

# LEG Housing Market Report NRW 2011

With HousingCostAtlas





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.

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

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](http://www.leg-nrw.de).

Sincerely,

Handwritten signature of Thomas Hegel in blue ink.

Thomas Hegel  
Management Spokesman,  
CEO

Handwritten signature of Eckhard Schultz in blue ink.

Eckhard Schultz  
Managing Director,  
CFO

Handwritten signature of Holger Hentschel in blue ink.

Holger Hentschel  
Member of Management,  
HOO

## Strong economy attracts new residents, construction on the rise

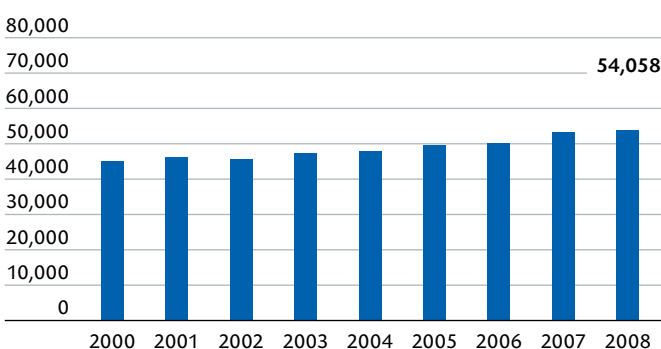
The attractive location of Coesfeld district between the conurbations of Münsterland, the Ruhr area and Enschede (Netherlands) is an important factor in its economic success. The business community boasts several strong pillars and the population is becoming increasingly wealthy, making Coesfeld attractive to jobseekers from other

regions. The population increased by 2.5 percent between 2000 and 2009, while the number of households rose by 9.1 percent in the same period, meaning that Coesfeld ranks fourth among the 54 cities and districts in North Rhine-Westphalia in terms of growth in the number of households. Rents have increased in response to this rise in demand.

Macroeconomic data	Coesfeld, district	NRW	Germany	Year
Residents	220,261	17,872,764	81,802,256	2009
Population density (residents/km <sup>2</sup> )	199	526	230	2009
Population development in %	2.5	-0.8	-0.6	2000-2009
Population forecast in %	-1.4	-2.4	-3.6	2009-2025
Households	89,474	8,550,214	39,628,120	2009
Household development in %	9.1	2.8	3.7	2000-2009
Household forecast in %	6.6	1.5	1.1	2009-2020
Buying power	103.4	101.2	100.0	2011
Per capita buying power in €	20,361	19,921	19,684	2011
Workers paying social insurance contributions	51,624	5,766,861	27,380,096	2009
Development of social insurance contributions	4.0	-2.4	-1.6	2000-2009

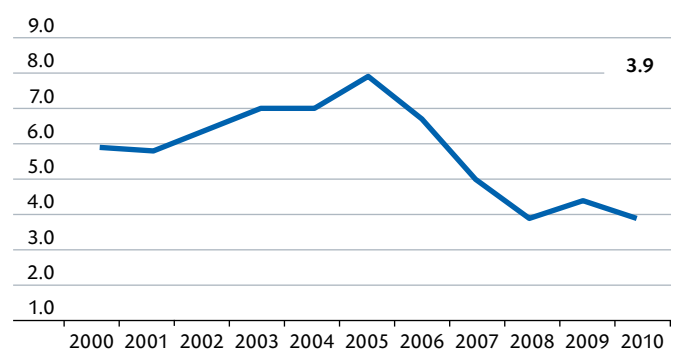
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

### Gross domestic product per employed person in €

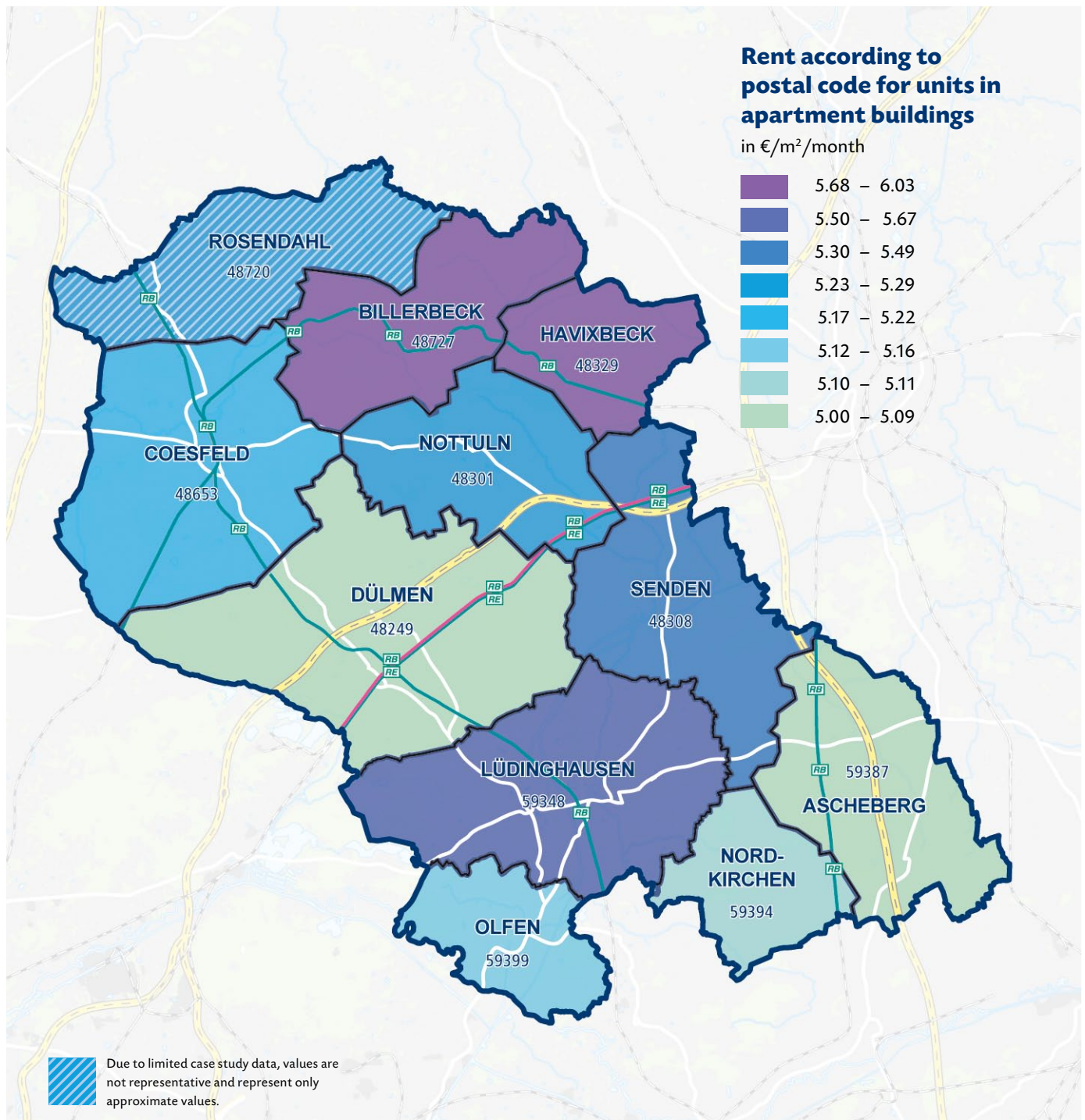


Source: NRW Statistics Office, compiled by CBRE

### Unemployment rate in % of all employable civilians



Source: Federal Labor Office, compiled by CBRE



## Economic structure

Coesfeld district is located in the north of North Rhine-Westphalia state in the Münster administrative region and is bordered by the districts of Steinfurt, Warendorf, Unna, Recklinghausen and Borken and the towns of Münster and Hamm. Coesfeld is the administrative center, while the largest town in the district is Dülmen with around 47,000 inhabitants. The A 1, A 43 and A 31 highways connect the district with the surrounding area, the centers of the Ruhr area and Münster. The nearest international airport is Münster-Osnabrück, around 50 kilometers away.

Coesfeld is one of the most economically stable districts in the whole of North Rhine-Westphalia. This is underlined by the unemployment rate, which has been declining since 2005 and amounted to 3.9 percent in 2010. In May of this year, Coesfeld had the lowest level of unemployment in any of the districts and towns in the state in May of this year at just 3.1 percent. Whereas the district used to be primarily known for agriculture and textiles, it now has a far more varied industry structure, albeit one that is still largely dominated by small and medium-sized enterprises. Nowadays, the

economy in Coesfeld is characterized by sectors such as agricultural market research, medical products, hand-crafted sports cars, specialist signaling systems for special-purpose vehicles, supplies for the aviation industry, and specialist machinery for the textile industry. Major companies include Ernsting's Family, Parador and Humana Milchunion. Coesfeld's favorable location between the economic centers of Münster, the Ruhr area and Enschede (Netherlands) and its excellent infrastructure will continue to provide the economy with a strong basis for growth and employment in future.

## Good news from the western front: A flourishing economy and rising prosperity

Economic and population development in Coesfeld district have been positive over recent years. The low unemployment rate is particularly notable. The local economy enjoyed a boost in the period from 2000 to 2009, during which the number of employees subject to social security increased by 4 percent. Only Steinfurt district (+6.1 percent) and Münster (+7.8) saw more dynamic growth in the labor market over the course of the decade. The high proportion of employees subject to social security and the low level of unemployment mean that the purchasing price index for the district is above-average at 103.4. With annual purchasing power of €20,361 per capita, Coesfeld is one of the wealthier locations in North Rhine-Westphalia. This positive development is also reflected in the district's population, which increased by 2.5 percent between 2000 and 2009 – a growth rate exceeded by only nine of the 54 housing market regions analyzed for the purposes of this report. The number of households rose to an even greater extent, increasing by 9.1 percent. Coesfeld district is expected to continue to build on this development in future. The Statistical Office of North Rhine-Westphalia is forecasting growth in the number of households in Coesfeld of 6.6 percent by 2020, while the population is expected to decline slightly by 1.4 percent between now and 2025. This means that the district ranks among

the top 10 in North Rhine-Westphalia in terms of household forecasts. Despite the growth in its population, Coesfeld remains one of the least densely populated districts, with just under 200 inhabitants per square kilometer; only Höxter, Euskirchen and Hochsauerlandkreis districts recorded lower population density among the 54 housing locations analyzed.

Compared with the period from 2004 to 2007, where the number of units completed averaged between 800 and 900, construction activity was low in 2009 at just 482 units; however, this figure represented a slight increase compared with the previous year (429 units). The number of residential construction permits granted also increased from 495 units in 2008 to 707 in 2009. The figures for the district's housing stock suggest that the majority of the newly constructed residential units take the form of detached and semi-detached houses.

### Coesfeld landlords are demanding higher rents

In the past year, the relatively high level of prosperity in Coesfeld was offset by the rise in asking rents, which increased by 1.7 percent across all location and quality categories. Only six of the 42 districts and smaller towns and four of the top 12 cities

saw higher price growth for rental properties in the past year. In 2010, the average monthly rent for an apartment in Coesfeld was €5.29 per square meter. Rents appreciated in both the upper and lower market segment. In the low-price segment, asking rents rose by 1.5 percent to €4.06, while the figure for the luxury segment increased by 2.5 percent to €7.49 per square meter.

Wealth distribution in the district is relatively even: five of the 11 postcode areas have average monthly household income in excess of €4,000, while none of the sub-markets fall below €3,700. On the whole, this high level of income is accompanied by moderate rents. Prime rents only exceeded €8 in two sub-markets – the town of Coesfeld (postcode 48653) and Havixbeck municipality (postcode 48329). This means that households in Coesfeld district spend a relatively low proportion of their monthly purchasing power on housing costs despite the rental growth. Housing costs including heating did not exceed 18 percent in any of the five towns (Lüdinghausen, Billerbeck, Coesfeld, Dülmen, Olfen) or six municipalities (Nottuln, Senden, Havixbeck, Rosendahl, Ascheberg, Nordkirchen) in the district, while the housing cost burden excluding heating ranged from 9.8 percent in Ascheberg (postcode 59387, €398) to 11.7 percent in the town of Lüdinghausen (postcode 59348, €466).

Housing stock data	2004	2005	2006	2007	2008	2009
Vacancy rate in %	2.8	2.9	3.0	3.1	3.5	3.4
Permits for new buildings	943	819	887	496	495	707
Finished apartments	886	878	797	780	429	482
Housing stock	80,460	81,304	82,090	82,840	83,198	83,714
Housing stock in apartment buildings	28.7	28.7	28.6	28.6	28.5	28.5

Source: Techem-empirica (vacancy), NRW Statistics Office, compiled by CBRE



## 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

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## 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).

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