CBRE
CB RICHARD ELLIS

LEG
gewohnt gut.

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

District of Heinsberg

Score 31 of max. 48

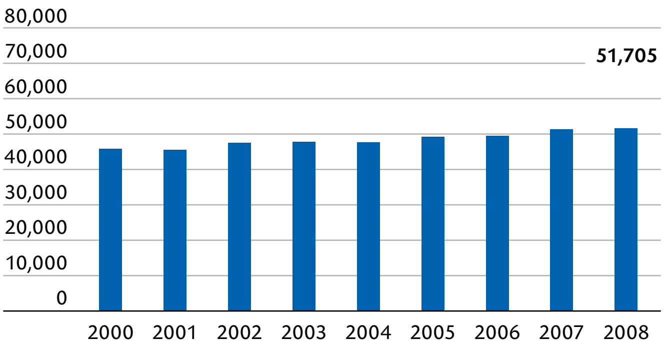
Despite forecast of decreasing population, number of households set to increase

Households looking for accommodation in Heinsberg district had to accept higher rents across all market segments in 2010. There was year-on-year price growth for new rentals in the upper market segment in particular, with advertised prices increasing by 3.4 percent. The high level of demand is unsurprising, particularly considering that the district saw growth in the number of inhabitants and households alike between 2000 and 2009. The number of households in particular is expected to continue to rise in future, meaning that demand will remain at a high level. Living in Heinsberg district is far from cheap, with the average housing cost burden accounting for just fewer than 20 percent of monthly household purchasing power.

Macroeconomic data	Heinsberg, district	NRW	Germany	Year
Residents	255,158	17,872,764	81,802,256	2009
Population density (residents/km²)	408	526	230	2009
Population development in %	1.9	–0.8	–0.6	2000–2009
Population forecast in %	–1.7	–2.4	–3.6	2009–2025
Households	111,589	8,550,214	39,628,120	2009
Household development in %	9.3	2.8	3.7	2000–2009
Household forecast in %	8.4	1.5	1.1	2009–2020
Buying power	91.4	101.2	100.0	2011
Per capita buying power in €	17,987	19,921	19,684	2011
Workers paying social insurance contributions	50,982	5,766,861	27,380,096	2009
Development of social insurance contributions	2.2	–2.4	–1.6	2000–2009

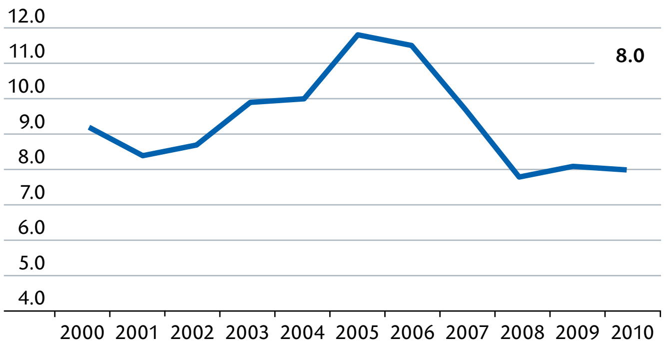
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

Gross domestic product
per employed person in €

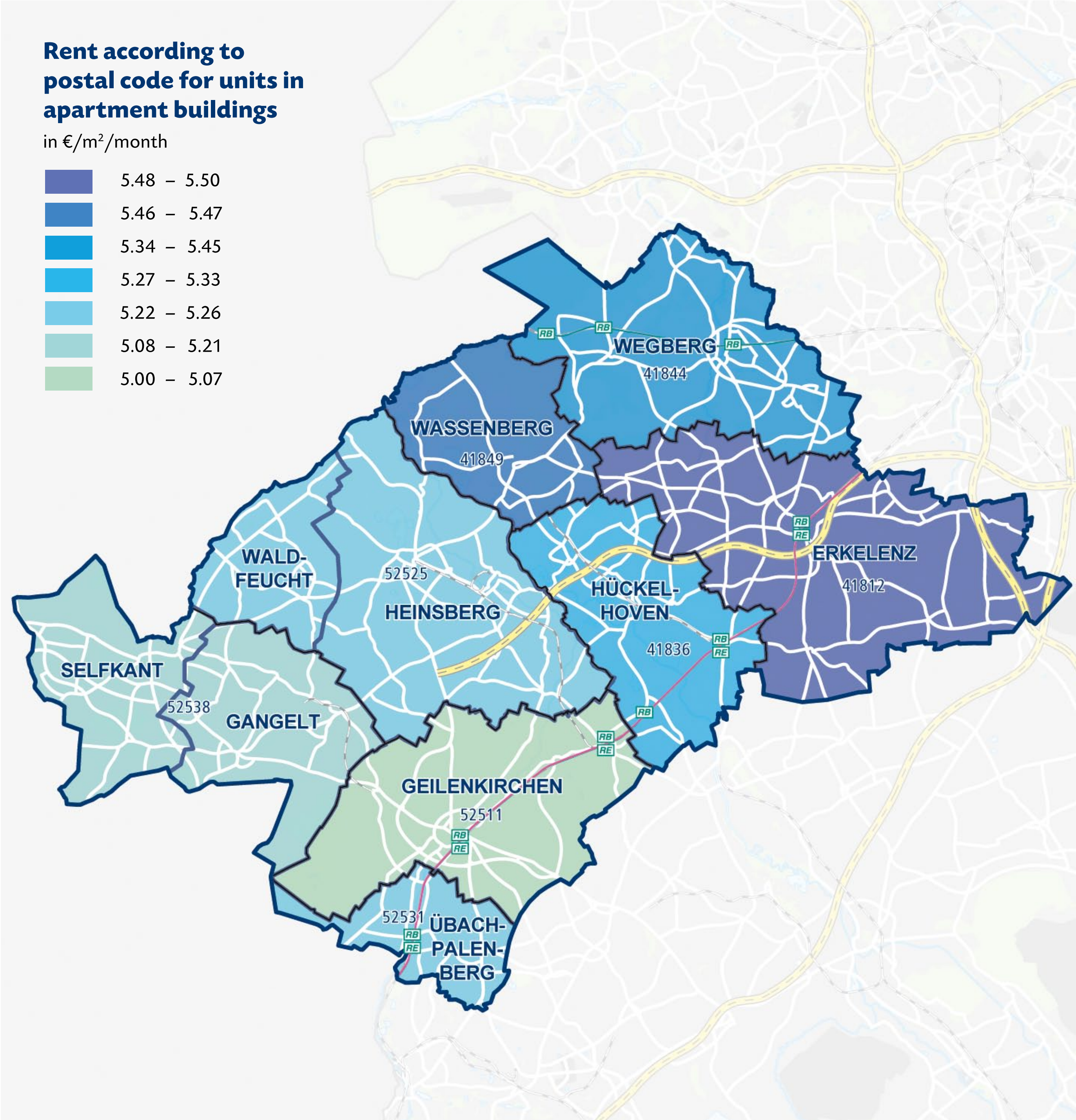


Source: NRW Statistics Office, compiled by CBRE

Unemployment rate
in % of all employable civilians



Source: Federal Labor Office, compiled by CBRE



Economic structure

The seven towns and three municipalities of Heinsberg district are home to 255,158 inhabitants. Population density is low at 408 people per square kilometer. Germany's westernmost district, Heinsberg is currently undergoing a phase of restructuring. As a rural region, it offers extensive open space, comparatively low taxes and duties, an affordable cost of living and an intact residential environment. Commercial areas of more than 400 hectares are available in the district. Heinsberg also forms part of the nationally and internationally recognized Aachen Technology Region. The economic environment in the district ranges from a large number of small and medium-sized enterprises through to major multinationals. Among other things, this includes suppliers for the vehicle industry, such as Denso Europe, the brake manufacturer Saxid and the carbon fiber manufacturer Toho Tenax. The test and validation center operated by Siemens Mobility in Wegberg-Wildenrath, which is used to test rail vehicles across a wide range of national rail standards, is the only facility of its kind in all of Europe.

Heinsberg district benefits greatly from its accessible location between the Benelux countries and the Rhine-Ruhr rail line. Almost 78 kilometers of the 171-kilometer district boundary follows the border with the Netherlands. The A 46, B 221, B 56 and B 57 roads and the main Aachen-Mönchengladbach rail route ensure that the district enjoys good transport links, while there are three airports (Dusseldorf, Cologne/Bonn, Maastricht-Aachen/NL) and three inland ports (Neuss, Roermond/NL und Born/NL) within 60 kilometers.

District of Heinsberg

Asking rents in the upper market segment rise 3.4 percent

The westernmost district in North Rhine-Westphalia has seen positive development in the number of inhabitants over the past decade, with the population rising by 1.9 percent between 2000 and 2009. The number of households increased by as much as 9.3 percent in the same period. Of the 54 housing market regions in North Rhine-Westphalia analyzed for the purposes of this report, only Kleve district saw a more pronounced increase in the number of households, with growth of 9.9 percent in the same period. Demand for housing will remain stable over the coming years, too. Although the population is forecast to decline slightly by 1.7 percent between now and 2025, the number of households – which is more relevant in terms of the housing market – is expected to rise by 8.4 percent. These opposing developments are attributable to the reduction in the average household size and the growing proportion of single-person households. This will also have an impact on local demand for housing. In the neighboring Aachen, single-person households are already the largest tenant group, accounting for almost 53 percent of all households. No other region in North Rhine-Westphalia has a higher share of one-person households. Despite the high level of demand, however, the vacancy rate for apartments in Heinsberg district increased slightly from 2.8 percent in 2008 to 3.2 percent in 2009. The existing downward trend in the number of completions continued in the year under review: a total of 720 new properties were constructed compared with more than 1,300 in 2004. By contrast, the number of residential construction permits increased slightly for the first time in five years, from 804 units in 2008 to 895 units in 2009.

Housing costs proportionately higher than in most neighboring markets

The high level of demand in Heinsberg district meant that 2010 was a positive year for landlords, with prices for new rentals rising by 1.9 percent across all location and quality categories. The median monthly rent for apartments in the district was €5.33 per square meter. The most dramatic price rises were in the upper market segment, where asking rents amounted to €7.50 per square meter per month in the past year, 3.4 percent more than in 2009. The growth in the lower market segment was somewhat less pronounced, with households facing average monthly rents of €4.09 per square meter, up 2.2 percent year-on-year.

This rental development is likely to have had a corresponding impact on the average household budget in Heinsberg. With annual purchasing power of €17,987 per capita, residents of the district find themselves in the bottom quarter of all the regions in North Rhine-Westphalia analyzed for the purposes of this report (49th out of 54). This meant that households in Heinsberg were required to spend a comparatively high proportion of their monthly budget on housing: rent excluding and including heating accounted for 12.5 percent (€431) and 19.5 percent (€675) of the average monthly household purchasing power of €3,460 respectively. The housing cost burden in the neighboring districts is lower. Rent including heating in the City of Mönchengladbach accounted for 18.1 percent of household purchasing power, while the figures for the adjacent districts of Viersen and Düren were 17.5 percent and 17.8 percent respectively. Only the Aachen Urban Region has a greater imbalance between purchasing power and housing costs than Heinsberg district.

As in the previous year, the highest housing cost burden in Heinsberg is found in Übach-Palenberg (postcode 52531), where tenants spend an average of 14.1 percent of their monthly household purchasing power of €2,952 on rent excluding heating and 22.1 percent on rent including heating. Generally speaking, there is a north-east to south-west gap in the district's housing market. The most expensive residential areas are found in the north-east, primarily in Erkelenz (postcode 41812), Wegberg (postcode 41844) and Wassenberg (postcode 41849), while southern postcode areas such as Selfkant, Gangelt (postcode 52538) and Geilenkirchen (postcode 52511) are more affordable.

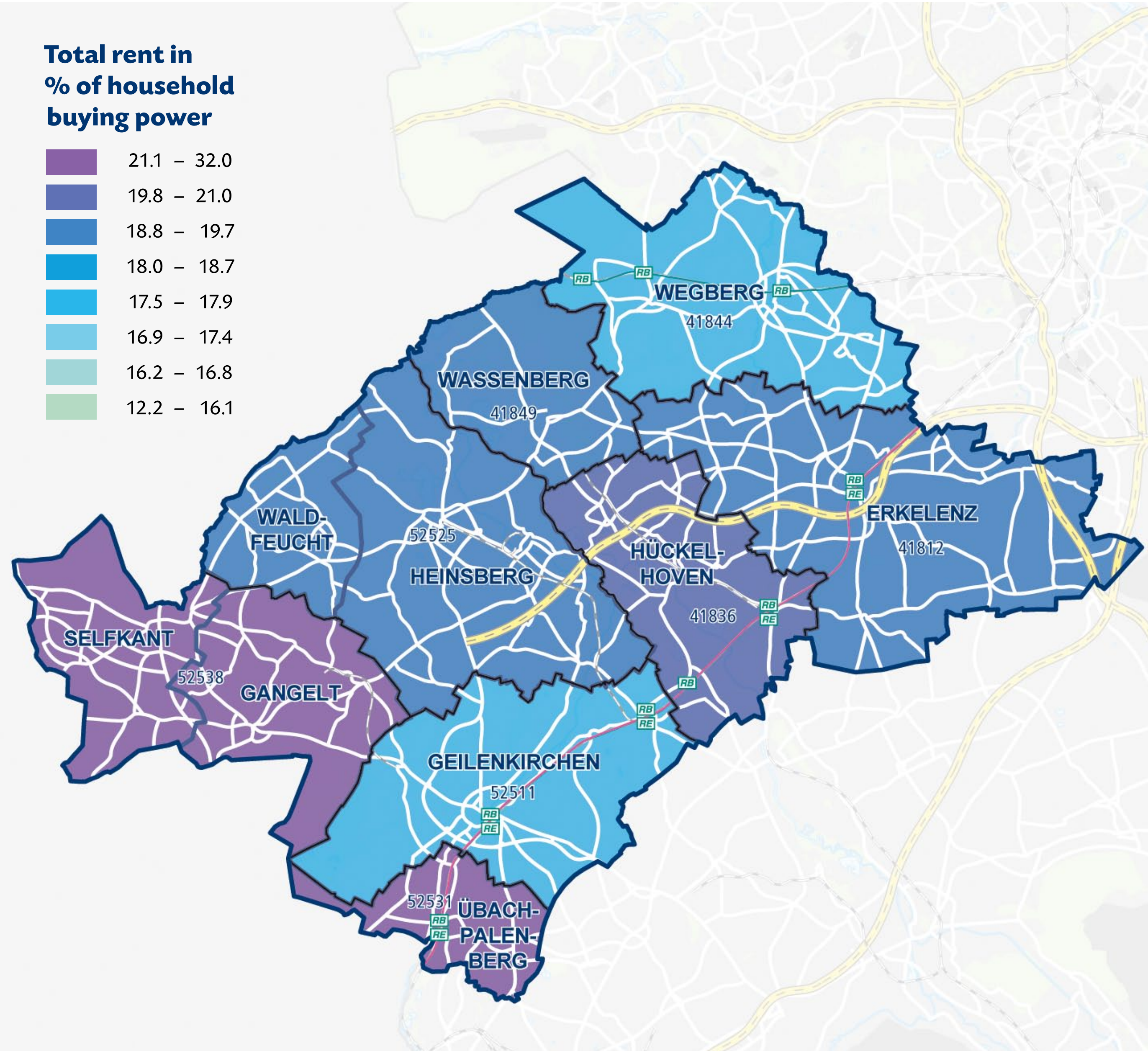
Housing stock data	2004	2005	2006	2007	2008	2009
Vacancy rate in %	3.2	3.1	3.2	3.0	2.8	3.2
Permits for new buildings	1,273	1,069	945	806	804	895
Finished apartments	1,306	1,238	1,003	983	803	720
Housing stock	106,033	107,266	108,204	109,241	110,024	110,717
Housing stock in apartment buildings	24.2	24.1	24.0	23.9	23.9	23.9

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

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
41812	500	4.45	5.50	8.30	2.9	85	465	719	3,777	12.3	**19.0**
41836	263	4.09	5.27	6.89	2.8	78	408	641	3,155	12.9	**20.3**
41844	391	4.29	5.44	7.08	2.6	79	432	669	3,780	11.4	**17.7**
41849	149	4.30	5.47	8.06	[4.2]	83	454	703	3,587	12.7	**19.6**
52511	362	4.00	5.00	6.86	[1.9]	79	396	633	3,582	11.1	**17.7**
52525	466	3.94	5.26	8.04	[4.9]	80	422	663	3,453	12.2	**19.2**
52531	206	4.09	5.25	8.08	3.9	79	416	653	2,952	14.1	**22.1**
52538	124	3.75	5.08	7.14	n/a	89	450	715	3,297	13.6	**21.7**
Ø	2,461[3]	4.09	5.33	7.50	3.2	81	431	675	3,460	12.5	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

41812 Erkelenz, City, **41836** Hückelhoven, City, **41844** Wegberg, City, **41849** Wassenberg, City, **52511** Geilenkirchen, City, **52525** Heinsberg, City; Waldfeucht, **52531** Übach-Palenberg, City, **52538** Gangelt, Selfkant

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

http://www.kreis-coesfeld.de/fileadmin/ZfA/downloads/zfa-bericht-2011-05.pdf

http://www.hohenbuschei.de/

http://www.it.nrw.de/

http://www.duesseldorf.de/statistik/stadtforschung/sachthemen/bevoelkerung.shtml

Annual Statistics for City of Münster, 2009, http://www.muenster.de/stadt/stadtplanung/pdf/Jahres-Statistik_2009.pdf

Annual Statistics for City of Münster, 2010, http://www.muenster.de/stadt/stadtplanung/pdf/Jahres-Statistik_2010_Bevoelkerung.pdf

http://www.oberbergischer-kreis.de/imperia/md/content/cms200/demographie/zahlen_daten_fakten_2010_2.pdf

http://www.wirtschaftsstandort-oberberg.de

http://www.muelheim-business.de/cms/softwaregames_bildet_den_leuchtturm_der_kreativwirtschaft_in_muelheim1.html

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)

Graphics/Layout:
Storkan Informationsdesign
Cover design: Gornig Design

Housing cost maps:
Baumgardt Consultants, Gesellschaft für Marketing und Kommunikation bR

Photos:
Cover: Max Hampel, Dusseldorf (Montage: Gornig Design);
p. 1: Ansgar M. van Treeck, Dusseldorf

Concept and project management:
Katja Binnyus, Thomas Rücker (RUECKERCONSULT GmbH)