

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.

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

Population growth stimulates Kleve residential market

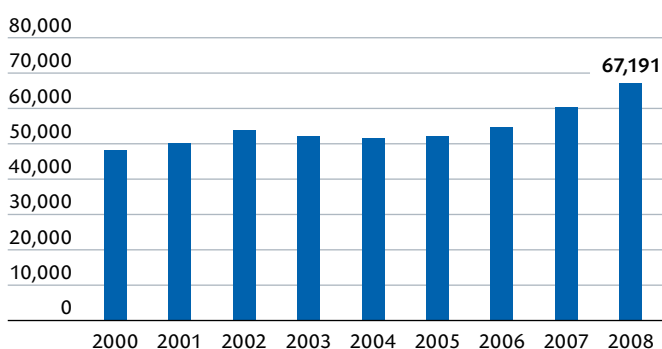
The Kleve District is located in the northwest of North Rhine-Westphalia and borders on the Lower Rhine and the Netherlands. The 16 cities and communities of the Kleve District are spread over an area of 1,200 square kilometers. Major European conurbation centers such as the Ruhr region and the region Arnheim, Nijmegen und Venlo can be easily reached from the

district. The local labor market is balanced, prices for building land are reasonable and as a result the district is seeing increases in population and households. In 2010, the rented accommodation market responded to this development by increasing prices. Peak rents of more than €9 per square meter are being sought in two of the district's sub-markets.

Macroeconomic data	Kleve, district	NRW	Germany	Year
Residents	308,090	17,872,764	81,802,256	2009
Population density (residents/km ²)	251	526	230	2009
Population development in %	2.9	-0.8	-0.6	2000-2009
Population forecast in %	2.2	-2.4	-3.6	2009-2025
Households	127,601	8,550,214	39,628,120	2009
Household development in %	9.9	2.8	3.7	2000-2009
Household forecast in %	9.0	1.5	1.1	2009-2020
Buying power	92.8	101.2	100.0	2011
Per capita buying power in €	18,258	19,921	19,684	2011
Workers paying social insurance contributions	75,866	5,766,861	27,380,096	2009
Development of social insurance contributions	1.4	-2.4	-1.6	2000-2009

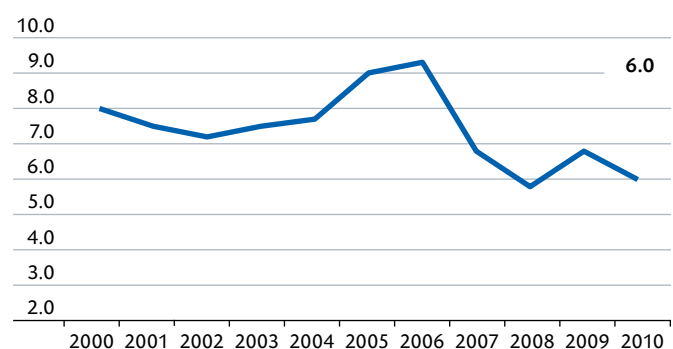
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

Gross domestic product per employed person in €

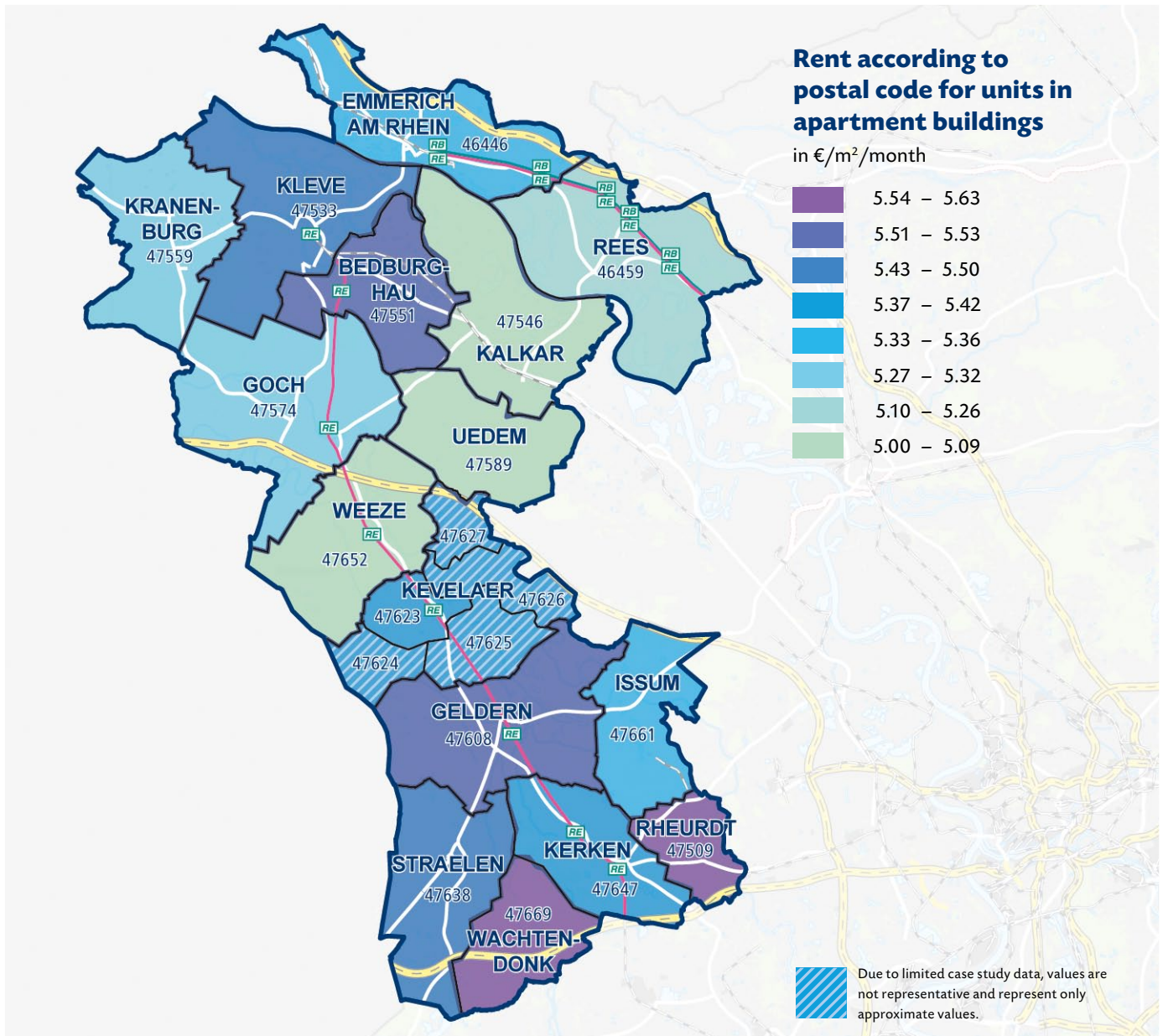


Source: NRW Statistics Office, compiled by CBRE

Unemployment rate in % of all employable civilians



Source: Federal Labor Office, compiled by CBRE



Economic structure

The Kleve District is best known to outsiders for the Maas-Schwalm-Nette Nature Park, which attracts visitors from the surrounding German and Netherlands conurbation areas all year round. The proximity to the Ruhr region and the regions of Arnhem and Venlo also make this a good location for companies, as a result of which the Kleve district has a broad-based economic structure of small and medium-sized enterprises despite its rural nature. Indus-

tries range from the manufacture of circuit boards, packaging machinery and spectral analysis equipment to industrial kiln construction and the world's biggest manufacturer of coffee roasting equipment to production facilities for digital data carriers. Companies behind nationally recognized consumer goods brands such as Diebels, Bofrost, Kühne and Katjes are also located in the Kleve District. The good order situation among companies has also led to

further easing on the labor market in the west of North Rhine-Westphalia. Between 2009 and 2010, the unemployment rate fell from 6.8 percent to 6 percent. The number of people in work and paying social security contributions in Kleve climbed by 1.4 percent over the same period. Nonetheless, with an average purchasing power of €18,258 per capita per year, the Kleve District is in the bottom quartile for affluence within the state.

Housing stock data	2004	2005	2006	2007	2008	2009
Vacancy rate in %	4.1	5.0	4.1	4.0	3.9	3.6
Permits for new buildings	1,259	1,442	1,267	1,094	930	1,011
Finished apartments	1,760	1,218	1,265	1,081	1,103	748
Housing stock	125,730	126,906	128,148	129,208	130,272	130,983
Housing stock in apartment buildings	28.8	28.6	28.6	28.5	28.6	28.5

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

Starting rents of less than €4 only in Weeze and Kalkar

In 2010, prospective tenants on a low budget in the Kleve District found affordable apartments available for less than €4 per square meter per month in only two of a total of 20 postcode areas. In Weeze (postcode area 47652), starting rents in the lower market segment began at €3.80, in Kalkar (postcode area 47546) landlords were asking for €3.90 per square meter per month. In Uedem (postcode area 47589), where affordable living space had been available for €3.83 per square meter per month in the previous year, square meter prices had risen to €4.09 in 2010. Overall, people wanting to move in 2010 had to accept higher prices on the residential market in 16 cities and communities. Across all features and quality classes, rents rose by 1.3 percent. Thus, Kleve is following the state-wide trend to a certain extent. In 26 of the 42 small districts, asking prices on the rented accommodation market were up as against the previous year. In the Kleve District, the rise in prices affected both the

lower and the upper market segment. Between Emmerich in the north and Wachtendonk in the south, landlords for apartments in the lower market segment were asking €4.11 per square meter per month, 1.9 percent more than in 2009. Advertised square meter prices in the upper segment rose by 1.1 percent to €7.62. However, peak rents in the 16 sub-markets for which sufficient price information is available varied. While top apartments were available for square meter prices of more than €9 in Weeze (postcode area 47652, €9.49) and Kranenburg (postcode area 47559, €9.23), corresponding properties were priced below the €7 mark in Straelen (postcode area 47638, €6.88) and Kerken (postcode area 47647, €6.98). Within the district area, housing costs (including heating) varied at a moderate level between 15.1 percent of the monthly household purchasing power in Wachtendonk (postcode area 47669) and 19.9 percent in Bedburg-Hau (postcode area 47551).

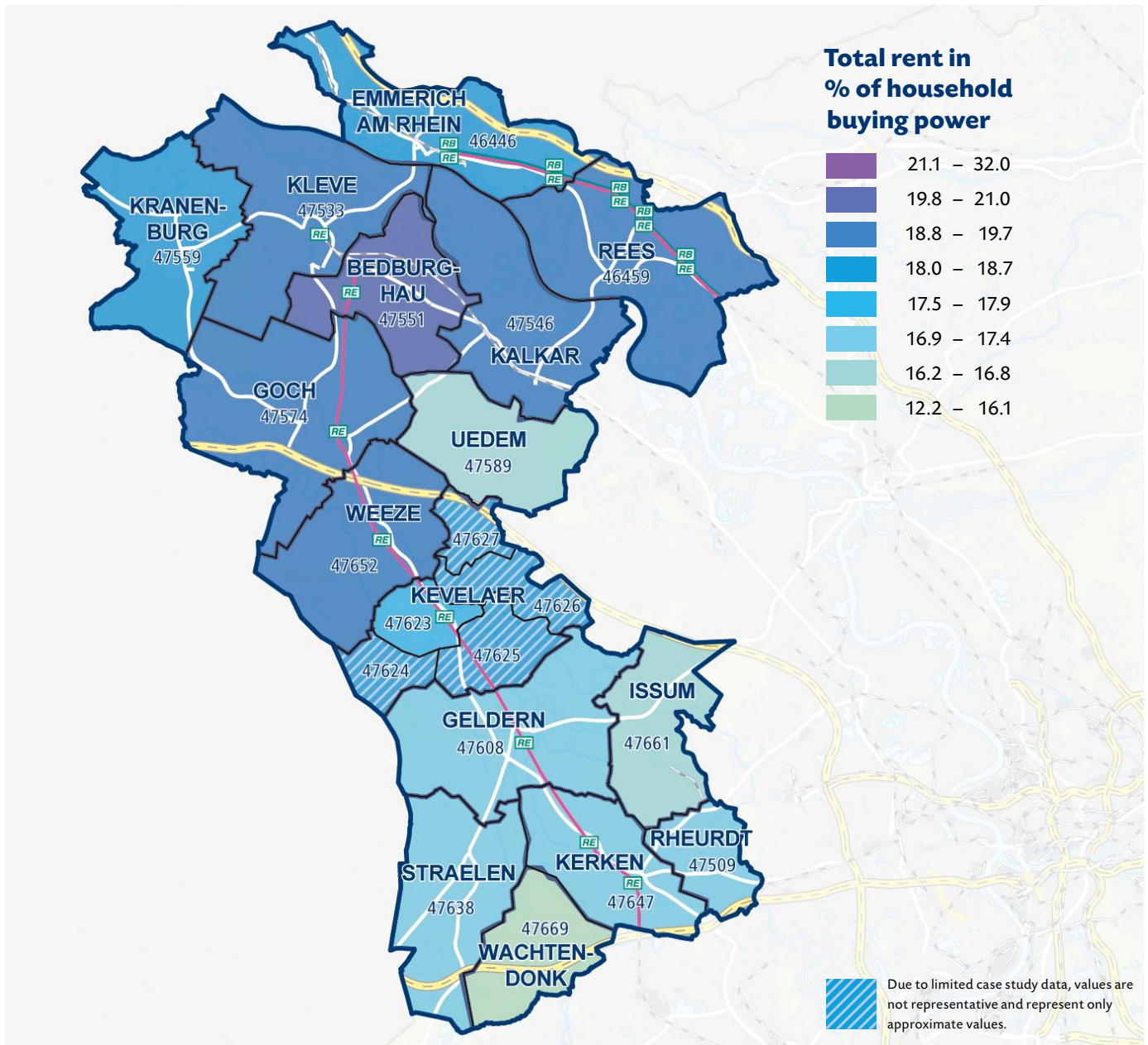
Lively demand for apartments further reduced the share of vacant rented apartments in the Kleve District. While 5 percent of units in apartment complexes were not let in 2005, the figure dropped to only 3.6 percent in 2009.

The consistently high demand is due to the demographic developments in the district. In the period between 2000 and 2009, the number of residents in the area increased by 2.9 percent while the number of households surged by a high 9.9 percent. No other residential market region saw a similar rise in household figures in the same period. Population forecasts are positive for the district for the coming years as well. According to calculations by the State Statistical Office for North Rhine-Westphalia, the number of residents is forecast to rise by 2.2 percent by 2025. Meanwhile, the number of households is set to rise by as much as 9 percent by 2020.

Housing data						Housing cost					
Postal code	Number of rental offers	Basic rent in bottom market segment in €/m ² /month	Median basic rent in €/m ² /month	Basic rent in top market segment in €/m ² /month	Vacancy 2009 in % ¹⁾	Apartment size Ø in m ²	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
46446	258	4.00	5.33	8.25	2.2	77	410	640	3,418	12.0	18.7
46459	280	4.00	5.15	8.93	[0.8]	81	415	656	3,452	12.0	19.0
47509	94	4.67	5.63	7.96	n/a	77	434	666	3,866	11.2	17.2
47533	703	4.23	5.49	7.86	3.9	75	414	640	3,244	12.8	19.7
47546	121	3.90	5.06	7.00	n/a	85	429	683	3,622	11.8	18.9
47551	81	4.40	5.51	7.45	n/a	78	429	663	3,325	12.9	19.9
47559	51	4.44	5.31	9.23	n/a	72	380	595	3,250	11.7	18.3
47574	533	4.07	5.30	7.53	3.6	78	415	650	3,454	12.0	18.8
47589	60	4.09	5.09	8.17	n/a	74	379	602	3,579	10.6	16.8
47608	1,089	4.17	5.52	7.39	[4.2]	76	419	646	3,753	11.2	17.2

Postal code allocation

46446 Emmerich am Rhein, City, **46459** Rees, City, **47509** Rheurdt, **47533** Kleve, City, **47546** Kalkar, City, **47551** Bedburg-Hau, **47559** Kranenburg, **47574** Goch, City, **47589** Uedem, **47608** Geldern, City, **47623** Kevelaer, City, **47624** Kevelaer-Twisteden, **47625** Kevelaer-Wetten, **47626** Kevelaer-Winnekendonk, **47627** Kevelaer-Kervenheim, **47638** Straelen, City, **47647** Kerken, **47652** Weeze, **47661** Issum, **47669** Wachtendonk



Housing data						Housing cost					
Postal code	Number of rental offers	Basic rent in bottom market segment in €/m ² /month	Median basic rent in €/m ² /month	Basic rent in top market segment in €/m ² /month	Vacancy 2009 in % ¹⁾	Apartment size Ø in m ²	Basic housing cost Ø in €/month	Total housing cost ³⁾ Ø in €/month	Household buying power Ø in €/month	Basic rent in % of household buying power	Total rent in % of household buying power
47623	370	4.19	5.40	7.00	[2.2]	74	402	626	3,507	11.5	17.8
47624	10	n/a	n/a	n/a	n/a	71	n/a	n/a	3,992	n/a	n/a
47625	6	n/a	n/a	n/a	n/a	65	n/a	n/a	3,771	n/a	n/a
47626	36	n/a	n/a	n/a	n/a	81	n/a	n/a	3,808	n/a	n/a
47627	19	n/a	n/a	n/a	n/a	81	n/a	n/a	3,639	n/a	n/a
47638	275	4.25	5.46	6.88	[2.0]	82	445	690	3,994	11.1	17.3
47647	121	4.38	5.38	6.98	[1.6]	82	440	685	4,055	10.8	16.9
47652	72	3.80	5.00	9.49	[6.1]	75	375	600	3,190	11.8	18.8
47661	151	4.28	5.34	7.00	[2.1]	81	430	672	4,051	10.6	16.6
47669	108	4.00	5.58	7.14	n/a	74	415	638	4,222	9.8	15.1
Ø	4,438 ³⁾	4.11	5.42	7.62	3.6	77	419	650	3,554	11.8	18.3
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)

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).

MASTHEAD

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