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Housing Subsidies in Germany — Grants, Loans and Programs

State funding programs for buying or building property in Germany: KfW, Baukindergeld, Wohnriester and regional assistance.

Deutsche Begriffe: Wohnungsbauförderung | Baukindergeld | KfW-Förderung | Wohnriester | Wohneigentumsprogramm | Eigenheimzulage

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Home Ownership in Germany — Is It Worth It?

Germany has one of the **lowest homeownership rates** in Europe — only about 50% of households own their own property. For many foreigners living permanently in Germany, buying a property can still be a worthwhile investment, especially with rising rents. The state supports the acquisition of home ownership through various programs.

KfW Support — Affordable Loans and Grants

KfW (Kreditanstalt für Wiederaufbau) is Germany's state development bank. It offers various programs for purchasing, building and renovating properties:

KfW-Program 124 — Home Ownership Program

- **Interest-subsidized loan** up to **€100,000**
- For the **purchase** or **construction** of owner-occupied property
- Interest-free initial years possible (1–3 years)
- Application **before purchase** through your bank

KfW-Program 261 — Federal Support for Efficient Buildings (BEG)

• For **new construction** or **purchase** of an **efficient building** (high energy standard)

• Loan up to **€150,000** per housing unit

• **Debt reduction grant** up to **25%** (depending on efficiency level)

• Particularly attractive for **Efficiency Level 40** with sustainability class (NH)

KfW-Program 300 — Home Ownership for Families

• Specifically for **families with children** and taxable household income up to **€90,000** (+ €10,000 per additional child)

• Interest-subsidized loan up to **€270,000** (depending on number of children and efficiency standard)

• For **new construction** or **first purchase** of new construction (Efficiency Level 40)

• Also applies to foreigners with permanent residence

How Do I Apply for KfW Support?

1. Inform yourself on kfw.de about the appropriate program

2. Speak with your **bank** or a **financial advisor**

3. The bank submits the **application to KfW** for you

4. Important: The application must be submitted **before purchase** or **before construction begins**!

Baukindergeld — Family Subsidy (Successor Program)

The **original Baukindergeld** (2018–2023) has expired. Since 2024, its successor is the **KfW-Program 300 "Home Ownership for Families"** (see above). This is specifically aimed at families with children and offers particularly favorable conditions.

Who Is Eligible?

• Families with at least **one child under 18**

• Taxable **household income** up to €90,000 (one child) + €10,000 per additional child

• **First-time acquisition** of home ownership (no existing property)

• The property must be **owner-occupied**

• **No restriction to German citizens** — permanent residence is sufficient

Wohnriester — Retirement Savings for Your Home

Wohn-Riester (officially: Eigenheimrente) is a form of **Riester pension** where accumulated capital can be used for an **owner-occupied property**.

Advantages

- **State grants:** €175 basic subsidy + €185–300 per child (depending on birth year)
- **Tax deduction** up to €2,100 per year
- Capital can be used for **purchase, construction** or **debt reduction**

Disadvantages

- The subsidy must be **taxed in retirement** (home savings account)
- The property must be **owner-occupied** — renting or selling triggers repayment
- Bureaucratic and complex

Who Gets Wohn-Riester?

- **Mandatory members** of statutory pension insurance
- **Civil servants**
- Spouses of eligible persons (indirectly eligible)
- Also **foreign employees** who are subject to social security contributions in Germany

Regional Support — Every Federal State Is Different

Besides federal programs, the **federal states** offer their own funding programs. These vary greatly and are regularly updated:

Examples (as of 2026)

Federal State	Program	Support
NRW	NRW.BANK Home Ownership	Interest-subsidized loan up to €230,000
Bavaria	Bavarian Housing Program	Loan + grant for families
Baden-Württemberg	L-Bank Housing with Child	Interest-subsidized loan + debt reduction
Lower Saxony	NBank Home Ownership	Loan up to €150,000
Hamburg	IFB Hamburg	Family building loan

Federal State	Program	Support
Berlin	IBB Home Ownership	Interest-subsidized loan

Tip: Check with your **state development bank** about current programs. Conditions change frequently.

Housing Construction Premium — Small Support for Savers

If you have a **building savings account**, you can apply for the **housing construction premium**:

• **Premium:** 10% of savings, maximum **€70 per person** (€140 for married couples)

• **Income limit:** taxable income up to **€35,000** (€70,000 for couples)

• The premium must be used for **housing purposes**

• Application through the **building society** (annually by December 31 of the following year)

Employee Savings Subsidy — Extra State Grants

If your employer pays **asset-forming benefits** (VL) into a building savings account:

• **Subsidy:** 9% of VL payments, maximum **€43 per year**

• **Income limit:** taxable income up to **€17,900** (€35,800 for couples)

• The building savings account must run for **7 years** (blocking period)

Tips for Foreign Buyers

Legal Requirements

• **EU citizens** can buy property in Germany without restrictions

• **Third-country nationals** also can — there is no restriction on property acquisition

• For some **funding programs**, you need a permanent residence permit (Niederlassungserlaubnis) or at least 5 years of residence

Financing

• Banks typically require **20–30% equity capital** (closing costs + down payment)

• A good **SCHUFA credit rating** is crucial for loan approval

• **Limited residence permits** can complicate loan approval — be open with your bank

Don't Forget Purchase-Related Costs

Cost Type	Share
Real Estate Transfer Tax	3.5–6.5% (depending on state)
Notary and Land Registry	approx. 1.5–2%
Real Estate Commission	3.57–7.14% (depending on state and agreement)

Example: For a purchase price of €300,000, **closing costs are €30,000–45,000**.

Avoid Common Mistakes

• **Apply too late:** KfW support must be applied for **before purchase**

• **Don't combine programs:** Some funding can be **combined** (e.g., KfW + state support) — ask a financial advisor

• **Underestimate equity:** Plan for at least **20%** of the purchase price as equity

• **Forget closing costs:** Tax, notary and commission together cost **10–15%** of the purchase price

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