

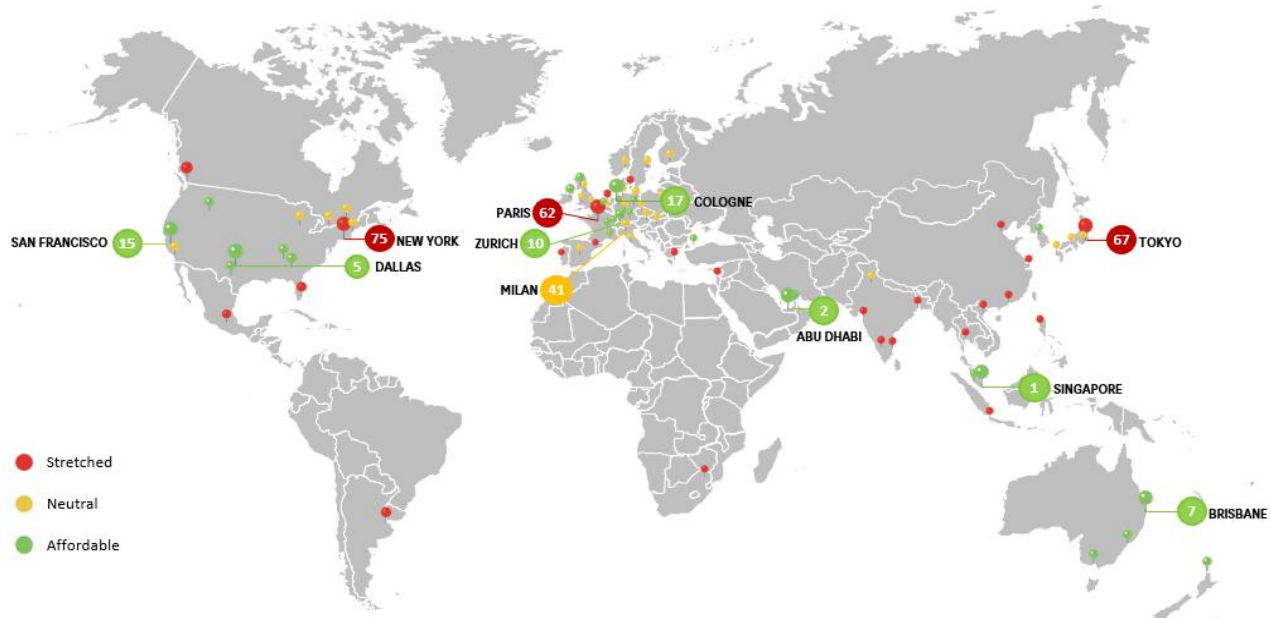
Housing Affordability Review – 2026

Mapping Residential Rental Affordability around the World

IN A NUTSHELL

- Global rental affordability improved in 2026 as income growth outpaced rent growth in many markets. While affordability remains stretched by historical standards, rising earnings and selective rent corrections provided some relief.
- In terms of city ranking, Singapore moved into first place globally, supported by strong household incomes. Abu Dhabi and Dubai ranked second and third, respectively, as rents declined in response to regional conflict.
- North America remained the most affordable region, with Dallas, Austin and Salt Lake City retaining their top positions, while New York and Miami were notable exceptions. Europe occupied the middle ground, as German and French regional cities offset less affordable gateways such as Paris and Barcelona. APAC remained the least affordable region overall, although Australian cities continued to fare relatively well.
- For investors, affordability should be a key consideration, as it increasingly influences product type, location preference and investment strategy.

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, ULI, CEIC, Eurostat, IMF, empirica, idealista, global property data, local broker, national statistics, DWS, July 2026

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1 / Introduction

Why Housing Affordability Matters

Housing is one of the few expenditures that households cannot easily avoid, postpone or substitute. It is a basic human need and a prerequisite for economic participation, social mobility and quality of life. The affordability of housing therefore extends well beyond the question of living standards. It influences household spending power, labour mobility, access to employment opportunities and the long-term attractiveness of cities.

In recent years, housing affordability has become an increasingly important topic across global cities. Population growth, urbanisation, changing demographic trends and constrained housing supply have placed growing pressure on housing markets in many metropolitan areas. At the same time, the residential sector has attracted increasing interest from institutional investors, making affordability a key indicator of long-term market health.

Strong rent growth has decreased affordability, elevating regulatory risk and reshaping location strategies from urban cores to suburban markets. It is also driving demand spillovers into alternative operational living sectors such as PBSA and flex living, making affordability an increasingly important consideration for institutional investors and highlighting its relevance from an investment perspective.

Against this backdrop, we are pleased to present the third edition of our Global Housing Affordability Review, covering 80 cities across the Americas, Europe and Asia-Pacific. The aim of this publication is not to identify winners and losers, but to provide a consistent framework for comparing rental affordability across a diverse range of global markets.

Rental Market Perspective in a Global Context

Housing affordability can be assessed from two different angles: renting and homeownership. This report focuses exclusively on rental affordability. The findings should therefore be interpreted as a measure of rental market accessibility rather than overall housing affordability.

Comparing rental affordability across countries inevitably comes with challenges. Cities differ not only in income levels and housing costs, but also in household structures, standards and preferences, welfare systems, taxation and living arrangements. As a result, affordability outcomes may not always align perfectly with local perceptions.

A further consideration is income distribution. Affordability metrics based on median household income provide a

representative measure of the "typical" household, but their explanatory power declines as income inequality increases. Consequently, the indicators presented in this report should be interpreted as measures of typical market conditions rather than affordability outcomes for all residents and income groups. They are designed to assess the accessibility of formal rental markets from a market-wide perspective.

Despite these challenges, we strongly believe this report provides an important framework for understanding global differences in rental affordability, guiding portfolio allocation, investment strategy and asset management.

Measuring Affordability

To assess rental affordability consistently across global cities, we use two complementary indicators – a rental affordability ratio and a measure of residual income.

The rental affordability ratio measures the share of national accounts-based median disposable household income required to pay rent. It provides a simple and widely recognized indication of housing's financial burden.

Residual income measures the amount of income remaining after rent has been paid, adjusted for purchasing power differences between cities. This indicator helps assess the spending capacity households retain for other goods and services once their housing needs have been met.

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.

By integrating both indicators, we aim to construct a more robust and nuanced measure of affordability, enabling a differentiated assessment across global rental markets.

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2 / Results

In this section, we present a relative ranking of rental affordability across each of the 80 cities. Unlike some other global real estate rankings, housing affordability can often show major changes each year as residential rents rise and fall, median incomes grow at differing speeds, and official data is revised. This year is no different.

In addition, geopolitical factors appear to have played a particularly important role in this year's results. While global inflationary pressures have supported household income growth in many markets, more localised events have produced significant market-specific effects.

One notable example is the Iran War, which has influenced several Middle Eastern markets such as Abu Dhabi and Dubai where a decline in rental levels has translated into an improvement in rental affordability.¹ Both markets already ranked among the more affordable in 2025, and both now rank among the three most affordable cities in the study, only beaten by Singapore.

Beyond local market dynamics, regional patterns remain broadly intact. North America continues to rank as the most affordable region on average, supported by comparatively favourable income-to-rent relationships. Asia-Pacific remains the least affordable region overall, although outcomes differ markedly across markets. Europe occupies the middle, reflecting the region's heterogeneous economic conditions, housing market structures and affordability profiles.

Global Rental Affordability Improved

Rental affordability improved across many markets compared with last year, as growth in household incomes substantially exceeded rental increases.

While the strongest affordability gains were recorded in the Middle East, improvements were not limited to that region. Toronto and Austin in North America and Helsinki and Milan in Europe experienced declining rents, helping to stabilise affordability ratios at around 38%.

In some cases, particularly in Europe, regulatory changes and sample effects may have influenced observed rental trends. However, there are examples of genuine market-driven rental corrections, for example following periods of elevated housing supply.

At the same time, residual spending power, measured as income after rental payments, continued to rise globally, reaching approximately USD 4,300 per month (PPP-adjusted) across the sample. The combination of higher incomes and more moderate rental costs resulted in an overall improvement in rental affordability.

The contribution of each factor cannot be isolated directly, as affordability in the report is assessed using a composite framework that combines affordability ratios and residual income measures. Nevertheless, the overall direction is clear: global rental affordability improved compared with the previous year, although renting remains expensive in many markets by historical standards and affordability gains may prove temporary.

This improvement provides relief for investors and may help to support future rental growth. However, in several markets, recent rent corrections reflected temporary, geopolitically driven factors, while underlying rental pressure remains intact as housing markets continue to face structural demand-supply imbalances. Affordability challenges are therefore unlikely to ease materially over the medium term and should remain a key consideration when assessing market and asset investment strategy.

Rents Can Go Down as Well as Up

On average, we saw rents increase over the past year, but at a slower rate than in the previous year. Apart from emerging markets, where rents generally fluctuate more sharply, we saw some of the most notable rent increases in cities such as San Francisco, Bangkok and Madrid, where supply constraints are clearly evident.

However, contrary to widespread perceptions, a number of global residential markets recorded rental declines. This was particularly evident across parts of the Middle East, where geopolitical uncertainty and the mobility of expatriate populations weighed on demand in response to the Iran War. However, rental declines were by no means confined to the region.

In Europe, Helsinki stands out as a market where increased supply has contributed to elevated levels of vacancy and downward pressure on rents. In Milan, rent moderation appears to reflect market-specific factors, including an expansion of housing options through brownfield

¹ Source: JLL, Living Market Dynamics, Q2 2026, Reuters, June 2026, AGBI, March 2026.

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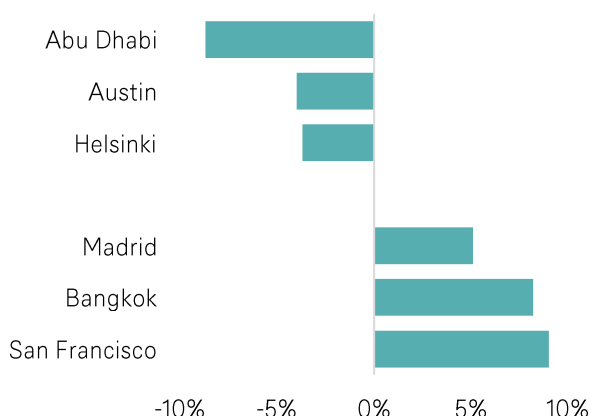
redevelopments and the conversion of the 2026 Winter Olympics athletes' village into student accommodation, further easing pressure in parts of the rental market. By contrast, reported rent moderation in cities such as Berlin and Barcelona might be influenced by sample effects.

A similar pattern can be observed in North America. Markets such as Austin and Nashville appear to be benefiting from a substantial pipeline of new housing supply, resulting in more favourable rental dynamics for tenants. Toronto has also experienced softer rental market conditions following a period of strong construction activity.

While these developments are not entirely unexpected, they serve as an important reminder that residential rental markets do not move in one direction indefinitely. Even against a backdrop of long-term housing shortages in many urban areas, local supply responses, shifting migration patterns and temporary market-specific factors can create periods of rent stagnation or outright decline. For institutional investors, distinguishing between cyclical adjustments and structural demand trends remains critical when assessing market prospects.

This remains an important consideration for investors, as demand shocks, shifts in development activity, and regulatory interventions can materially alter the investment outlook for individual markets. Especially in cities facing pronounced affordability pressures, policymakers may resort to market regulation, potentially changing operating conditions and affecting long-term investment performance.

Rental Trends in Select Markets (Rent Growth, 2-bedroom apartments, in % p.a.)



Source: ULI, global property data, idealista, local broker, DWS, July 2026

Rents Alone Are a Poor Indicator

High rent levels alone are a poor predictor of affordability, which does not necessarily deteriorate with city size or economic success. Several global gateway cities and major economic centres rank surprisingly well despite high absolute rental levels.

Strong labour markets and high household incomes often compensate for elevated housing costs. Similarly, affordability challenges are not confined to expensive world cities but are also evident in markets where rental levels are relatively modest. The interaction between housing costs and local earning power is more important than either variable in isolation.

Residual Income as a Differentiator

While affordability ratios vary considerably across markets, residual income creates a much greater dispersion in overall affordability outcomes. Several cities with relatively high rent-to-income ratios still rank favourably because households retain substantial spending power after housing costs are paid. Singapore, Zurich, Dubai and San Francisco are prominent examples. Conversely, more regional markets such as Leipzig, Lille and Osaka with only moderate rent burdens often rank less favourably due to comparatively low levels of disposable household income.

This pattern is particularly evident among the highest-ranked markets. In many emerging economies, on the other hand, residual income remains comparatively low, even after adjusting for purchasing power differences. While this may limit the comparability of global affordability assessments, it is a relevant consideration from an institutional investment perspective. The analysis focuses on the investable, institutional-quality rental markets, which in these emerging markets will often cater to higher-income households, expatriates and internationally mobile professionals rather than the broader population.

Overall, the central finding is clear: differences in household income levels provide deeper insights into global rental affordability outcomes than rental costs alone. Consequently, investors might still see strong rent growth in markets with relatively high rent levels.

Individual Market Trends Shaping the Framework for Local Affordability Outcomes

The affordability ranking highlights that similar affordability outcomes can emerge from very different market dynamics. Broadly, cities can be grouped into categories, reflecting the

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relative importance of demand, supply and market fundamentals.

At one end of the spectrum are demand-driven markets such as London, Berlin and New York, where factors such as job opportunities, social connections, education and culture, drive population growth almost irrespective of housing costs. And while supply has often struggled to keep pace with this demand and regulation could be a risk, this hasn't prevented rental growth, particularly with smaller unit sizes helping to ease the overall burden somewhat.

A second group consists of supply-constrained markets, in which affordability challenges stem primarily from structural housing shortages. In these cities, years of underbuilding have created significant supply deficits that persist despite moderating population growth. Elevated construction costs, planning restrictions and potentially regulatory uncertainty continue to constrain new development, limiting the market's ability to restore balance. In markets such as Munich and Cologne, investors may face a prolonged period before seeing a significant improvement in housing availability, even under a weaker demand scenario.

By contrast, affordable markets supported by strong supply illustrate the benefits of a sustained development pipeline. Significant housing delivery in recent years has expanded tenant choice and moderated rental growth, while demand remains healthy. As a result, these markets have maintained or regained relatively favourable affordability levels without compromising underlying market fundamentals. Examples include Austin, Dallas, Atlanta, Kuala Lumpur and Helsinki. Although these dynamics are generally less favourable from an investment perspective, attractive opportunities may still exist in highly constrained submarkets, especially prime inner-city locations. Investors should, however, remain mindful of the stage of the development cycle.

A fourth category comprises markets where affordability is supported primarily by weaker demand conditions rather than abundant new supply. These cities typically experience lower economic growth, weaker household formation or limited inward migration. Although affordability metrics may appear attractive, they often reflect less favourable long-term growth prospects, which are more commonly associated with demographically or economically stagnant secondary markets.

Finally, there are markets that remain relatively affordable today but could become less so over time. These cities are benefiting from strong population growth, expanding labour markets and rising housing demand, while housing supply, although sometimes still comparatively healthy, is no longer fully keeping pace. As a result, rental growth is accelerating and affordability is gradually deteriorating.

Australian markets such as Sydney or Brisbane are examples of markets currently moving through this phase. From an investment perspective, these markets are among the most interesting, offering a combination of favourable affordability levels, strong fundamentals and growth prospects.

Understanding the drivers behind affordability outcomes is often more important than the affordability level itself. Markets constrained by strong demand or insufficient supply may offer attractive rental growth prospects but could also face elevated regulatory risk. Conversely, markets that have preserved affordability through sustained housing delivery may offer a more balanced and sustainable investment environment. Meanwhile, several historically affordable markets appear to be entering a new phase of tightening conditions, suggesting that affordability pressures are likely to become more widespread in the years ahead.

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Rental Affordability Ratio

Stable Affordability Ratio at an Elevated Level

The rent-to-income analysis highlights the persistent pressure that housing costs exert on household finances across global rental markets. On average, households in the 80 cities analysed allocate 38% of their disposable income to rent, broadly unchanged from last year. The stability of the global average reflects a combination of moderating rental growth in several markets and continued income gains, which have helped offset affordability pressures.

Nonetheless, the figure once again exceeds the often-cited threshold of 30%. This suggests that in many urban markets, housing costs are continuously placing pressure on household finances. Across the ranking, affordability challenges in terms of share of income spent on rent remain concentrated in global gateway cities and rapidly growing metropolitan areas.

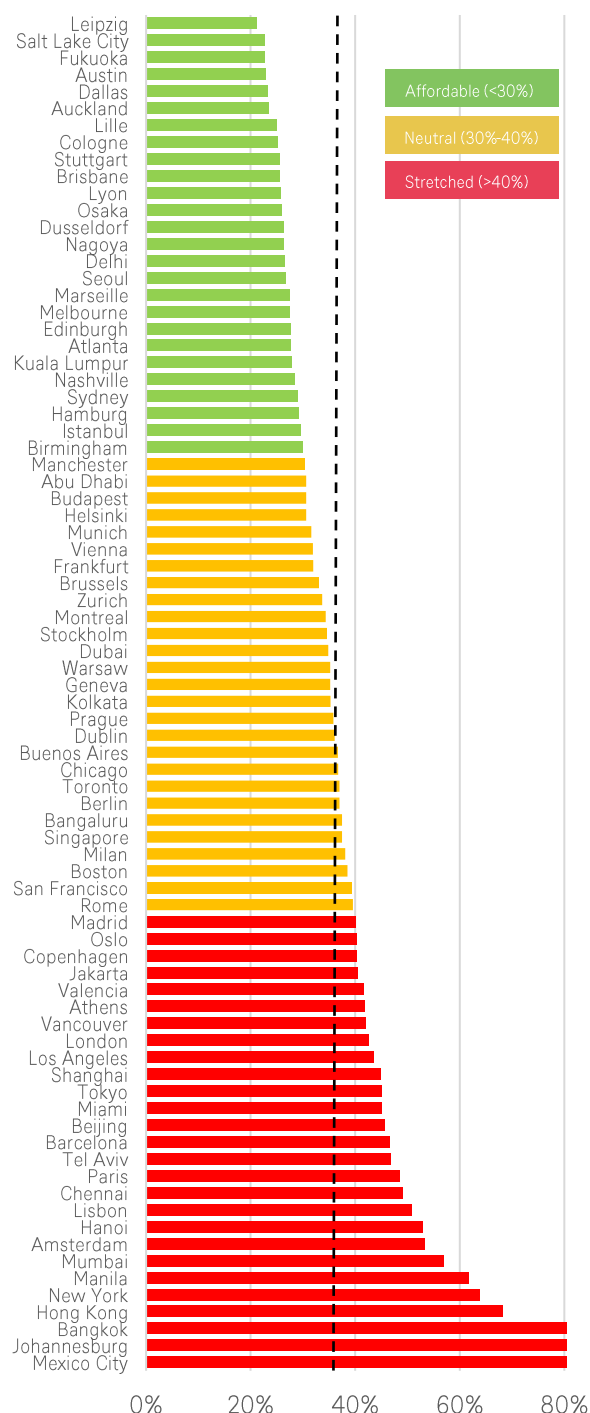
APAC Region Remains Most Constraint

On this basis, Europe and the US remain the most affordable major region, with an average rent-to-income ratio of around 35%, well ahead of the Asia-Pacific region at 40%. Despite the presence of less affordable markets such as Paris, Amsterdam and Barcelona, more affordable locations in Europe can be found, particularly in regional markets in Germany and France, where rental costs remain comparatively low relative to household incomes. Leipzig ranks as the most affordable market in the study, while Cologne, Stuttgart, Lille and Lyon also feature prominently among the top performers, with Edinburgh being a noteworthy UK example.

US markets continue to screen well, although affordability is increasingly concentrated in Sun Belt and regional growth markets rather than the largest coastal cities. Cities such as Salt Lake City, Austin and Dallas remain among the most affordable locations globally. In contrast, major gateway markets including New York, Los Angeles and Miami face more pronounced pressures.

Asia-Pacific presents the widest dispersion of outcomes. Japanese cities such as Fukuoka, Osaka and Nagoya rank among the most affordable markets globally, while Australian cities also perform relatively well. However, we find several of the region's largest metropolitan areas at the other end of the spectrum. Hong Kong, Beijing and Mumbai record some of the highest rent burdens, highlighting the stark disconnect between housing costs and household incomes in parts of the region.

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



Source: OECD, Oxford Economics, ULI, global property data, Eurostat, IMF, empirica, idealista, local broker, national statistics, DWS, July 2026

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Disposable Income after Rent

Residual Spending Power Increasing Further

Across OECD economies, real household disposable income per capita was approximately 1.4% higher in Q1 2026 than a year earlier, based on OECD quarterly data. Assuming OECD inflation of around 4%, this implies nominal income growth of roughly 5.5-6%. Residual spending power, measured as income remaining after rent and adjusted for local purchasing power, increased again in 2026 to around USD 4,300 per month (PPP). This suggests that, on average, households retain a meaningful financial buffer despite elevated housing costs in many markets. While outcomes remain highly dispersed, with the upper half of the ranking averaging roughly USD 5,600 PPP compared with around USD 3,000 PPP in the lower half, the overall picture continues to point to broadly solid rental affordability across the sample.

However, average figures can mask significant differences within individual markets. This is particularly the case in several US cities, including Miami, New York and San Francisco, as well as in markets such as India and China, where income inequalities play a more pronounced role.²

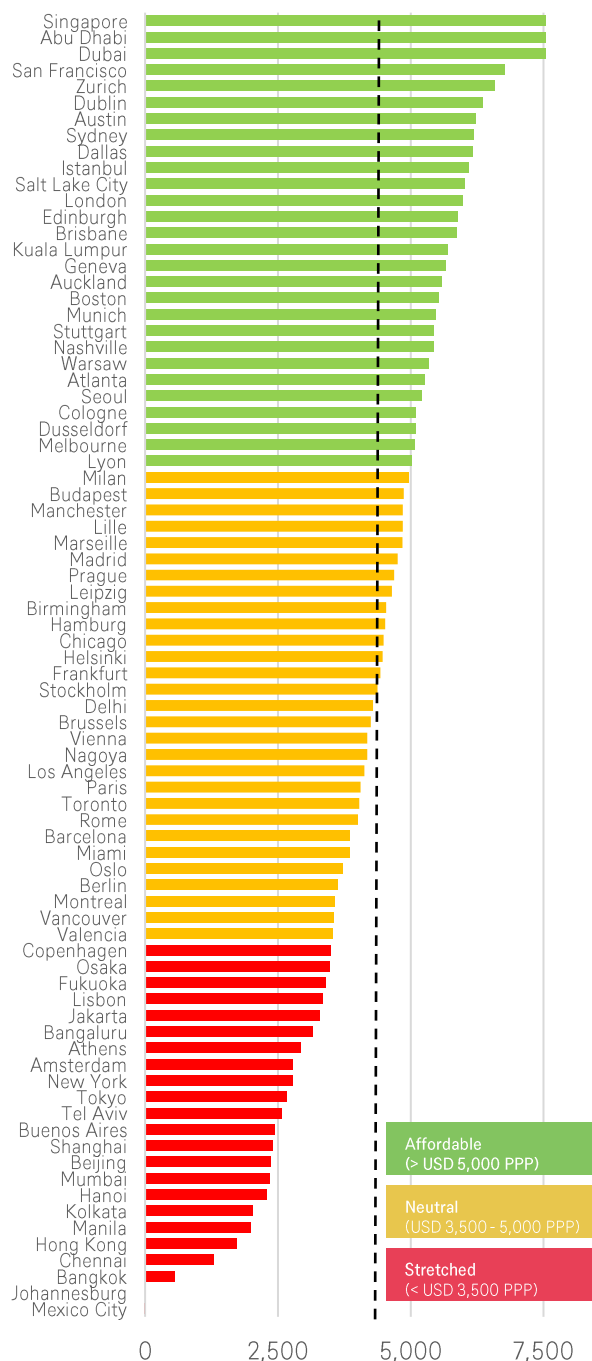
Strong North America, Mixed Europe, Weak APAC

The analysis reveals clear regional differences in residual income, with North America leading overall. U.S. cities dominate the top of the ranking: San Francisco, Austin, Dallas and Salt Lake City each exceed USD 6,000 PPP. Despite high housing costs, strong household incomes therefore leave residents with substantial financial flexibility after rent.

Europe presents a more balanced but increasingly polarized picture. Affluent markets such as Zurich, Dublin, Munich and several German cities remain comfortably affordable, while Southern European cities and some major capitals, including Amsterdam, Athens and Lisbon, on this measure look stretched. Overall, Europe occupies much of the middle of the distribution.

Again, APAC shows the widest dispersion of results. Singapore stands out as the global leader with almost USD 10,000 PPP of residual income, while Sydney, Brisbane and Kuala Lumpur also rank well. In contrast, many Asian gateway cities, including Hong Kong, Beijing and Tokyo, record below-average residual incomes, indicating a more limited financial buffer. Overall, the findings reinforce that rental affordability is ultimately shaped not only by housing costs, but also by the level of disposable income available after rent has been paid.

Remaining Disposable Income after Rental Payment (USD, PPP)



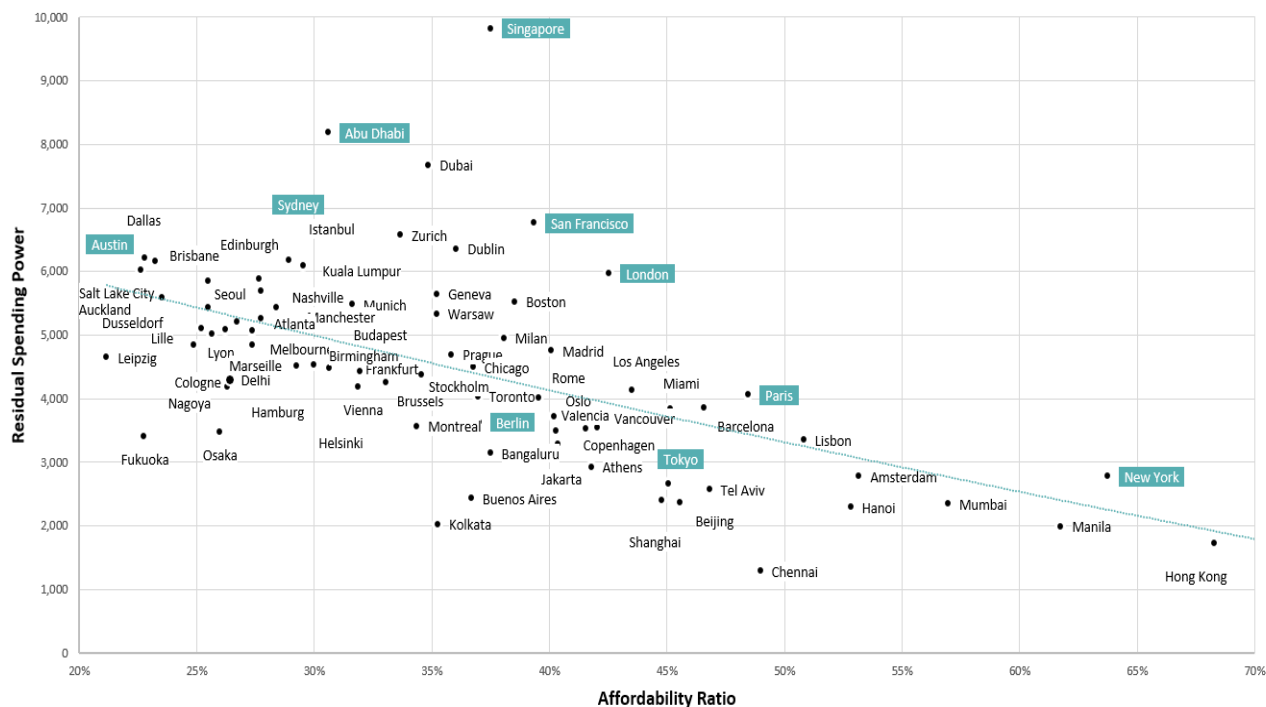
Source: OECD, Oxford Economics, ULI, global property data, Eurostat, IMF, empirica, idealista, local broker, national statistics, DWS, July 2026

² See section 4 "Data Definition & Methodology" on Gini coefficient as a measure of inequality.

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Affordability Ratio & Remaining Disposable Income

(Affordability Ratio in %, Residual Spending Power in USD, PPP)



Source: OECD, Oxford Economics, ULI, CEIC, globaldata, Eurostat, IMF, empirica, idealista, global property data, local broker, national statistics, DWS, July 2026

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Combined Affordability Score (Z-Score)

Combining affordability ratios with residual spending power provides a more balanced and comprehensive view of housing affordability. Higher Z-scores point to markets with stronger affordability fundamentals, while lower scores indicate more stretched housing conditions and cities facing greater affordability pressures.

Gulf, Sun Belt and Selected APAC Ranking Most Affordable

According to our measure, the most affordable residential rental markets are concentrated in the Gulf region, the US Sun Belt and selected Asia-Pacific markets.

While we're not saying it's cheap to live in these cities, on a relative basis, Singapore, Abu Dhabi, Dubai, Austin, Dallas and Salt Lake City continue to benefit from a favorable combination of strong household incomes and comparatively modest housing costs. Australian cities also remain prominent, with Sydney, Brisbane and "nearby" Auckland all placing within the global top 10.

Europe Remains Firmly in the Middle

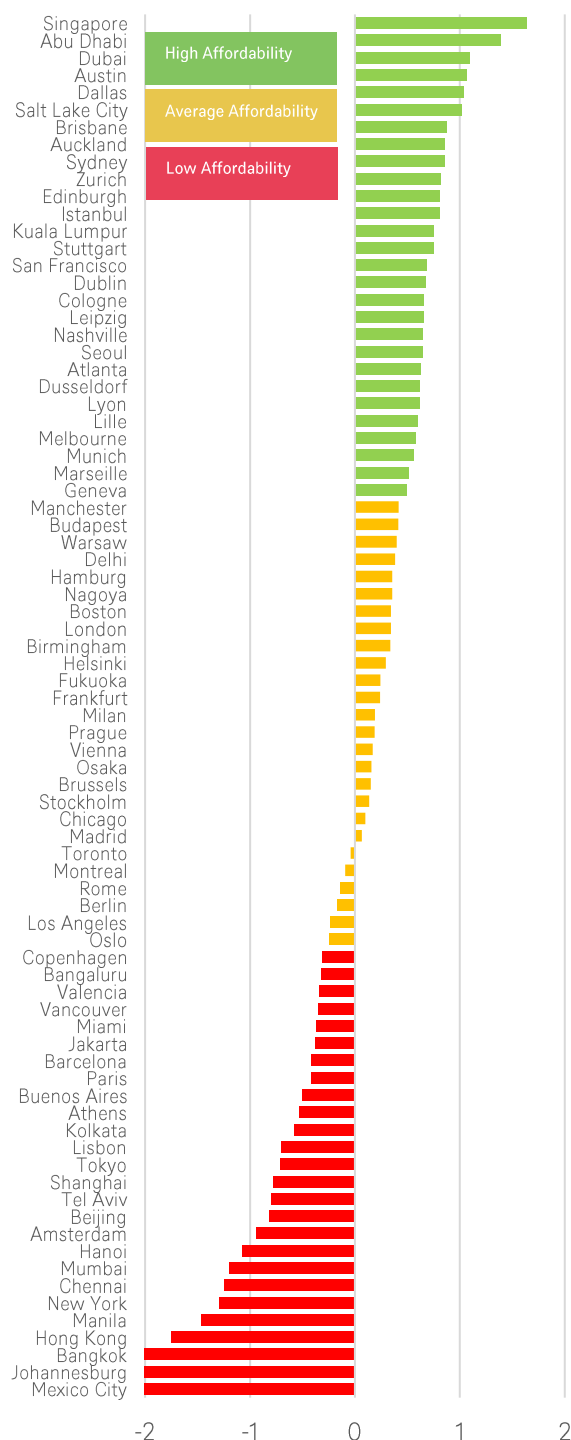
European cities generally occupy the centre-to-upper part of the ranking, supported by balanced income and rental market fundamentals. Zurich is the strongest-performing European market, followed by Edinburgh, Stuttgart and several German cities including Leipzig. Key markets like London and Berlin improved their ranking slightly, supported by stronger incomes in USD terms and a moderation in rent growth. However, affordability pressures remain evident in parts of Southern and Western Europe, with cities such as Lisbon, Athens, Amsterdam, Paris and Barcelona ranking below the global average.

Affordability Challenges Concentrated in APAC Gateway Cities and Global Superstar Markets

The lower end of the ranking is dominated by Asian markets, including Hong Kong, Mumbai, Chennai, Hanoi, Beijing and Shanghai. In these cities, housing costs remain high relative to median household incomes, limiting affordability despite strong economic growth. New York also ranks among the most stretched global gateway cities, illustrating that economic scale and international attractiveness do not necessarily translate into favourable affordability outcomes.

Nevertheless, many of these cities continue to attract residents through powerful "agglomeration effects". Deep labour markets, extensive professional networks, leading educational institutions and vibrant urban environments continue to attract talent, particularly younger professionals in the early stages of their career. As a result, many households are willing to accept elevated housing costs for a period of time in exchange for enhanced career prospects and access to the opportunities offered by global gateway cities.

Combined Affordability Score (Z-Score)



Source: OECD, Oxford Economics, ULI, global property data, Eurostat, IMF, empirica, idealista, local broker, national statistics, DWS, July 2026

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3 / Cities in Focus

Sydney – Challenged Purchase Affordability Meeting Low Rental Vacancy

Market Specialist: Matthew Persson, Sydney



Sydney is Australia's most expensive market in which to buy a home, placing ownership out of reach for many households and increasing reliance on the rental market.

The median price of a unit in Sydney has surged by nearly 50% over the six years to June 2026, currently sitting at AUD 850,000. Today it takes a household more than nine years to accumulate a 20% deposit, extending the period prospective purchasers remain in the rental market.

Population growth continues to add to rental demand. Sydney's population has increased by approximately 337,000 people over the four years to June 2025 (~7% of the current population), underpinned by overseas migration, with a focus on skilled workers into essential industries.

More than half of this growth has been absorbed by the Western Sydney region, driving underlying demand for rental products in locations such as Liverpool, Parramatta and The Hills. Today these markets reflect some of the tightest rental vacancy rates in Sydney.

While Sydney scores well on a global scale in terms of rental affordability, many essential workers fall into moderate income brackets and face significant affordability constraints that can limit their ability to live near their place of employment. This highlights a fundamental need for rental products in essential worker employment hubs at rents tailored to moderate income levels.

Critically low vacancy continues to drive underlying growth in rents. Sydney's rental vacancy rate has remained below 2% over the past four years to June 2026, with unit rents growing at an average of 10% per annum over the same period.

While rents have increased materially over the past couple of years, the cost differential to ownership has been broadly offset by rising unit values and mortgage rates. DWS research estimates that the cost of renting a unit in Sydney remains 20% cheaper than the cost of servicing a mortgage.

The outlook for supply remains limited, with demand forecast to outpace supply by around 2.4x³ over the next five years, leading to a significant decline in market vacancy. DWS research forecasts that unit rents in Sydney to grow by an average of 6% per annum over the next five years (2026-2030).

DWS has defined and identified "Essential Living BTR" as a sub-sector of the broader BTR market that provides well-designed, professionally managed rental housing at rents aligned to service moderate-income households and individuals.

This investment strategy addresses a gap in the market and appeals to a broader renter base by targeting well-connected commuter locations and satellite town centers with relatively cheaper land values, while prioritizing essential amenities such as gyms, resident lounges and co-working spaces.

STATISTICS		
	Affordability Ratio	28.9 %
	Disposable income after rent (PPP)	USD 6,200
	Population / # of households	5.6m / 2.1m
	Rent for 2-bedroom apartment (per month)	USD 2,600
	Median household income (p.a.)	USD 108,500

Sources: PropTrack Home Price Index June 2026, Cotality Housing Affordability Report November 2025, ABS Estimated Resident Population 2024-25 Financial Year, SQM Research June 2026, CBRE Research June 2026, DWS Houseview Mid-Year 2026.

³Source: CBRE, DWS; June 2026.

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Tokyo – Renting More Favourable Amid Rising Mortgage Rates

Market Specialist: Matthew Persson, Sydney



Tokyo is one of the world's most populous capital cities, home to 14m people, or 37m people across Greater Tokyo. The residential market is regarded as one of the most established institutional residential sectors in Asia-Pacific. An end to decades-long deflation as of late 2022 has led to a structural change within the residential market, which is likely to tilt the balance in favour of renting.

Growth in nominal wages together with ongoing inflation has led to a rapid increase in condominium prices. The median price of a resale condominium within Tokyo's 23 wards has surged more than 70% over the past 24 months to June 2026, currently sitting at JPY 127 million per unit.

In addition, prime lending rates have tripled since 2024 following Japan's interest-rate normalisation policy, which are now above 3.0% for fixed rates and 1.0% for variable rates, further adding to purchase affordability pressures.

While the cost of renting a 2-bed condominium in Tokyo appears relatively 'stretched' on a global scale, the impact of rising condominium prices and prime lending rates has tilted the economics in favour of renting. DWS research estimates that the cost of renting is still 20-40% cheaper than the cost of servicing a mortgage (assuming a 20% deposit), leading to a preference for renting.

Ongoing urbanisation trends continue to underpin rental demand. Tokyo's population has increased by 0.3% per annum over the five years to October 2025, following sustained positive net migration. Inflows have typically been driven by students and young professionals from regional prefectures seeking better educational and employment opportunities.

While the central five wards continue to see strong inflows, much of the recent growth in population has been absorbed

by Tokyo's eastern sub-markets such as Koto-Ku, Taito-Ku and Sumida-Ku, which have undergone redevelopment over recent years.

Low rental vacancy continues to place upward pressure on rents. Tokyo's rental vacancy rate has remained around 3% over the past three years to May 2026, well below historical levels. This has led to an acceleration in condominium rents, growing at an average rate of 10% per annum over the same period. It should be noted, however, that the market rent growth cited above reflects new leases, while rental increases for existing tenants remain more moderate under traditional Japanese lease structures.

Residential starts across Greater Tokyo have trended downwards over the past three years, currently sitting ~10% below long-term averages. The lag between starts to completion (typically around 2 years) along with positive migration inflows and growing rental demand is likely to see vacancy remain lower over the medium term.

DWS research forecasts that condominium rents in Tokyo will grow by an average of 4.7% per annum for new leases over the next five years (2026-2030).⁴

STATISTICS

	Affordability Ratio	45.1 %
	Disposable income after rent (PPP)	USD 2,650
	Population / # of households	14m / 7.5m
	Rent for 2-bedroom apartment (per month)	USD 1,300
	Median household income (p.a.)	USD 34,250

Sources: At Home July 2026 (23 Wards), Tokyo Kantei August 2026 (23 Wards), 2025 Population Census, APJI Property Databook August 2026, DWS Houseview Mid-year 2026.

⁴ Source: DWS; June 2026

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Leipzig – From Oversupply to Affordability Advantage?

Market Specialist: Martin Lippmann, Frankfurt



Leipzig could be perceived as one of Germany's remaining affordable housing markets. Unlike Munich or Frankfurt, the city does not immediately evoke images of housing shortages and record rents. Yet Leipzig's housing story is unique. Few major European cities have experienced such a pronounced swing from population decline and housing surplus to rapid growth and tightening supply. The question today is whether Leipzig's reputation as an affordable city still holds.

Following German reunification, Leipzig experienced substantial population loss as residents migrated to more prosperous regions of the country. The shrinking population left large parts of the housing stock underutilized. During the 1990s and early 2000s, extensive urban renewal programs, including the demolition of thousands of vacant dwellings, were undertaken in an effort to stabilise the market and improve neighborhood quality. At the time, housing oversupply rather than shortage was the defining challenge.

Over the last two decades, however, the trend has reversed dramatically. Leipzig has emerged as one of Germany's fastest-growing urban centres, with a flourishing creative scene, benefiting from a diversified economy, a strong university and comparatively attractive living costs. Population growth accelerated while new housing supply struggled to keep pace. As a result, vacancy rates have fallen sharply from around 10% in 2010 to only 1% in 2024. What was once regarded as a shrinking city now faces many of the same supply constraints seen across Germany's larger metropolitan areas.

Despite this transformation, Leipzig remains comparatively affordable. The city records the lowest rent-to-income ratio among all German cities in our analysis at around 21%. Today the average household still only spends a moderate share of

disposable income on housing compared with both national and international peers. While disposable household income levels remain below those of Germany's major economic hubs, moderate rental costs continue to support affordability.

The picture becomes somewhat less favourable when looking at income remaining after rent payments. With approximately USD 4,650 (PPP) left after housing costs, Leipzig ranks at the lower end of the German peer group, with Berlin being the only city significantly below this level. This reflects Leipzig's lower wage and purchasing power levels compared with Munich, Stuttgart or Hamburg. Nevertheless, the benefit of relatively lower rents partially offsets the income disadvantage in the overall affordability assessment.

As a result, Leipzig ranks 18th out of 80 global cities in the 2026 Housing Affordability Review, placing it comfortably above the international average and ahead of many larger European metropolitan areas. The city demonstrates that housing affordability is determined not only by income levels but also by the relationship between housing costs and local earnings.

Whether Leipzig can maintain this advantage will mainly depend on its ability both to sustain income growth and to deliver sufficient affordable housing to accommodate further population growth.

STATISTICS

	Affordability Ratio	21.2 %
	Disposable income after rent (PPP)	USD 4,650
	Population / # of households	0.6m / 0.32m
	Rent for 2-bedroom apartment (per month)	USD 1,050
	Median household income (p.a.)	USD 59,800

Sources: RIWIS, Destatis, Oxford Economics, empirica, DWS, 2026

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Milan – Magnet for Millionaires

Market Specialist: Siena Golan, London



As Italy's financial and commercial capital, Milan is the engine of the country's growth. It is a magnet for young professionals from other parts of Italy, drawn by the variety of economic opportunities on offer, from employers such as Campari to Deloitte.

Recent years have also drawn a growing number of wealthy international residents. Since 2017, qualifying new tax residents in Italy can pay a fixed annual lump-sum tax on foreign-source income instead of Italy's ordinary progressive tax rates.

This flat tax regime has been an important source of demand for luxury residential property, where rents have increased by two-thirds since 2017. The current cross-party consensus is in favour of continuing the policy, and so for the foreseeable future, prime residential property in Milan is likely to be in demand from international arrivals and increasingly unaffordable for the domestic population.

In addition to attracting wealthy foreign residents, Milan is an internationally known centre for higher education, hosting over 150k students a year. Not only is it popular with students from other parts of Italy, but also Erasmus students arriving from elsewhere in Europe, and international students attracted by the growing array of English-taught programs (ETPs).

The student housing sector in Milan was not designed to cope with the influx of international students. Most Italian students live at home and those who do not have largely been accommodated in basic dormitories built by religious orders. The resulting overflow of student demand into the private rented sector has further exacerbated affordability challenges to the extent that, in 2023, students protested the

lack of affordable accommodation in Milan⁵. The release of 1,700 beds as part of the Olympic village plus a wave of additional PBSA development is likely to ease the shortfall in supply over the next few years.

The prevailing culture in Italy emphasizes homeownership and approximately two-thirds of homes in Milan are owner-occupied rather than rented. Given that the cost of renting is broadly similar to the cost of owning, rental growth tends to be strongly influenced by the relative cost of owning: in 2022 and 2023 when interest rates increased, the cost of renting went up by over 10% each year. Today, mortgage rates are down below their 2023 peak, allowing some renters to buy an apartment. This is taking some of the pressure off rental growth and might explain why Milan ranks in the middle of this report's affordability table.

High rents in central areas are currently pushing tenants out towards cheaper locations in the suburbs. Large-scale regeneration projects in the north and west of the city, including SeiMilano and Cascina Merlata, are providing a modest increase in the supply of affordable housing. However, a recent decline in the number of building permits suggests that once these projects are completed, there will be little in the way of new supply. Affordable rented accommodation will potentially remain scarce in the medium term.

STATISTICS

	Affordability Ratio	38.1 %
	Disposable income after rent (PPP)	USD 4,950
	Population / # of households	3.3m / 1.6m
	Rent for 2-bedroom apartment (per month)	USD 2,150
	Median household income (p.a.)	USD 67,400

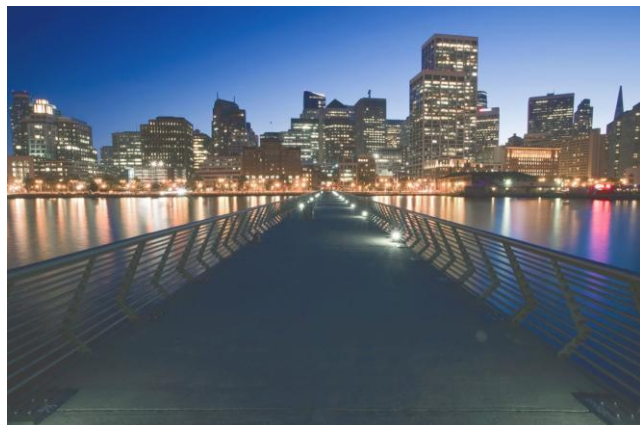
Sources: Oxford Economics, Idealista, DWS, 2026

⁵ Guardian, May 2023

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San Jose – Positioned for Sustained Expansion in Silicon Valley's Innovation Ecosystem

Market Specialist: Brooks Wells, New York



Silicon Valley's deep pool of talent, well-capitalized investors and extensive technology infrastructure have made it ground zero for the artificial intelligence explosion. Investors offered young U.S. companies a total of \$589 billion in much-needed venture capital in the year ended in June, according to data provider PitchBook.

During those 12 months, Silicon Valley-based companies received \$411 billion of this investment, primarily to fund the battle for artificial intelligence supremacy. That's 70% of all VC funding, which spurs immediate business activity that could produce the next corporate giant or two. One reason Silicon Valley's economy succeeds despite the numerous hurdles the state of California puts in front of industry is that it's the king of venture capital, the nectar of big-scale business breakthroughs.

Risks abound, however, including the possibility of an AI bust, negative externalities such as cybercrime, diverted investments, and the possibility that AI permanently hits employment.

Silicon Valley's economic strengths are deeply rooted in its geographic and cultural advantages. Demographically, Silicon Valley benefits from a highly educated workforce and strong household income levels. Median household income increased 6.3% year on year to \$180,000, far outpacing the U.S. average and reinforcing the region's status as one of the wealthiest metros nationally. This affluence supports premium rental pricing but exacerbates affordability challenges for lower-income households.

Institutional investors are widening their bet on housing in Silicon Valley as the artificial intelligence boom combines with the San Francisco Bay Area's chronic housing shortage to drive up apartment rents even higher. The average market rent in San Jose is more than \$3,500 per month,⁶ keeping Silicon Valley among the nation's most expensive apartment markets, just behind its sister city San Francisco to the north, which recently overtook New York as the nation's priciest rental market. Average rents for San Jose increased 6.4% at mid-year over last year – significantly higher than the national average increase of 0.5%. Continued demand from technology- and AI-related employment, combined with a development pipeline constrained by elevated construction costs and financing challenges, is expected to support further rent gains.

Having some of the highest house prices in the country is an enduring obstacle to buying a home in Silicon Valley. The median home price for San Jose is currently \$1.28 million,⁷ decidedly above the nation's median price of roughly \$431,000. A typical San Jose homebuyer would have to spend an unreasonable 58% of earnings on monthly housing costs – the norm is around 30%. The "buy premium" for San Jose – the difference between the monthly cost of a home purchase versus a new apartment lease – was almost 150% in July 2026 – a spread of around \$5,200 per month. Therefore, San Jose's affordability gap clearly favors renting over owning. In terms of affordability, San Jose's rent-to-income ratio would be below 24% (a ratio over 30% is considered cost-burdened).

STATISTICS (San Francisco / Bay Area)

	Affordability Ratio	39.4%
	Disposable income after rent (PPP)	USD 6,800
	Population / # of households	1.0m / 0.4m
	Rent for 2-bedroom apartment (per month)	USD 4,400
	Median household income (p.a.)	USD 134,000

Sources: US Census Bureau, Moody's, CBRE-EA, DWS, 2026

⁶ CBRE EA, August 2026

⁷ National Association of Realtors, July 2026

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Dubai – Growth Without Losing Affordability

Market Specialist: Saeesh Kakodkar, Mumbai



Few cities have reinvented themselves as successfully as Dubai. Over the past five decades, it has evolved from a regional trading port into a global hub for business, tourism and private wealth. Unlike many global gateway cities, however, Dubai's success has not been accompanied by severe housing shortages or chronic supply constraints. Instead, the city has largely preserved its affordability advantage by expanding housing supply alongside rapid population and economic growth.

Dubai's population has grown by more than 20% over the past five years and now exceeds four million residents, supported by sustained inflows of skilled professionals, entrepreneurs, multinational corporations and high-net-worth individuals. At the same time, initiatives such as the Golden Visa program, expanded foreign ownership rights and a competitive tax environment have encouraged many expatriates to establish more permanent roots in the city.

This creates an important affordability paradox. In cities such as London, New York or Hong Kong, affordability pressures are often linked to decades of supply constraints and limited opportunities for expansion. Dubai presents a different picture. Supply has expanded rapidly, supported by large master-planned communities and modern infrastructure. Yet the city's economic success has consistently generated demand that matches or exceeds the pace of new construction.

Viewed through rents alone, Dubai is becoming increasingly expensive. Nevertheless, its affordability ratio of 35% remains better than the global average. Relatively high household incomes and the absence of personal income tax support disposable income, leaving residents with comparatively strong spending power after rent.

The recent Middle East conflict has also led to a temporary easing in rents, contributing to an improvement in

affordability metrics. However, this improvement may only reflect short-term geopolitical disruption rather than a change in underlying market fundamentals. Dubai therefore remains relatively affordable among the cities assessed, but continued rental growth may in time erode this advantage.

Looking ahead, the challenge for Dubai may not be how many homes it builds, but what type of homes it builds. Much of the recent pipeline has focused on premium housing, while rental demand is becoming increasingly broad-based as more professionals, families and long-term residents make Dubai their home.

For institutional investors, Dubai offers potentially favourable demographic momentum and comparatively attractive income yields, but these must be weighed against greater development cyclicality, migration sensitivity, geopolitical exposure, limited institutional rental stock and less proven portfolio-scale exit liquidity than in mature US, European or Asia-Pacific multifamily markets. Dubai should therefore be assessed as a high-growth, policy-supported but comparatively cyclical residential market, rather than simply as an affordable alternative to established global gateway cities.

Dubai's housing challenge is ultimately not one of supply, but of success. Few cities have managed to attract people and investment on such a scale while continuing to build at pace. Preserving affordability while ensuring housing supply evolves with the needs of an increasingly permanent population may prove to be Dubai's next great reinvention.

STATISTICS

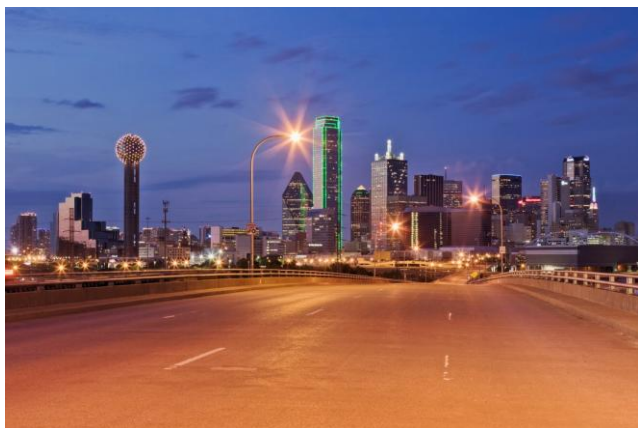
	Affordability Ratio	34.9 %
	Disposable income after rent (PPP)	USD 7,700
	Population / # of households	4.6m / 0.8m
	Rent for 2-bedroom apartment (per month)	USD 2,540
	Median household income (p.a.)	USD 87,400

Sources: Oxford Economics, IMF, Bayut, Dubai Data, DWS, 2026

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Dallas – Welcome to ‘Y’all Street’: Dallas Takes on Wall Street

Market Specialist: Brooks Wells, New York



“Y’all Street” is a nickname for Dallas’s rapidly growing financial district in Uptown and surrounding areas, symbolizing the city’s emergence as a major U.S. finance hub. The name is a playful twist on “Wall Street,” blending Texas’s Southern identity with the ambition of a capital markets center. It refers to a corridor of high-rise office towers, trading floors, and financial services firms that have clustered in Downtown Victory Park, and Uptown Dallas over the past decade. The region has increasingly become a force to contend with the likes of Manhattan’s Wall Street as financial firms pump millions into Dallas office campuses.

The Texas Stock Exchange (TXSE) officially reached a historic milestone in July, as it began trading operations from its headquarters in Dallas. The exchange represents one of the most ambitious financial infrastructure projects launched in the U.S. in decades. Backed by billions of dollars in capital and supported by prominent financial firms, the TXSE aims to capitalize on Texas’s growing role as America’s economic engine. While the launch does not immediately create a full competitor to the New York Stock Exchange or Nasdaq, it marks the beginning of a phased rollout that supporters believe could fundamentally reshape the American financial landscape over the coming years.

Dallas used to be thought of as a “satellite location,” where large companies could hire talent for cheaper, less prestigious jobs. But financial heavyweights are seeing more incentives to hire more senior, high-profile bankers in Dallas: They’ll be closer to lucrative potential clients, as more big companies and wealthy individuals move to the Lone Star State.

The Dallas/Fort Worth Metroplex, encompassing 8.4 million residents, stands as the nation’s fourth-largest market by

population. The region remains the nation’s leading destination for domestic migration. The metroplex’s economic foundation rests on structural advantages that have compelled successive waves of corporate relocation and expansion. Business formation costs remain among the nation’s lowest. The region has cultivated a deep reservoir of skilled labor, particularly in technology, aerospace, and finance sectors.

Dallas is one of the more affordable big-city markets in the U.S., ranking in the top 10 of our analysis. According to CBRE-EA, average market rent for Dallas is roughly \$1,535 a month, more favorable than a typical for-sale housing payment. From an affordability perspective, households with a rent-to-income ratio of over 30% are considered cost-burdened. Assuming the median household disposable income for the metro, the rent-to-income ratio for renters would be in the low 20s; well below that threshold.

The Dallas apartment market is steadily moving toward balance following the heaviest wave of supply since the 1980s. Annual market rent growth remains under pressure as the market continues to absorb excess supply even as new deliveries slow, contributing to a year-over-year decline at mid-year in overall rents of minus 2.5%; marking 12 consecutive quarters of negative performance. In the near term, the outlook calls for vacancy to compress further as supply and demand shift closer to equilibrium.

STATISTICS

	Affordability Ratio	23.3 %
	Disposable income after rent (PPP)	USD 6,200
	Population / # of households	1.3m / 0.5m
	Rent for 2-bedroom apartment (per month)	USD 1,870
	Median household income (p.a.)	USD 96,300

Sources: US Census Office, Oxford Economics, Moody’s, CBRE-EA, RealPage, CoStar, U.S. Census Bureau, U.S. Dept of Labor, DWS, 2026

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Shanghai – China’s Cosmopolitan Megacity

Market Specialist: Seng-Hong Teng, Singapore



Home to 25 million residents, Shanghai is China’s most populous city and a key economic powerhouse serving as a major global financial and trade hub. Strong cultural diversity, combined with leading capabilities across multiple industries, makes the city a talent magnet for new graduates and young professionals across the country.

With one of the world’s largest urban city populations, Shanghai’s housing demand arises from ingrained domestic cultural preferences for homeownership, traditionally viewed as a prerequisite for males prior to marriage to demonstrate financial stability. Though resale housing prices have declined 25%-30% from their recent peak in line with broader deflationary trends in China, Shanghai remains among the most unaffordable cities globally to own a home, with a price-to-income ratio exceeding 20 times.

On top of financial challenges, the housing market is also heavily shaped by China’s household registration system (Hukou), designed as a form of population control where residents without a valid Hukou face significant restrictions on home purchases and access to public services. This has created a two-tier housing market with Hukou households having high homeownership rates (85-90%) while the majority of non-Hukou residents (40% of the population) must turn to the rental market.

Despite lower home prices, the declines in rents have been mild, as rental demand remains strong, particularly for homes near the city centre (inner and middle ring road) which offer shorter commuting times and are typically targeted at higher-income expatriates and local professionals. Average rents for a typical two-bedroom apartment stand at more than CNY 6,000 per month, pushing median rental affordability above 40% and placing the city among the least affordable markets in our global ranking of 80 cities.

Shanghai’s relatively high-income inequality (Gini coefficient of 0.5) suggests the housing experience might vary considerably, especially among the low- to middle-income families. As a result, many renter households, especially lower-income groups, face considerable financial pressure and increasingly rely on apartment-sharing arrangements or move to peripheral locations to reduce housing costs.

Shanghai’s rental housing market remains dominated by private individual landlords. Nevertheless, the institutional rental housing segment has developed rapidly from less than 0.1 million in 2021 to 0.4 million units currently. This is partly driven by the government’s efforts to expand the affordable rental housing segment in recent years.

These efforts accelerated in early 2026, with the introduction of major regulatory reforms, expanding applicant eligibility for affordable rental housing and introducing below-market rents that benefit low-income households, essential workers and young professionals, while also allowing the conversion of non-residential developments into affordable rental housing.

This should contribute to increased housing supply in coming years and ease rental affordability concerns, particularly among the younger generation and lower-income migrant workers.

STATISTICS

	Affordability Ratio	44.8 %
	Disposable income after rent (PPP)	USD 2,400
	Population / # of households	24.8m / 11m
	Rent for 2-bedroom apartment (per month)	USD 950
	Median household income (p.a.)	USD 25,500

Sources: Oxford Economics, China Index Academy, DWS, 2026

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Helsinki – From Oversupply to Opportunity

Market Specialist: Rosie Hunt, London



Renowned for its sauna culture, work-life balance and exceptional quality of life, Helsinki is the capital of Finland, a country consistently ranked as the happiest in the world. Unlike many European cities grappling with acute housing shortages, Helsinki has spent recent years digesting a wave of new residential development. However, that period of oversupply now appears to be drawing to a close, creating a potential investment opportunity.

The Helsinki Metropolitan Area (HMA) remains Finland's dominant economic and population centre, attracting people from across the country and abroad. Over the past decade, the HMA has added almost 18,000 residents per year on average. While population growth is expected to moderate, the region is still forecast to expand by around 0.5% annually, contrasting with a modest decline in Finland's overall population. Rental demand is underpinned by urbanisation, a growing young-adult population and a continued trend towards smaller household sizes.

However, Helsinki's robust demand backdrop was unable to offset the scale of new supply delivered in recent years. Between 2018 and 2023, residential completions averaged more than 19,000 units per annum, significantly outpacing household growth. This development boom pushed vacancy above 9% in 2023, by far the highest level among major European residential markets and well above the European average of 3.0%. As excess supply accumulated, rental growth slowed sharply before turning negative in 2025.

At the same time, household incomes continued to rise. Improved affordability has been a notable consequence, with the affordability ratio falling to approximately 31%, placing Helsinki among the more affordable European capitals.

The market is now entering a new phase. Higher interest rates, elevated construction costs and weaker housing

market conditions have triggered a sharp decline in development activity. Fewer than 8,000 units commenced in 2025, around two-thirds below the 2021 peak. With the development pipeline contracting rapidly, the excess supply built up over recent years is expected to be gradually absorbed, supporting occupancy levels and improving market fundamentals.

The correction in Helsinki's rental market lays the foundations for recovery. Rental growth has significantly lagged household income growth over the past five years, creating scope for rents to recover as vacancy normalizes and excess supply is absorbed. While near-term performance is likely to remain subdued, the medium-term outlook is becoming increasingly attractive, supported by a shrinking development pipeline, improving occupancy and attractive pricing relative to other Nordic capitals. Although careful asset and location selection remains essential, after several years of being firmly underweight, Helsinki has returned to our investment radar.

STATISTICS

	Affordability Ratio	30.7 %
	Disposable income after rent (PPP)	USD 4,500
	Population / # of households	1.8m / 0.9m
	Rent for 2-bedroom apartment (per month)	USD 1,700
	Median household income (p.a.)	USD 67,000

Sources: Statistics Finland, PMA, Eurostat, Expatistan, Global Property Data, Oxford Economics, DWS, 2026

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Kuala Lumpur – A Rare Affordable Story

Market Specialist: Celeste Lim, London



Often regarded as one of Asia's food capitals, Kuala Lumpur is a city where Michelin-starred restaurants, bustling night markets and century-old hawker stalls coexist. Shaped by Malay, Chinese and Indian influences, the city has developed a unique cultural identity that continues to attract talent, students and visitors from across the region.

Greater Kuala Lumpur is Malaysia's economic powerhouse, generating over 40% of national GDP and attracting substantial foreign investment. Home to more than 8.8 million residents, the metropolitan area is projected to grow to 9.8 million by 2030, supported by natural population growth and continued domestic and international migration. Strong employment opportunities, leading universities and a dynamic business environment have reinforced the city's position as one of Southeast Asia's leading regional hubs, attracting students and young professionals from across Malaysia and abroad.

For a metropolitan area of Kuala Lumpur's economic scale and regional significance, housing affordability remains remarkably favourable. Despite being Malaysia's most expensive rental market, Kuala Lumpur continues to rank as a highly affordable city by international standards. On average, households allocate approximately 28% of their disposable income to rent, placing the city comfortably below the widely accepted 30% affordability threshold.

The strength of Kuala Lumpur's affordability profile becomes even more apparent when viewed through the lens of purchasing power. Combined with a comparatively low-cost base, the disposable income remaining after housing costs translates into substantial residual spending power. This distinguishes Kuala Lumpur from many metropolitan areas of comparable economic scale, where housing-related expenditure increasingly constrains household consumption.

A key factor underpinning rental affordability is the sustained expansion of housing supply. Over the past decade, residential construction has consistently exceeded household formation, resulting in a persistent surplus of condominium and serviced apartment stock, which grew by 100% and 400%, respectively over the period. The resulting abundance of available housing has broadened choices for renters and helped contain rental growth despite population growth and economic expansion.

Despite relatively low levels of income inequality, as reflected in a moderate Gini coefficient below 0.4, Kuala Lumpur's affordability advantages are not shared evenly across all household groups. While median household incomes are generally sufficient to comfortably absorb prevailing rental costs, affordability challenges remain more pronounced among lower-income households and single-income earners. Research by the Khazanah Research Institute (KRI) found that an individual earning the national average income could afford units in only 45 out of 420 surveyed apartment and serviced apartment developments under the conventional 30% affordability benchmark. This indicates that, despite favourable aggregate affordability metrics, access to affordable housing remains uneven across segments of the population.

Nonetheless, Greater Kuala Lumpur represents a relatively rare example of a major regional metropolitan area in the Asia-Pacific region that has maintained a high degree of housing affordability despite sustained economic growth and urbanisation. Strong income levels, robust purchasing power and a prolonged period of housing supply expansion have collectively prevented the affordability pressures that have emerged across many comparable gateway cities in Asia.

STATISTICS

	Affordability Ratio	27.8 %
	Disposable income after rent (PPP)	USD 5,700
	Population / # of households	2.1m / 0.6m
	Rent for 2-bedroom apartment (per month)	USD 770
	Median household income (p.a.)	USD 33,300

Sources: Oxford Economics, ULI, global property guide, Khazanah Research Institute, DWS, 2026

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4. / Data Definition & Methodology

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 standardized assumptions to harmonize inputs and ensure comparability – though this comes at the expense of absolute precision.

Despite data challenges, we consider the results provide a robust indication of comparative global affordability. Please find below an overview of the metrics used.

Types of Rental Affordability

Rental Affordability Ratio: This metric compares net rents for a standardized 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 June 2026.

Both measures are transformed into z-scores to facilitate comparability and subsequently aggregated into a composite indicator, with each measure assigned an equal weight.

Disposable Income & Rents

Disposable Income: Median disposable household income is used instead of mean income to improve analytical robustness, particularly in markets characterised by significant income dispersion and inequality.

These data are typically derived from the System of National Accounts (SNA), the internationally standardised framework used by statistical agencies to measure economic activity and household income, which includes not only wages and

salaries but also “secondary income”. As a result, they are generally considered more comprehensive and representative of underlying household purchasing power than alternative income measures like survey-based income indicators, but sometimes produce different and less intuitive results.

Income figures are presented in nominal, post-tax terms and converted into USD for cross-market comparability. While median income within urban areas provides a more representative measure than average income, it may nonetheless understate housing affordability challenges faced by lower-income households, whose financial circumstances can differ substantially from those of the median household. This consideration is particularly relevant in markets with elevated levels of income inequality (see Gini coefficient section).

Average Monthly Rents: Rent data reflect 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.

Exchange-rate movements add a further layer of complexity for data retrieved in USD, influencing cross-border comparisons without necessarily changing local housing conditions or purchasing power.

Utility Costs: Although utility expenses like gas, water, local taxes, insurance and waste 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 expansive agglomerations where some out-of-town commuter zones and peripheral housing markets might be excluded.

Standardized 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

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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 may influence rental benchmarks and affordability assessments.

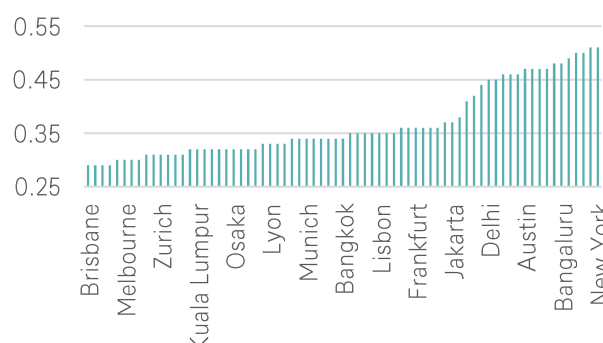
Monetary and Non-Monetary Considerations: It is important to acknowledge that the monetary value of commuting time and other non-monetary burdens are excluded from the rental cost burden analysis, although they certainly play a role in relocation decisions.

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.

Gini coefficient: A widely used measure of income inequality within a population. Values closer to 0 indicate a more equal distribution of income, whereas values closer to 1 reflect greater inequality.

While most European markets record Gini coefficients in the mid-30s, several cities in the APAC region and the United States exhibit significantly higher levels of income inequality. In these markets, affordability indicators based on median household incomes may be less representative of the population, as housing outcomes can vary substantially across income groups.

Income Inequality (Gini coefficient)



Source: Oxford Economics, Moody's Analytics, DWS, July 2026

Ranking Bands: While there is no international consensus on the definition of affordability concepts, widely recognized affordability thresholds were applied to classify markets into ranking bands. Rental cost burdens below 30% of household income are generally considered affordable, while ratios exceeding 40% indicate affordability stress.

Similarly, residual income levels below USD 3,500 PPP per month are classified as stretched, whereas levels above USD 5,000 PPP suggest comfortable affordability. These thresholds are broadly aligned with established OECD affordability concepts and housing cost benchmarks. Residual income is defined as the disposable income remaining after housing costs have been paid, consistent with the OECD Affordable Housing Database methodology. As no internationally accepted residual-income thresholds exist, the residual-income bands applied in this study are intended as analytical benchmarks rather than official OECD standards.

It should also be noted that housing affordability dynamics vary considerably between emerging and developed economies. Households in emerging markets often devote a larger proportion of their income to housing and other essential expenditures, resulting in lower residual income levels both in relative and absolute terms. This constrains the direct comparability of affordability outcomes across the sample. Nevertheless, the use of a consistent set of affordability thresholds provides a standardized benchmarking framework, enabling cross-market comparisons and facilitating interpretation from the perspective of institutional investors accustomed to mature-market housing metrics.

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Real Estate Research Team

Office Locations

Frankfurt

Mainzer Landstrasse 11-17
60329 Frankfurt am Main
Germany
Tel: +49 69 71909 0

London

21 Moorfields,
London EC2Y 9DB
United Kingdom
Tel: +44 20 754 56000

New York

875 Third Avenue
26th Floor
New York
NY 10022-6225
United States
Tel: +1 212 454 3414

San Francisco

101 California Street
24th Floor
San Francisco
CA 94111
United States
Tel: +1 415 781 3300

Singapore

One Raffles Quay
South Tower
15th Floor
Singapore 048583
Tel: +65 6538 7011

Tokyo

Azabudai Hills Mori JP Tower
1-3-1 Azabudai
Minato-ku
16th Floor
Tokyo
Japan
Tel: +81 3 6730 1300

Sydney

Level 16, Deutsche Bank Place
Corner of Hunter and Phillip Streets
Sydney NSW 2000
Australia
Tel: +61 2 8258 1234

Teams

Global

Kevin White, CFA

Global Co-Head of Real Estate Research

Simon Wallace

Global Co-Head of Real Estate Research

Americas

Brooks Wells

Head of Research, Americas

Liliana Diaconu, CFA

Office & Retail Research

Ross Adams

Industrial Research

Sharim Sohail

Self-Storage Research

Europe

Ruben Bos, CFA

Head of Real Estate Investment Strategy, Europe

Tom Francis

Property Market Research

Siena Golan

Property Market Research

Rosie Hunt

Property Market Research

Carsten Lieser

Property Market Research

Martin Lippmann

Head of Real Estate Research, Europe

Asia Pacific

Koichiro Obu

Head of Real Estate Research, Asia Pacific

Seng-Hong Teng

Property Market Research

Matthew Persson

Property Market Research

Authors



Simon Wallace
Global Co-Head of Real Estate Research

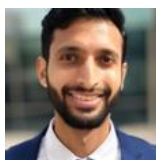


Martin Lippmann
Head of Real Estate Research, Europe

CONTRIBUTORS



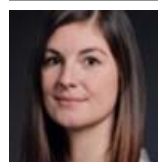
Matthew Persson
Property Market Research, APAC



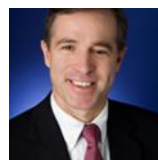
Saeesh Kakodkar
Strategic Portfolio Management, APAC



Seng-Hong Teng
Property Market Research, APAC



Rosie Hunt
Property Market Research, Europe



Brooks Wells
Head of Real Estate Research, Americas



Siena Golan
Property Market Research, Europe

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