high-demand cities such as Berlin, Munich also leads in purchasing power. With a purchasing power index of 135%, the city significantly outpaces the national average and other major urban centers, including the other Southern-German hub Stuttgart.

The average disposable household income in Munich is estimated at €85,000 per annum—well above the national benchmark. While averages don't capture the full spectrum of economic realities, Munich's affordability ratio in the mid-30% range is below the global average and also slightly more favorable in a European context. Moreover, the amount of income left after rent payments is relatively high, thanks to the city's robust economic base. This strength is reflected in the number of major corporations headquartered in Munich—a metric where the city again leads nationally.

In conclusion, while Munich is undeniably expensive in absolute terms, its strong income levels help offset the high cost of living. On a global scale, Munich ranks 28th out of 80 cities in terms of affordability, indicating a better-than-average score and challenging the perception of unaffordability. Whether the city can maintain this position amid a growing demand overhang remains to be seen.

Statistics

Affordability Ratio	35.0 %
Disposable income after rent (PPP)	USD 4,900
Population / # of households	1.5m / 0.8m
Rent for 2-bedroom apartment (per month)	USD 2,100
Median household income (p.a.)	USD 71,200

Sources: RIWIS, Destatis, Oxford Economics, Statistisches Amt München, RIWIS, empirica, Handelsblatt, DWS, 2025

Brisbane – Gold Medal Growth

Market Specialist: Matthew Persson, Sydney

Often regarded as the heart of the sunshine state, Brisbane is renowned for its subtropical climate and promoting an outdoor lifestyle all year round. From its vibrant culinary scene, thriving sporting culture and moments from island adventures, there is a reason people are flocking here in droves.

Brisbane is Australia's third largest state capital city, home to 2.7m people across 1.02 million dwellings. Around a third of Brisbane's population rent their place of residence and this is only expected to increase.

Over the three years to June 2024, Brisbane saw the strongest growth in population nationally with an additional 200,000 people calling the city home. Population inflows have been largely driven by overseas migration and net interstate migration, particularly from Sydney and Melbourne, due to factors such as relative housing affordability, the rise of remote working and employment opportunities.

The impact of population growth has led to a structural change within the Brisbane residential market. Historically the cost of servicing an apartment mortgage has been relatively cheaper compared to renting, leading to a preference to own. Over the past five years, apartment values have surged around 95%, following a shift of wealth from Sydney and Melbourne.

Today the cost of renting an apartment is around 20-25% cheaper compared to the cost of servicing a mortgage (assuming a 20% deposit). While we anticipate some of this to be offset by a fall in interest rates and continued growth in rents, we expect a gap to remain in favour of renting.

Brisbane's population is running close to two years ahead of its mid-tier population growth projections (June 2024), with residential dwelling approvals struggling to keep pace with the excess demand in the market. The imbalance has led to an erosion in Brisbane rental vacancy rate to 0.9% (June 2025) with apartment asking rents surging more than 60% over the past five years. Despite rising rents, strong levels of wage growth continue to support underlying rental affordability which remains below 30% of median household disposable income. This positions the city as the third most affordable globally, ranking ahead of its Australian peers Sydney and Melbourne, which follow closely behind.

In the lead up to the 2032 Olympic games, Brisbane is anticipated to benefit from significant transport and infrastructure upgrades, which will add to the appeal of strong rental markets. With this city to be showcased on a global scale, there is a lot to get excited about!

Statistics

Affordability Ratio	23.5 %
Disposable income after rent (PPP)	USD 6,500
Population / # of households	2.8m / 1.0m
Rent for 2-bedroom apartment (per month)	USD 1,800
Median household income (p.a.)	USD 87,200

Sources: Oxford Economics, Australian Bureau of Statistics, GCCSA, ULI, broker data, DWS, 2025

Barcelona – Too Popular for its Own Good?

Market Specialist: Karine Woodford, London

Famed for its unique blend of modernist architecture, Mediterranean charm, rich cultural heritage and buzzing street life, Barcelona has long been a magnet for travellers from around the world. It's one of Europe's top tourist destinations, drawing in millions each year. But now, that very popularity is putting serious pressure on the city, especially when it comes to housing.

Barcelona has built a reputation as a vibrant, affordable city full of opportunities, attracting everyone from tourists and students to remote workers and entrepreneurs. With a population of 1.7 million (25% of whom are foreign-born), demand for housing continues to rise. The launch of Spain's Digital Nomad Visa in 2023 gave the city another boost, pushing up demand from remote professionals by 40%, according to recent reports. Add to that Barcelona's growing status as a European startup hub, supported by business-friendly regulations, and the result is a city more in demand than ever.

But that demand has a cost. Barcelona is in the midst of a serious rental crisis. Soaring demand and tight supply have pushed rents to record highs. While the city's average rent-to-income ratio sits around 49% - well above the European average and up 2% from last year - local wages haven't kept up. This gap has made housing increasingly unaffordable, particularly in central areas.

Today, a two-bedroom apartment ranges between €1,800 and €2,500 per month in popular neighbourhoods, while even more affordable districts often don't offer much below €1,200. For many families, that means spending nearly half their income on housing, far above the widely accepted 30% affordability threshold.

Tourism has played a role in the housing squeeze as well. With more than 36 million overnight stays annually, the surge in short-term holiday rentals has taken a big bite out of long-term housing stock. To combat this, the city plans to eliminate around 10,000 tourist flats by 2028 and has introduced rent caps to curb price growth. These measures have had mixed results, with some rents easing but also leading to reduced rental supply and a growing grey market.

Looking ahead, Barcelona is facing a growing challenge in balancing its global appeal with the need for affordable housing. Continued population growth, limited housing supply, and evolving policies are putting increasing pressure on rental affordability. The city's ability to address these issues will be crucial for maintaining its quality of life and economic stability. Can Barcelona remain liveable while staying globally attractive? Only time will tell...

Statistics

Affordability Ratio	49.5 %
Disposable income after rent (PPP)	USD 3,500
Population / # of households	1.7m / 0.7m
Rent for 2-bedroom apartment (per month)	USD 2,250
Median household income (p.a.)	USD 54,200

Sources: Oxford Economics, idealista,The Economist, El Pais, Catalan News, DWS, 2025

Miami – The Rise of Wall Street South

Market Specialist: Brooks Wells, New York

South Florida has transformed dramatically in recent years, earning the nickname "Wall Street South" as financial powerhouses migrate from New York to Miami and surrounding areas. Wall Street South represents a paradigm shift in America's financial landscape. While New York remains the nation's pre-eminent financial centre, Miami's growing influence challenges the notion that financial power must remain concentrated in traditional hubs.

Miami's success will ultimately depend on its ability to address the talent gap and other challenges, while maintaining the business-friendly environment that attracted financial firms in the first place. As this financial ecosystem matures, it will not only reshape Florida's economy but potentially redefine the geography of America's financial industry for decades to come. The rise of Wall Street South may prove to be one of the most significant economic transformations to emerge from the pandemic era.

Between 2020 and 2022, Miami experienced an unprecedented net influx of wealth, amounting to more than $9.5 billion. The primary factors fuelling this migration include affluent individuals relocating from the Northeast and West. Moreover, employment growth in the region has outpaced the national average since the pandemic, largely driven by the emergence of new, high-paying office jobs.

In defiance of broader South Florida and national trends, Miami's apartment construction activity has remained elevated. Construction starts totalled over 9,300 units in 2024, a rise from the over 8,400 units that broke ground in 2023, and an additional 7,800 have broken ground so far this year. Over 65% of units underway are concentrated in the area between I-95 and the Atlantic Ocean.

After unprecedented rent hikes post pandemic, annual asking rent growth slowed to 0.9% in the second quarter of 2025, well below annual rent growth of 23% posted in mid-2022 and below the ten-year historical average growth of 4.3%. Homeownership has been impacted by higher insurance premiums, rising maintenance costs in older condo properties and a pandemic induced surge in home values, making renting more attractive. The limited construction of single-family housing across South Florida, coupled with elevated mortgage rates further impact home affordability, helping drive housing demand towards new luxury apartments and garden style rental developments.

Statistics

Affordability Ratio	46.0 %
Disposable income after rent (PPP)	USD 3,500
Population / # of households	0.4m / 0.2m
Rent for 2-bedroom apartment (per month)	USD 3,000
Median household income (p.a.)	USD 78,500

Sources: U.S. Census Office, Moody's, CBRE-EA, RealPage, CoStar, U.S. Census Bureau, local broker, DWS, 2025

Bangalore – India's Innovation Capital

Market Specialist: Saeesh Kakodkar, Mumbai

Bangalore is where India's tech engine meets urban reality—an ever-livelier magnet for global capability centres, venture backed start-ups, and a young, mobile workforce, yet a city wrestling with infrastructure strain and a complex housing equation. With over 13 million residents and a thriving tech ecosystem, the city continues to draw talent from across the country and beyond. But as demand accelerates, the question of affordability looms large.

The city's transformation—from a leafy pensioners' paradise to a bustling innovation hub—has been swift and striking. Metro expansions and elevated corridors promise improved connectivity, but infrastructure development has struggled to keep pace with population growth. Fragmented planning and zoning constraints have led to uneven development, with demand clustering in high-intensity micro-markets like Whitefield, Koramangala, HSR Layout, and along the Outer Ring Road (ORR).

Affordability remains stretched, with the city's affordability ratio hovering around 40%. But the reality is layered. Nearly one in five urban residents lives in informal housing, and the disparity between median and average income distorts the true picture of affordability. Here's the kicker: for an educated immigrant stepping into Bangalore's tech-fuelled skyline, the narrative flips. In a city of over 10 million, affordability for this cohort is surprisingly robust.

Rents surged dramatically during the pandemic, especially near tech hubs and popular residential zones, driven by a demand-supply imbalance. Over the past year, however, rents have begun to stabilize, with growth now aligning more closely with inflation. As Bangalore continues to lead job creation through tech and innovation, its housing market—while complex—offers a rhythm that works for those tuned into its professional pulse.

Rental yields remain modest, hovering around 3.0–4.0%, especially given elevated land and funding costs—making the city less attractive for institutional Build-To-Rent (BTR) investments. The young workforce, often reliant on shared accommodation, faces mounting pressure as rental yields stay low and institutional rental housing remains nascent.

From an investment perspective, our key take-away: Bangalore demands precision, not passive yield. Focus on transit-linked micro markets, flexible layouts, and shared amenities. Boost NOI through active management and ancillary income. Explore co-living or student housing for faster leasing. Success may hinge on operational alpha and strategic partnerships—not cap rate compression.

Statistics

Affordability Ratio	44.0 %
Disposable income after rent (PPP)	USD 2,200
Population / # of households	13.9m / 4.0m
Rent for 2-bedroom apartment (per month)	USD 400
Median household income (p.a.)	USD 10,800

Sources: Oxford Economics, ULI, local broker, DWS, 2025

Salt Lake City – Silicon Slopes has become a vibrant tech utopia

Market Specialist: Brooks Wells, New York

If you're even remotely involved in the tech world, you've probably heard the buzzy term "Silicon Slopes." It refers to a stretch of land in Utah's Wasatch Front region that's grown into a hub for the tech industry. Its ecosystem has transformed into a thriving network of startups and big tech companies over the past two decades, spanning multiple cities in the Salt Lake City area. But few predicted that the state's capital would emerge as an innovation powerhouse over 20 years later, attracting investment, companies and talent from larger cities with deeper roots in tech.

The Salt Lake City metro area has a population of roughly 1.3 million, ranking among the top 50 largest in the US. Its young population, access to ski resorts and hiking trails, and cultural attractions continue to attract new residents.

Median household income sits at around $99,000/year. For comparison, the national median income is $81,000/year. The region's population has grown 12.4% over the past decade, almost double the national benchmark of 6.4%. Salt Lake City's labour market now has almost 90,000 more jobs than before the pandemic.

Despite being heavily influenced by the tech sector, other industries like manufacturing and tourism also drive Salt Lake City's economy. The finance sector has also provided major tailwinds for the local economy. The tourism industry received a boost when the Olympic Games Committee announced Salt Lake City would host the 2034 Winter and Paralympic Games. Local officials predict the economic impact could amount to $6.6 billion.

Apartment demand remains well above historical norms in Salt Lake City. Over the past 12 months ending June 2025, the market recorded 6,000 units of net absorption, outpacing the 2015-2019 annual average of about 2,100 units per year. The high barrier to homeownership, a steady influx of in-migration, often from California, and a stable job market are supportive of renter demand.

Despite a healthy leasing picture, the supply wave continues to hamper Salt Lake City's multifamily rent growth. Annual gains turned negative in the second half of 2023 and have remained in negative territory since. Over the past 12 months, the average asking rent fell by -1.3%. Despite the recent rent losses, average asking rents are still nearly $300/month above the 2019 tally, or 25%.

The good news is that supply-side relief is on the horizon. High financing and construction costs have kept many deals from pencilling, and construction starts are at 13-year lows, meaning the construction pipeline will likely shrink further in the quarters ahead.

Statistics

Affordability Ratio	20.0 %
Disposable income after rent (PPP)	USD 6,900
Population / # of households	0.2m / 0.1m
Rent for 2-bedroom apartment (per month)	USD 1,700
Median household income (p.a.)	USD 103,000

Sources: US Census Office, Moody's, CBRE-EA, RealPage, CoStar, U.S. Census Bureau, Census reporter, DWS, 2025

Osaka – Emerging Economic Hub

Market Specialist: Hyunwoo Kim, Tokyo

While Tokyo remains Japan's financial and political centre, Osaka has emerged as a key economic hub in western Japan. Its economy has grown steadily, supported by infrastructure investment and a revitalized tourism sector.

Post-pandemic, Osaka has seen strong net migration, especially among young professionals, students, and foreign nationals. Major international events like Expo 2025 and Japan's first Integrated Resort (IR) are expected to further boost tourism, employment and housing demand.

Residential demand is strongest in central wards such as Kita, Chuo, and Nishi, driven by proximity to business districts and luxury developments. These areas attract both domestic and international tenants. Western and southern wards like Nishinari and Suminoe are gaining popularity due to lower entry prices and better connectivity, with growing interest in minpaku (private lodging) conversions. Northern suburbs such as Suita and Toyonaka remain favoured by families, offering stable demand and moderate price growth.

Outside Osaka city, Greater Osaka submarkets are also gaining traction. Kobe, with its waterfront and international appeal, draws expatriates and affluent buyers. Its infrastructure and proximity to Osaka support demand for high-end housing. Kyoto, known for its cultural and academic institutions, sees strong demand from students, researchers, and tourists, especially near universities and heritage sites. Nishinomiya, located between Osaka and Kobe, offers a mix of urban convenience and suburban appeal, attracting families and mid-market developers. These areas enhance Greater Osaka's investment appeal with diverse opportunities across price points.

Between 2019 and 2024, average rents in Osaka rose at a 2.4% compound annual growth rate, with central wards exceeding this due to high demand and limited supply. Vacancy rates remain low, especially in central areas. In the sales market, new condominium prices reached JPY 1.2 million per square meter in 2024. Luxury and mid-market segments are under upward price pressure, driven by rising wages and a weak yen that continues to attract foreign buyers.

However, Osaka's rental market ranks among the least affordable both nationally and within the global sample. Despite the city's favourable affordability ratio, at 32% of household disposable income, limited residual spending power constrains overall housing affordability.

Going forward, Osaka's residential market appears set for continued growth, supported by favourable demographics, major events, and infrastructure projects. With tight supply and rising demand in both rental and sales markets, Osaka could potentially offer stronger upside potential than Tokyo, making it increasingly attractive to domestic and international investors.

Statistics

Affordability Ratio	32.0 %
Disposable income after rent (PPP)	USD 2,700
Population / # of households	2.8m / 1.5m
Rent for 2-bedroom apartment (per month)	USD 800
Median household income (p.a.)	USD 30,000

Sources: Oxford Economics, ULI, Economist Intelligence Unit, KB Kookmin Bank, local broker, DWS, 2025

Dublin – Europe's Digital Gateway

Market Specialist: Rosie Hunt, London

A city rich in culture, music and Irish charm, alongside a thriving tech sector, Dublin has long been a magnet for global talent and investment. But beneath the city's vibrancy lies a housing market under acute pressure. With demand consistently outpacing supply, affordability is becoming an increasingly urgent concern for residents and policymakers alike.

Dublin has emerged as one of Europe's fastest growing cities, with population growth averaging 1.6% per annum between 2019 and 2024, equivalent to 25,000 people per year. Strong demographic momentum appears set to continue, underpinned by robust employment fundamentals, particularly in the tech sector, which continues to attract inward migration and drive urbanisation.

Housing delivery has failed to keep pace with Dublin's rapidly growing population. Despite a brief surge in development activity between 2021 and 2023, the city remains structurally undersupplied. The Irish government has responded to Dublin's housing crisis with ambitious targets. However, the introduction of rent controls in 2021, which capped annual increases at the lower of inflation or 2%, undermined the financial viability of new developments, deterring investors and developers alike.

This is reflected in a marked decline in new build transactions, commencements and planning permissions since late 2022. In 2024, just 11,000 new homes were delivered in Dublin, half the estimated requirement of 22,000 units. A persistent shortfall has led to a chronic supply-demand imbalance, reflected in vacancy rates below 1% and sustained upward pressure on rents.

The average rent now stands at €2,550 per month, while average household income is approximately €95,000 per annum, resulting in an affordability ratio of just over 40%. This places Dublin among the less affordable global cities, a key concern for both residents and policy makers.

In response to mounting concerns over housing supply, the newly elected Irish government is preparing a major overhaul of the rent control regime. Under the proposed framework, rent caps will apply to tenancies rather than properties, allowing landlords to reset rents to market levels upon tenant turnover. Tenancy cycles will be set at six years, with rents eligible for market resets at the end of each term.

These reforms are expected to unlock significant reversion potential for existing assets, which may lead to short-term affordability pressures. However, over the medium-to-long term, they could enhance the financial viability of new developments, relieve pressure on supply and improve the affordability of Dublin's rental stock.

Dublin's housing market is at a critical inflection point. While affordability remains a pressing concern, evolving policy dynamics could support the housing market, helping to ensure the city's future growth is sustainable.

Statistics

Affordability Ratio	40.0 %
Disposable income after rent (PPP)	USD 5,000
Population / # of households	1.5m / 0.6m
Rent for 2-bedroom apartment (per month)	USD 2,800
Median household income (p.a.)	USD 83,100

Sources: Oxford Economics, RTB, Daft.ie, Eurostat, DWS, 2025

Singapore – Residential Diversity with Unique Public Housing Model

Market Specialist: Seng-Hong Teng, Singapore

Ranked as the world's 2nd most competitive economy in 2025, Singapore has consistently drawn in global enterprises and talent, with foreign immigration contributing significantly to population growth.

The city-state has a unique two-tier housing system owing to its renowned urban master planning capabilities, supported by a massive landbank built through compulsory land acquisition policies post-independence in 1965. This allowed the development of a subsidized public housing model which houses 77% of the resident population, and combined with the private market housing segment, underpins one of the world's highest home ownership rates (91%).

Over the past five years since 2020, a housing shortage due to lack of construction during the Covid pandemic coupled with continued population growth drove up private housing prices by over one-third. Interestingly, resale public housing prices rose even further, leading to questions raised over housing ownership affordability.

Similarly, housing rents rose by 50% in the same period, driving private market rental affordability to 44%. However, it should be noted that the private rental market is mainly targeted at the non-citizen population (2.4 million out of 6 million), particularly skilled professionals earning higher-than-median incomes. As for the smaller cohort of resident renters, relatively high salary levels indicate that resident households' disposable income after rent of USD 8,060 (PPP) rank top globally (among our coverage markets) despite relatively higher rent levels.

Nonetheless, with more housing supply expected to come onstream, private housing rents have plateaued in recent quarters, which should provide some relief to renters.

In addition, there is some stickiness in the rental market, as on top of paying for one of the world's most expensive homes (averaging USD 1.4 million), foreign buyers also face hefty stamp duties (up to 65%) introduced to curb excessive housing market speculation, measures which have kept foreign purchases to minimal levels.

Due to the high home ownership rate and efficient public housing model, there is a lack of institutional rental housing, though some operators are slowly building scale in the nascent co-living segment targeting young professionals seeking alternative housing options.

Statistics

Affordability Ratio	44.0 %
Disposable income after rent (PPP)	USD 8,100
Population / # of households	6.0m / 2.0m
Rent for 2-bedroom apartment (per month)	USD 3,650
Median household income (p.a.)	USD 100,100

Sources: Oxford Economics, ULI, Singapore Department of Statistics, IMD World Competitiveness Ranking, DWS, 2025

4. / Data Definition & Methodology

Complications and Compromises: Metrics Used

Measuring rental affordability across 80 jurisdictions presents challenges due to varying indicators and data availability. To address these complexities, we applied a set of standardised assumptions to harmonise inputs and ensure comparability – though this comes at the expense of absolute precision.

Despite these compromises, we consider the results to be both reliable and robust. Please find below an overview of the metrics used.

Types of Rental Affordability

Rental Affordability Ratio: This metric compares net rents for a standardised apartment type to the median disposable household income. An affordability ratio in the low 30% range is generally considered sustainable, whereas markets exceeding the low 40% threshold are classified as strained. This ratio serves as a benchmark for assessing the financial burden of housing across urban contexts.

Residual Spending Power: A complementary measure of rental affordability, residual spending power captures the disposable household income remaining after rent payments. When adjusted for purchasing power parity (PPP), it becomes a robust comparative indicator of housing cost burdens across global markets.

This approach is particularly relevant in cities where household incomes significantly exceed national averages, offering a more nuanced perspective on affordability. Implied PPP conversion rates were based on IMF data as of April 2025.

Disposable Income & Rents

Disposable Household Income: Median disposable household income was used in place of average figures to enhance analytical precision, particularly in markets characterised by pronounced income disparities across population segments and discrepancies in income bands.

Figures are presented in nominal terms post-tax and converted to USD. While median income within core urban areas offers a more representative benchmark than average income, it may still understate the affordability challenges faced by lower-income households in securing affordable and adequate housing.

Average Monthly Rents: Rent data reflects local market conventions, typically based on unfurnished two-bedroom apartments. These figures may vary due to regional practices and are generally collected in local currency before conversion to USD.[3]

Utility Costs: Although utility expenses like gas, water, local taxes, insurance and refuse collection are a critical component of overall housing affordability, they have been excluded from this analysis due to their complexity and significant variation across global markets.

Definition of Location & Asset

City Boundaries and Submarket Coverage: The analysis includes all submarkets within city boundaries, particularly in larger metropolitan areas, aligning with the statistical delineation used for median income data. While city-level results offer valuable insights into the tightness of local rental markets, they may obscure intra-urban disparities, especially in expensive agglomerations where some out-of-town commuter zones and peripheral housing markets might be excluded.

Standardised Apartment Type: The study employs an unfurnished two-bedroom apartment as the reference dwelling type, selected for its relevance to family households and its comparability across international contexts. This choice may not always reflect local housing norms or preferences in terms of size, quality or tenure structure, particularly in cities with high commuting activity or divergent household sizes. In such cases, one-bedroom units may be more prevalent, or household compositions may differ significantly from the assumed 3-4-person standard.

Additional Indicators

Deviations from Local Market Practices: Variations in unit size, asset quality and tenant composition may lead to deviations in rent levels. In particular, the profile of the tenant population, such as a predominance of non-domestic expatriates or contingent workers with above-average incomes, can distort affordability metrics.

This is especially relevant in certain APAC markets with strong growth dynamics, where such demographic factors

[3] Fixed conversion rate as of July, 2025, sourced from Oxford Economics

may influence rental benchmarks and affordability assessments.

Monetary and Non-Monetary Considerations: It is important to acknowledge that the monetary value of commuting time and other non-monetary burdens are excluded from the rental cost burden analysis, although they certainly play a role in relocation decisions.

Furthermore, the assessment does not account for the time and effort required to find and secure adequate housing, which can be substantial in high-cost, supply-constrained urban environments. These factors can significantly affect affordability perceptions and relocation decisions. In dense and expensive metropolitan areas, many tenants face prolonged housing searches and compromises in terms of unit size, quality or location. Importantly, having a place to live is not always sufficient.

Population Density: comparisons across cities are often hindered by data limitations, including inconsistent definitions of urban boundaries, the inclusion of peripheral or undeveloped areas, and unique spatial constraints (e.g. in city-states such as Singapore and Hong Kong). Moreover, outdated or unreliable demographic data, particularly in parts of the Global South, further complicate interpretability. While there is a clearly discernible positive correlation between affordability and population density, the relationship is not exceptional for the aforementioned reasons.

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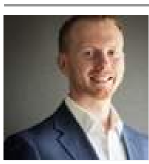

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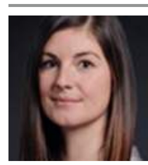

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