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# LEG Housing Market Report NRW 2011

## With HousingCostAtlas

LEG's managers, from left:
**Thomas Hegel** (CEO),
**Holger Hentschel** (HOO) and
**Eckhard Schultz** (CFO).

**Dear reader,**

The exceptionally widespread and positive response to the first LEG Housing Market Report NRW in 2010 demonstrated that we are on the right path. As such, we are delighted to be able to present this second edition to you. The 268-page report contains extensive, updated information on all of the housing markets in the 54 cities and districts of North Rhine-Westphalia. The LEG Housing Market Report NRW 2011 provides details of the economic and demographic conditions in the individual locations, the development of rents and purchase prices for apartments and apartment buildings, the level of construction activity, and vacancy rates. By compiling all of the available information, the report paints a multi-faceted picture of the living conditions experienced by the almost 18 million inhabitants of the state.

One encouraging development relates to the data pool: whereas the analysis in the previous year was impaired to an extent by a lack of data, this situation has improved significantly in a number of regions. Although individual data sets for some of the less densely populated districts remain incomplete this year, the present analysis is almost certainly the most comprehensive evaluation of the regions of a federal state that is currently available in Germany.

The report is intended for anyone with an interest in or enthusiasm for the topic of residential property in North Rhine-Westphalia, be they tenants and owners, cities and municipalities, economic development corporations, urban planners, estate agents or investors. After all, the figures presented in the report highlight not only those areas where new construction activity will be particularly worthwhile in future, but also where new development concepts are expected to be implemented with a view to ensuring the sustainability of the respective location.

The analysis also documents the fact that demographic problem areas are found not only on either side of the Ruhr river, but also in a number of rural regions. With around 90,000 apartments in North Rhine-Westphalia, we know that the 12 major cities and 42 smaller housing markets in the state are far from synchronous in terms of their development – and that there is just a fine line between light and shade in some areas.

We would like to take this opportunity to express our particular gratitude to our research partner CB Richard Ellis, which, as in the previous year, compiled all of the data and evaluated it in conjunction with our regional and branch managers.

We hope the second LEG Housing Market Report NRW makes for interesting reading and look forward to receiving your feedback on the report and its location portraits, which can also be viewed on the LEG website by going to www.leg-nrw.de.

Sincerely,

Thomas Hegel
Management Spokesman,
CEO

Eckhard Schultz
Managing Director,
CFO

Holger Hentschel
Member of Management,
HOO

# Bielefeld

Score 26 of max. 48

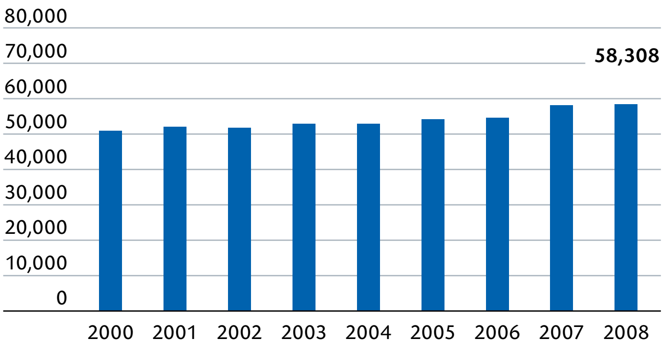
# East Westphalian university city upgrades research environment

Currently, some 323,084 people live in Bielefeld. According to forecasts by the State Statistical Office, there will be roughly 3.2 percent fewer in 2025. The population decline is not dramatic but the city still intends to counter it, primarily by strengthening its reputation in the areas of science and research. For instance, last year saw the kick-off for the expanded “Campus Bielefeld.” By 2025, more than a billion euros are to be invested in the construction of further research institutes and research and development centers. Whether the regional center of the East Westphalia-Lippe area will be able to further increase its appeal to attract teaching staff and students while also averting the projected population decline remains to be seen.

| Macroeconomic data | Bielefeld | NRW | Germany | Year |
|---|---|---|---|---|
| Residents | 323,084 | 17,872,764 | 81,802,256 | 2009 |
| Population density (residents/km²) | 1,254 | 526 | 230 | 2009 |
| Population development in % | 0.4 | –0.8 | –0.6 | 2000–2009 |
| Population forecast in % | –3.2 | –2.4 | –3.6 | 2009–2025 |
| Households | 167,223 | 8,550,214 | 39,628,120 | 2009 |
| Household development in % | 0.5 | 2.8 | 3.7 | 2000–2009 |
| Household forecast in % | 1.5 | 1.5 | 1.1 | 2009–2020 |
| Buying power | 97.6 | 101.2 | 100.0 | 2011 |
| Per capita buying power in € | 19,203 | 19,921 | 19,684 | 2011 |
| Workers paying social insurance contributions | 130,697 | 5,766,861 | 27,380,096 | 2009 |
| Development of social insurance contributions | –2.6 | –2.4 | –1.6 | 2000–2009 |

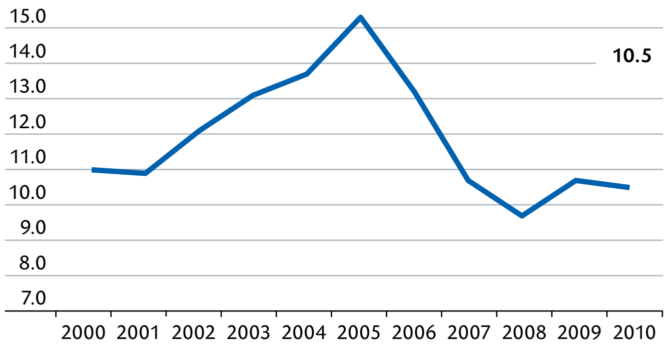
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

**Gross domestic product**
per employed person in €

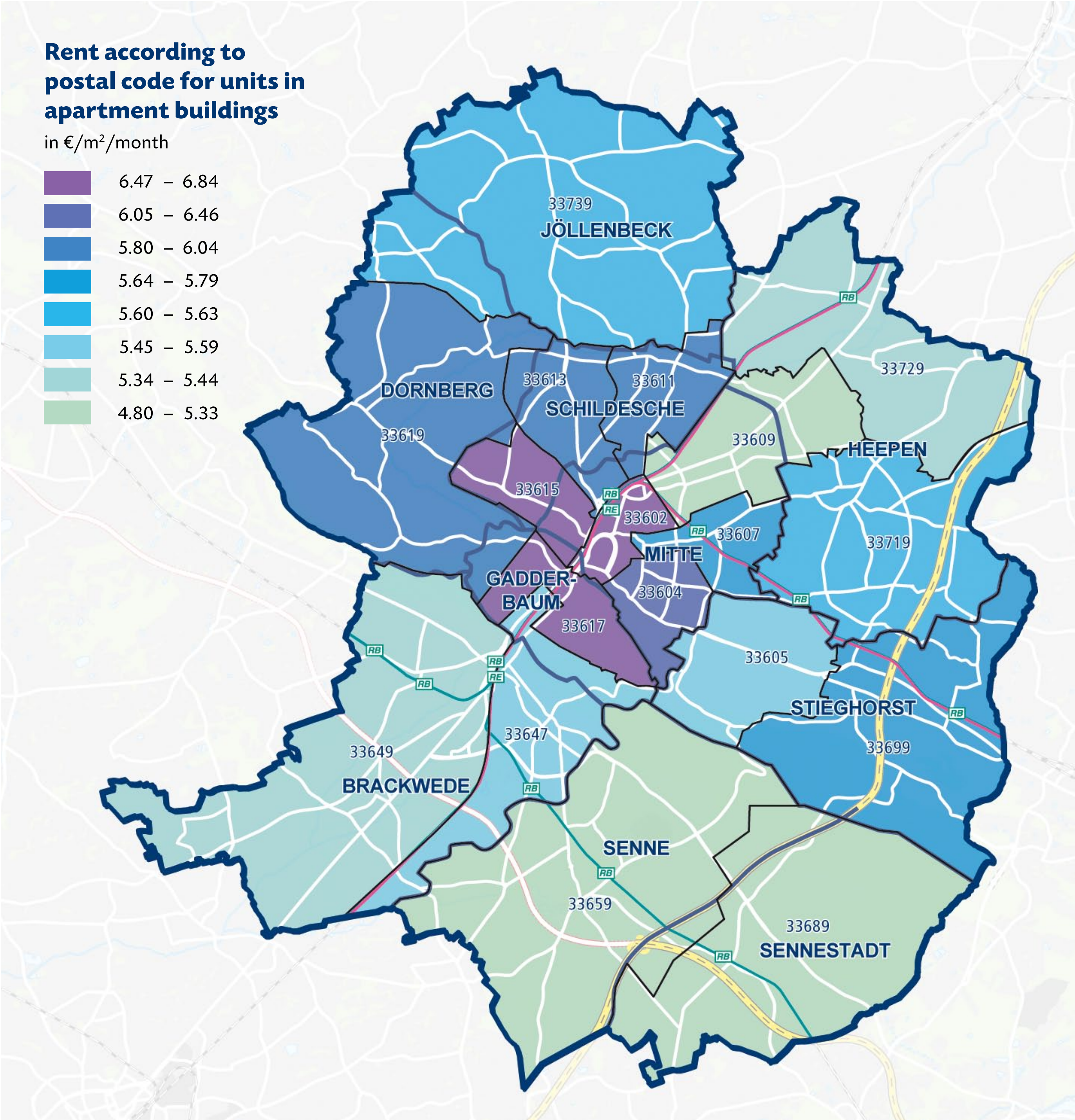



Source: NRW Statistics Office, compiled by CBRE

**Unemployment rate**
in % of all employable civilians




Source: Federal Labor Office, compiled by CBRE




## Economic structure

The university city of Bielefeld by the Teutoburg forest is one of Germany's 20 biggest cities and forms the economic and cultural metropolis in East Westphalia-Lippe. One project of national significance is the "Campus Bielefeld" expansion of the university. The University of Bielefeld and Bielefeld University of Applied Sciences have entered into a cooperation to accelerate the development of the multi-million-euro project together. The regional center of East Westphalia needs more long term jobs in the service sector and in highly qualified professions. Therefore, the first education conference in Bielefeld was held at the end of May this year. The aim of the conference is to establish an education network to formulate central ideas for the education region of Bielefeld.

The former linen weaving center is now home to globally renowned companies from the food, beverages and tobacco industry, the printing and clothing industry, the construction industry and mechanical engineering. Names such as Oetker, Seidensticker, Graphia, Dürkopp, Windsor, Gildemeister, Schüco, Goldbeck and Alcina are some of these numerous companies and highlight the broadly diversified economic structure. However, in future, the large number of manufacturing occupations is to be supplemented with forward-looking industries such as biotechnology, information and communication technology and healthcare. Bielefeld's economy is already benefiting from its good transportation infrastructure. Highway connections include the A 2 and A 33 motorways, and the city is also linked to the ICE rail network. The nearest airport is in Hanover, around 80 kilometers away.

# Rental growth trend in university cities bypasses Bielefeld

While other cities reacted to the soaring rental and purchase prices in 2009 with substantial downward adjustments in some cases, the development of prices in the Bielefeld market, which is less susceptible to economic factors, was comparatively unremarkable. However, the sub-segment of condominiums performed positively, with asking prices across all location and quality categories rising 3.7 percent. Bielefeld was thus the only major North Rhine-Westphalian city with a price increase in the owner-occupied segment in 2010. In contrast, households seeking accommodation were not affected by price increases in either the lower or the upper market segment. Across all locations and quality categories, the price level was stable with a decline of 0.1 percent. On average, landlords charged €5.66 per square meter of living space per month. Properties in the lower market segment were offered for €4.28 per square meter per month, while the price per square meter in the upper market segment was €8.54. In comparison to the previous year, prices were thus down by 0.2 percent in the lower segment and 0.8 percent in the upper segment.

It is notable that the Bielefeld sub-market of Gadderbaum (postcode 33617) saw the second highest growth in rents out of all residential locations in North Rhine-Westphalia, with an increase of 12.4 percent. Dusseldorf-Karlstadt (postcode 40213) was the only location where households seeking accommodation faced greater price increases (17.8 percent) in 2010.

The low fluctuations on the Bielefeld housing market, which are considered a major advantage by investors and tenants, are relativized when compared to the development of prices in the other major university cities in North Rhine-Westphalia. Overall, Bielefeld showed weaker trends than the locations that also benefit from demand from students. In the university cities of Aachen, Bonn, Dusseldorf, Cologne and Münster, rents increased year-on-year – whereas in the university city of Bielefeld they dropped, as in Bochum, Dortmund, Duisburg, Essen, Gelsenkirchen and Wuppertal. This indicates that the University of Bielefeld, Bielefeld University of Applied Sciences and the other educational institutions with their more than 30,000 students are not enough to keep rental demand buoyant on a sustained basis. The rather average situation on the employment market may also impede an increased national demand for housing. With an unemployment rate of 10.5 percent, Bielefeld is relatively high in comparison to other North Rhine-Westphalian cities and districts. However, purchasing power per capita developed positively, rising from €18,537 in 2010 to €19,203 in 2011.

The current focus on expanding the city as a region for education and training is intended to improve its image and make it more competitive. It does well to adopt this strategy if it wishes to stave off the projected population decline. By 2025, the number of inhabitants with their main residence in Bielefeld will decrease by 3.2 percent. From 2000 to 2009, the number of inhabitants remained constant with slight growth of 0.4 percent. The number of households relevant to housing demand is expected to rise by 1.5 percent by 2020, but the forecast does not give cause for setting aside concerns with regard to housing demand.

## Wealthy Bielefeld residents save on housing costs

As in the rest of Germany, the majority of rental and purchasing activity in Bielefeld takes place with existing properties, which consisted of 156,957 residential units as of the end of 2009. The number of construction permits increased over the course of the year from 796 units in 2008 to 845 in 2009, although completions decreased slightly from 706 to 675 units in 2009. The vacancy rate has remained relatively constant in recent years and amounted to 2.6 percent in 2009. It is notable that the greatest oversupply is to be found both in attractive and in less popular residential locations. For instance, in postcode area 33602, which includes parts of central Bielefeld and is one of the more expensive locations with prime rents of up to €9.50 per square meter per month, 3.6 percent of properties

| Housing stock data | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|
| Vacancy rate in % | 2.1 | 2.6 | 2.3 | 2.3 | 2.7 | 2.6 |
| Permits for new buildings | 871 | 2,054 | 1,241 | 709 | 796 | 845 |
| Finished apartments | 529 | 1,922 | 891 | 1,009 | 706 | 675 |
| Housing stock | 152,319 | 154,188 | 155,037 | 155,918 | 156,514 | 156,957 |
| Housing stock in apartment buildings | 66.1 | 65.8 | 65.7 | 65.6 | 65.6 | 65.5 |

Source: Techem-empirica (vacancy), NRW Statistics Office, compiled by CBRE are unoccupied. The highest vacancy rate of 4.4 percent is in postcode area 33659 (Senne, Sennestadt) in the economically weaker south-east of the city.

The state-wide overview of housing costs shows that in Bielefeld a rather average prosperity level meets a moderate rent level. Households in Bielefeld have average purchasing power of €3,113 per month. They spend 12.7 percent of this amount (€397) on rent excluding heating and 19.5 percent (€607) on rent including heating. In comparison to many other major urban regions in North Rhine-Westphalia, Bielefeld residents therefore have a rather high housing costs burden. The local analysis shows that in most sub-markets of Bielefeld between 18 percent and 22 percent of the monthly budget is spent on rent including heating. One exception is the postcode area 33602 (central Bielefeld), where tenants spend 26.1 percent of their monthly disposable income on rent including heating. Rent excluding heating accounts for 17.9 percent of monthly household purchasing power here. Both these values are the highest in the whole of the urban area.

The most favorable ratio of housing costs to purchasing power is found in the "richest" Bielefeld postcode area of Dornberg, Schildesche (postcode 33619). On average, households in this district have a substantial €4,013 at their disposal, but only €418 of this amount is used on rent excluding heating and €626 on rent including heating. Residents in this sub-market thus spend only 10.4 percent of their monthly household purchasing power on rent excluding heating and 15.6 percent on rent including heating, meaning they have the lowest housing cost burden in the whole of the urban area. Bielefeld therefore differs from similar districts with high household purchasing power in Dusseldorf, Cologne and Bonn, where housing costs account for over 20 percent of the monthly budget. The residents of Dornberg and Schildesche are also far above the average in Bielefeld with regard to household purchasing power. In no other postcode area does household income reach the magical €4,000 mark. In nine out of 18 Bielefeld postcode areas, monthly purchasing power per household is below €3,000. The lower than average income was accompanied by a moderate rent level in 2010. There were only two sub-markets – the luxury market of Gadderbaum (postcode 33617) and Mitte, Stieghorst (postcode 33604) – where landlords charged more than €10 per square meter per month for high-quality apartments. In the other locations, asking rents in the upper market segments ranged from €6.84 per square meter per month in Senne and Sennestadt (postcode 33689) to €10.00 in Mitte, Stieghorst (postcode 33604). At the lower end of the rental price scale is the Heepen, Mitte district (postcode 33609), where properties in the lower market segment were offered for an average of €3.89 per square meter per month. Low-cost rental properties can also be found in the south (Senne and Sennestadt, postcode 33659 and 33689 and Brackwede, postcode 33649) and north-east (Mitte, Heepen, postcode 33609 and 33729) of Bielefeld.

## Investment market: Prices for condominiums on the rise

Bielefeld's investment market performed much more positively than the rental market in 2010. Asking prices increased for both condominiums (up 3.7 percent) and apartments buildings (up 3.8 percent). The price trend for condominiums is particularly striking: with the exception of Duisburg with stagnating prices, all other major cities in North Rhine-Westphalia performed more poorly than Bielefeld – even the university cities of Bonn, Cologne, Münster and Aachen that are popular with investors. Bielefeld was thus the only major city in the state to post an increase in asking prices for condominiums. Apartments in the lower market segment in Bielefeld were offered for an average price per square meter of €671. This means that in 2010 buyers had to pay 1.6 percent more than in the previous year. Apartment buildings were also on the market for higher prices in 2010 than in 2009. The median asking price for apartment buildings was €900 per square meter. For high-quality properties, sellers charged €1,774 per square meter, up 13.6 percent on 2009.

# Bielefeld

## Housing market, cost, and expenditure ratio according to postal code

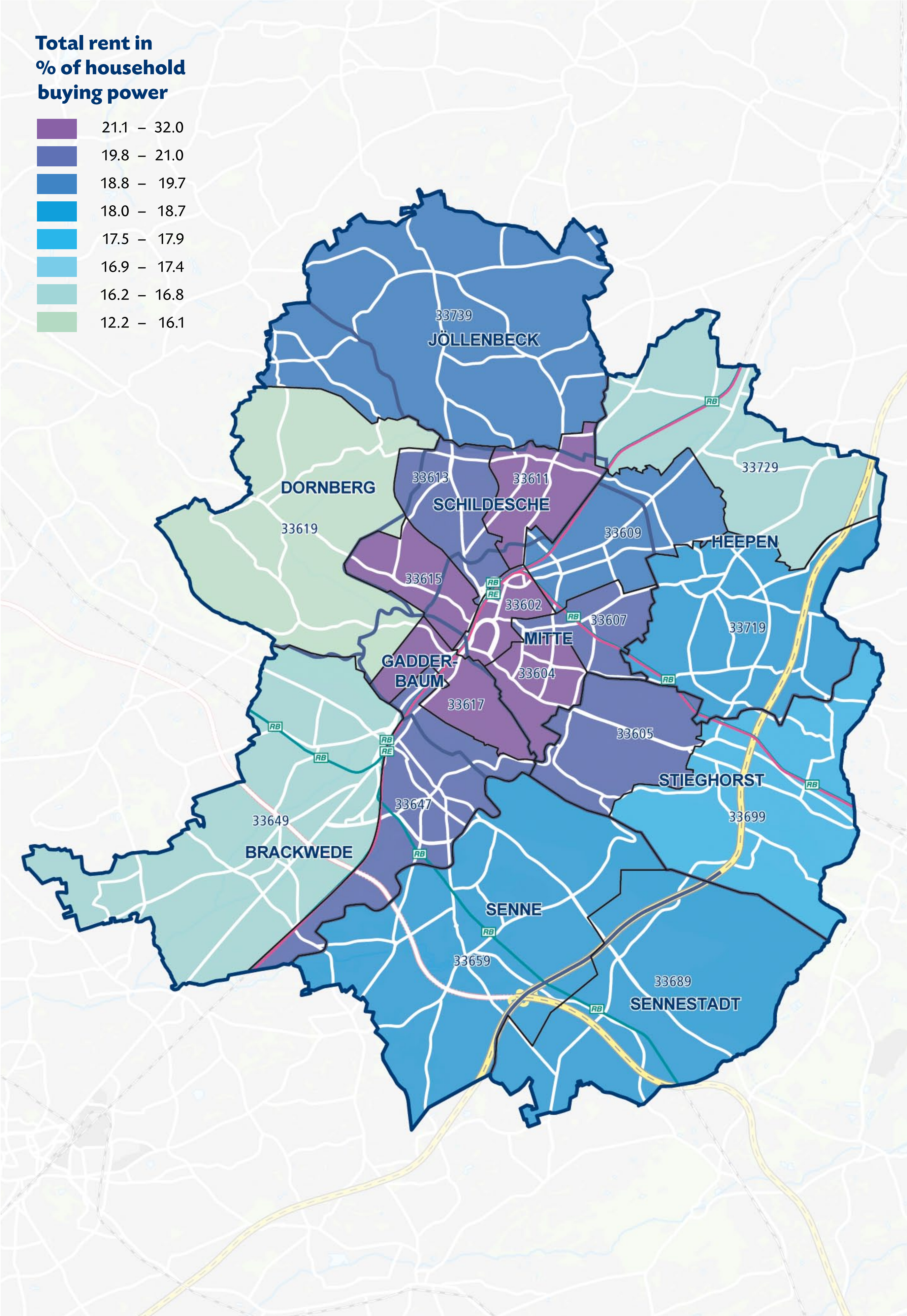
| Housing data | | | | | | Housing cost | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Postal code | Number of rental offers | Basic rent in bottom market segment in €/m²/month | Median basic rent in €/m²/month | Basic rent in top market segment in €/m²/month | Vacancy 2009 in %[1] | Apartment size Ø in m² | Basic housing cost Ø in €/month | Total housing cost[2] Ø in €/month | Household buying power Ø in €/month | Basic rent in % of household buying power | Total rent in % of household buying power |
| 33602 | 470 | 4.82 | 6.54 | 9.50 | 3.6 | 75 | 489 | 714 | 2,732 | 17.9 | **26.1** |
| 33604 | 336 | 4.72 | 6.15 | 10.00 | 1.5 | 70 | 428 | 636 | 2,936 | 14.6 | **21.7** |
| 33605 | 308 | 4.23 | 5.49 | 7.78 | 2.4 | 70 | 385 | 595 | 2,925 | 13.2 | **20.3** |
| 33607 | 371 | 4.57 | 5.64 | 8.23 | 2.0 | 63 | 356 | 545 | 2,652 | 13.4 | **20.5** |
| 33609 | 416 | 3.89 | 5.14 | 7.08 | 1.9 | 67 | 345 | 546 | 2,799 | 12.3 | **19.5** |
| 33611 | 285 | 4.54 | 5.80 | 8.26 | 2.4 | 69 | 399 | 605 | 2,860 | 14.0 | **21.2** |
| 33613 | 390 | 4.75 | 6.04 | 8.70 | 1.6 | 64 | 386 | 577 | 2,831 | 13.6 | **20.4** |
| 33615 | 234 | 4.94 | 6.51 | 9.71 | 2.5 | 70 | 458 | 669 | 2,889 | 15.9 | **23.2** |
| 33617 | 118 | 4.83 | 6.84 | 10.71 | 3.8 | 68 | 463 | 666 | 3,056 | 15.2 | **21.8** |
| 33619 | 259 | 4.57 | 6.03 | 9.27 | 2.9 | 69 | 418 | 626 | 4,013 | 10.4 | **15.6** |
| 33647 | 358 | 4.27 | 5.56 | 7.80 | 2.5 | 71 | 393 | 606 | 2,927 | 13.4 | **20.7** |
| 33649 | 304 | 4.61 | 5.42 | 7.74 | 3.6 | 67 | 362 | 563 | 3,454 | 10.5 | **16.3** |
| 33659 | 281 | 4.12 | 5.32 | 7.43 | 4.4 | 77 | 409 | 639 | 3,505 | 11.7 | **18.2** |
| 33689 | 371 | 4.02 | 4.80 | 6.84 | 3.8 | 73 | 351 | 570 | 3,156 | 11.1 | **18.1** |
| 33699 | 146 | 4.41 | 5.76 | 7.98 | [3.7] | 69 | 400 | 608 | 3,472 | 11.5 | **17.5** |
| 33719 | 218 | 4.33 | 5.63 | 7.91 | 2.0 | 69 | 389 | 596 | 3,203 | 12.1 | **18.6** |
| 33729 | 269 | 4.32 | 5.42 | 8.00 | 2.2 | 69 | 373 | 579 | 3,459 | 10.8 | **16.7** |
| 33739 | 353 | 4.35 | 5.63 | 7.75 | 2.9 | 79 | 448 | 686 | 3,573 | 12.5 | **19.2** |
| Ø | 5,487[3] | 4.28 | 5.66 | 8.54 | 2.6 | 70 | 397 | 607 | 3,113 | 12.7 | 19.5 |
| Ø NRW | 378,959[3] | 4.13 | 5.76 | 10.00 | 3.6 | 71 | 408 | 621 | 3,463 | 11.8 | 17.9 |

1) [Falling number of limited significance] 2) includes €3.00 operating cost/m² (DMB operating cost index 2010) 3) Total of offers

Source: CB Richard Ellis; based on data from: IDN Immodaten, GfK GeoMarketing (buying power data), Techem-empirica (vacancy)

**Postal code allocation**

**33602** Mitte, **33604** Mitte, Stieghorst, **33605** Stieghorst, **33607** Mitte **33609** Mitte, Heepen, **33611** Mitte, Schildesche, Jöllenbeck, **33613** Mitte, Schildesche, Dornberg, **33615** Gadderbaum, Mitte, Schildesche, **33617** Gadderbaum, **33619** Dornberg, Schildesche, **33647** Gadderbaum, Brackwede, Senne, **33649** Brackwede, **33659** Senne, Sennenstadt, **33689** Senne, Sennenstadt, **33699** Stieghorst, **33719** Heepen, **33729** Heepen, **33739** Jöllenbeck, Dornberg


Total rent in
% of household
buying power
21.1 – 32.0
19.8 – 21.0
18.8 – 19.7
18.0 – 18.7
17.5 – 17.9
16.9 – 17.4
16.2 – 16.8
12.2 – 16.1
33739
JÖLLENBECK
DORNBERG
33619
33613
33611
SCHILDESCHE
33729
33609
HEEPEN
33615
33602
33607
33719
MITTE
GADDER-
BAUM
33604
33617
33605
STIEGHORST
33699
33647
33649
BRACKWEDE
SENNE
33659
33689
SENNESTADT

## DIRECTORY OF SOURCES


Federal Statistics Office

Federal Labour Officet

Statistical Office of North Rhine-Westphalia

Committee of Valuation Experts for Cities and Districts in NRW

IDN ImmoDaten

GfK GeoMarketing GmbH

http://www.boris.nrw.de/borisplus//data/GMB/GMB_111_2011_frei.pdf

http://www.kreis-dueren.de/aktuelles/presse/presse_kat.php?pm=/aktuelles/presse/wirtschaft/155010100000029321.php

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http://www.kreis-lippe.de/Konzern_Kreis_Lippe/Fachbereich_Vermessung_Kataster/Fachgebiet53/Documents/Flyer_2011.pdf

http://www.kreis-olpe.de/standard/page.sys/details/eintrag_id=1807/content_id=1147/156.htm

## GLOSSARY

**Scoring:** Ranking of the 54 districts and cities of North Rhine-Westphalia and the 11 other most populous cities in Germany in terms of the attractiveness of their property market.

**Population forecast:** Forecast of the population as prepared by the German Federal Statistical Office. The model applied is based on assumptions with regard to the development of the birth rate, life expectancy and the net migration rate.

**Household forecast:** Forecast of the number of households as prepared by the German Federal Statistical Office. The model applied is based on the figures from the micro-census on the development of private households in the period from 1991 to 2009. The results of the 12th coordinated population projection are taken into account.

**Household purchasing power:** The income available to private households from employment and self-employment including transfer benefits (unemployment benefits, child allowance, family allowance, annuities, pensions, training assistance, capital gains, income from agriculture and forestry, income from letting and leasing, etc.). Source: Gesellschaft für Konsumforschung.

**Purchasing power index:** Per-capita purchasing power of the district or city compared with the national average (Germany = 100). Source: Gesellschaft für Konsumforschung.

**Multiple:** Purchase price (excluding incidental costs)/gross rental income (before deduction of non-recoverable management costs).

**Median:** The numerical value separating the higher half of a sample from the lower half such that 50 percent of the values in the sample are contained in the upper and lower halves respectively.

**Lower market segment:** The segment containing the cheapest 10 percent of the available properties in the entire sample.

**Upper market segment:** The segment containing the most expensive 10 percent of the available properties in the entire sample.

**Entire market segment:** All of the available properties recorded via IDN Immodaten in the respective period, adjusted for duplicates.

**Price range in the middle market segment:** The range of asking rents covered by 80 percent of the available properties recorded.

**Housing cost burden:** Proportion of the monthly purchasing power of a household accounted for by rent excluding and including heating. Formula: Housing costs (excluding/including heating) x 100 / monthly household purchasing power.

**Vacancy rate:** The ratio of the active housing stock in apartment complexes for which no rent is being paid to the total active housing stock. Empirica calculates vacancy rates based on the settlement of utility costs by Techem.

**Residential construction approvals:** Approved construction measures for apartments in residential and non-residential buildings, including existing measures. Source: Statistical Office of North Rhine-Westphalia.

**Residential construction completions:** Completed apartments in residential and non-residential buildings, including existing measures. Source: Statistical Office of North Rhine-Westphalia.

**Housing stock:** Total number of apartments in residential and non-residential buildings.

**IDN Immodaten:** Germany-wide database of properties available for rental and purchase, with around 1.8 million adverts from more than 100 sources added every month.

**Housing costs (excluding heating):** Average apartment size x rent excluding heating per square meter (median).

**Housing costs (including heating):** Average apartment size x (rent excluding heating per square meter (median) + utility costs of €3.00).

## MASTHEAD

**Publisher:**
LEG Management GmbH
Roßstraße 120
40476 Dusseldorf
Tel. +49 211 4568-329
Fax +49 211 4568-300
jens.schoenhorst@leg-nrw.de
www.leg-nrw.de (also for partial downloads of the LEG Housing Market Report NRW)

**Editorial:**
Jens Schönhorst (responsible under German press law),
Miriam Beul-Ramacher

**Market data:**
Dr. Henrik Baumunk, Michael Schlatterer MRICS, Kristina Kröger
(Residential Valuation, CB Richard Ellis GmbH)

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**Concept and project management:**
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