

# 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

## Apartment rents rise yet again in all market segments

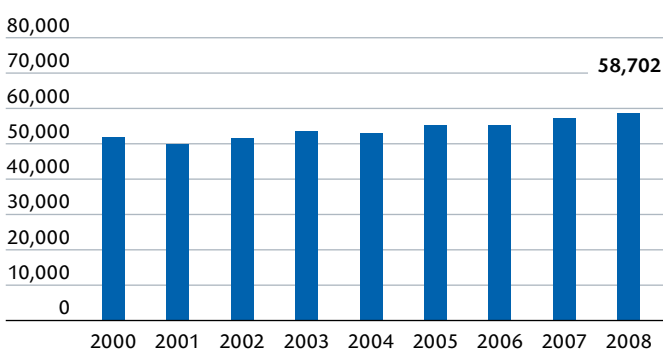
At €18,898 per capita per year, the purchasing power of the roughly 316,000 inhabitants of this district lies in the bottom third of all residential markets in NRW. Despite the slight increase in prices in 2010, asking rents in eight of the district's cities and five of its communities are still at a moderate level, even with

inflation. Prospective tenants with low purchasing power found apartments available at prices of less than €4 per square meter per month in 15 of 16 postcode areas in the past year. The average asking price for an apartment in the district area was €4.84 per square meter per month. Only three locations in the state had lower asking rents in 2010.

Macroeconomic data	Minden-Lübbecke, dist.	NRW	Germany	Year
Residents	315,784	17,872,764	81,802,256	2009
Population density (residents/km <sup>2</sup> )	275	526	230	2009
Population development in %	-2.2	-0.8	-0.6	2000-2009
Population forecast in %	-6.6	-2.4	-3.6	2009-2025
Households	142,361	8,550,214	39,628,120	2009
Household development in %	3.0	2.8	3.7	2000-2009
Household forecast in %	1.6	1.5	1.1	2009-2020
Buying power	96.0	101.2	100.0	2011
Per capita buying power in €	18,898	19,921	19,684	2011
Workers paying social insurance contributions	111,494	5,766,861	27,380,096	2009
Development of social insurance contributions	-3.3	-2.4	-1.6	2000-2009

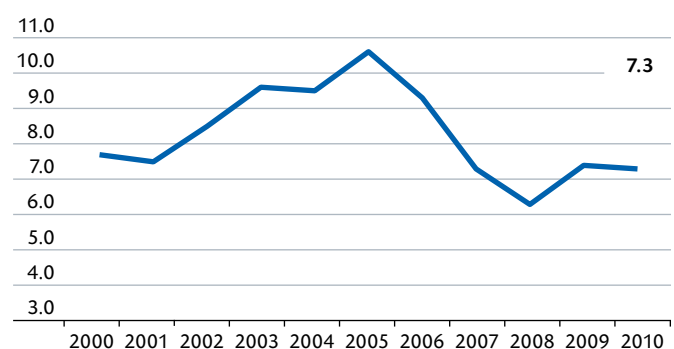
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

### Gross domestic product per employed person in €

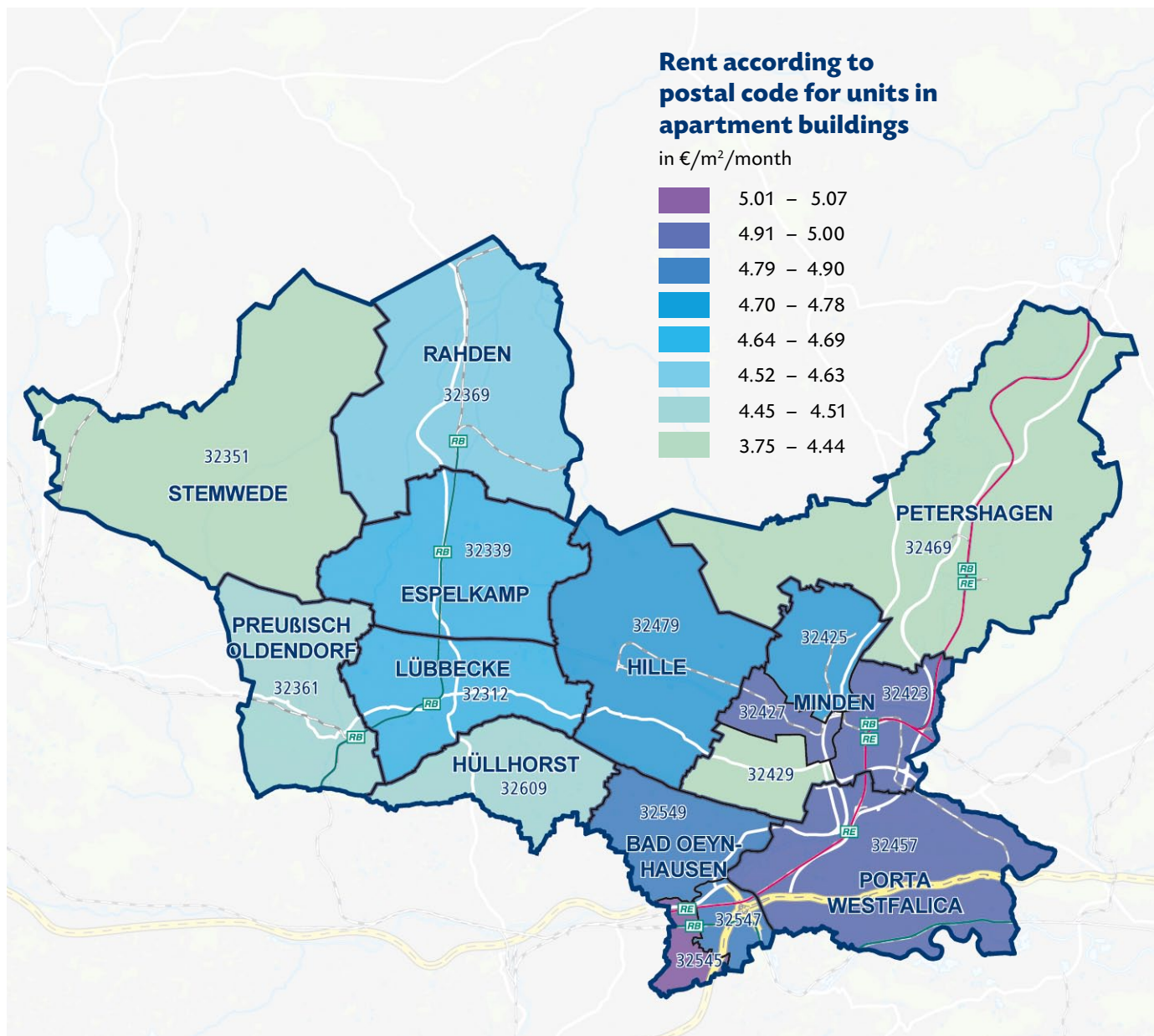


Source: NRW Statistics Office, compiled by CBRE

### Unemployment rate in % of all employable civilians



Source: Federal Labor Office, compiled by CBRE



## Economic structure

Nowhere else in Germany is there a comparable number and variety of restored mills than in the district of Minden-Lübbecke. In the past, the majority of the land in the district's area has been used for agricultural purposes, predominantly by companies in the food processing industry. Further significant industries in the district's economic make-up are the manufacturing industry, the chemicals industry, services, retail, the hospitality industry and trans-

port. The paper manufacturer Melitta has its headquarters in Minden and BASF also maintains a branch there. The other major employers in the region are Balda, the manufacturer of telecommunications, automotive and medical technology, the home furnishings company Porta Möbel, the gambling machine manufacturer Gauselmann and the producer of industrial plug connections Harting. Bad Oeynhausen has focused on the healthcare

sector, particularly emphasizing medical facilities. Among others, it is also home to the North Rhine-Westphalia Heart and Diabetes Care Center. The nationwide economic recovery apparently reached the companies located here in 2010 as the number of unemployed residents of the district declined slightly. While the unemployment rate had amounted to 7.4 percent in 2009, it then contracted to 7.3 percent within one year.

Housing stock data	2004	2005	2006	2007	2008	2009
Vacancy rate in %	7.3	7.4	7.8	6.7	6.5	5.4
Permits for new buildings	1,115	916	948	526	600	599
Finished apartments	1,450	1,016	843	785	599	488
Housing stock	132,344	133,306	133,893	134,625	135,073	135,374
Housing stock in apartment buildings	33.4	33.3	33.1	33.1	33.1	33.0

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

## Affordable rents responsible for moderate housing costs

Prospective tenants in the Minden-Lübbecke District faced slight increases in rent prices in 2010. Across all market segments, asking prices climbed by 0.6 percent to a total of €4.84 per square meter per month. Thus, the price increase was less than in the previous year, when they had risen by 3 percent. However, asking rents increased by 1.2 percent in both the lower and upper market segments. In 2010, new leases in the lower segment demanded €3.67 per square meter per month while the figure was €7.11 in the upper segment.

In spite of the rise in prices, the Minden-Lübbecke District was again among the more affordable markets of North Rhine-Westphalia for households with less purchasing power in 2010. Out of all the 54 residential market locations analyses, only the Lippe District (€3.64), the Hochsauerland District (€3.50) and the Höxter District (€3.12) had more affordable starting rents than Minden-Lübbecke. Regarding

the peak rents advertised, Minden-Lübbecke was in the lower third of all cities and districts included in the survey.

Only a portion of residents were affected by the developments in rental prices in the district, which is among this federal state's less densely populated residential markets with 275 inhabitants per square kilometer. Only a third of apartments – numbering 135,374 units in this district – are located in an apartment building. This ratio has declined minimally in recent years from 33.4 percent (2004) to 33 percent (2009). The number of construction permits issued has remained relatively stable in the last three years. The construction authorities issued permits for 599 new residential units in 2009, just one less than in the year before. This figure had been 526 in 2007. However, the number of permits for new residential units has decreased significantly as compared to the years 2004 to 2006, when up to 1,115 were issued each year. The num-

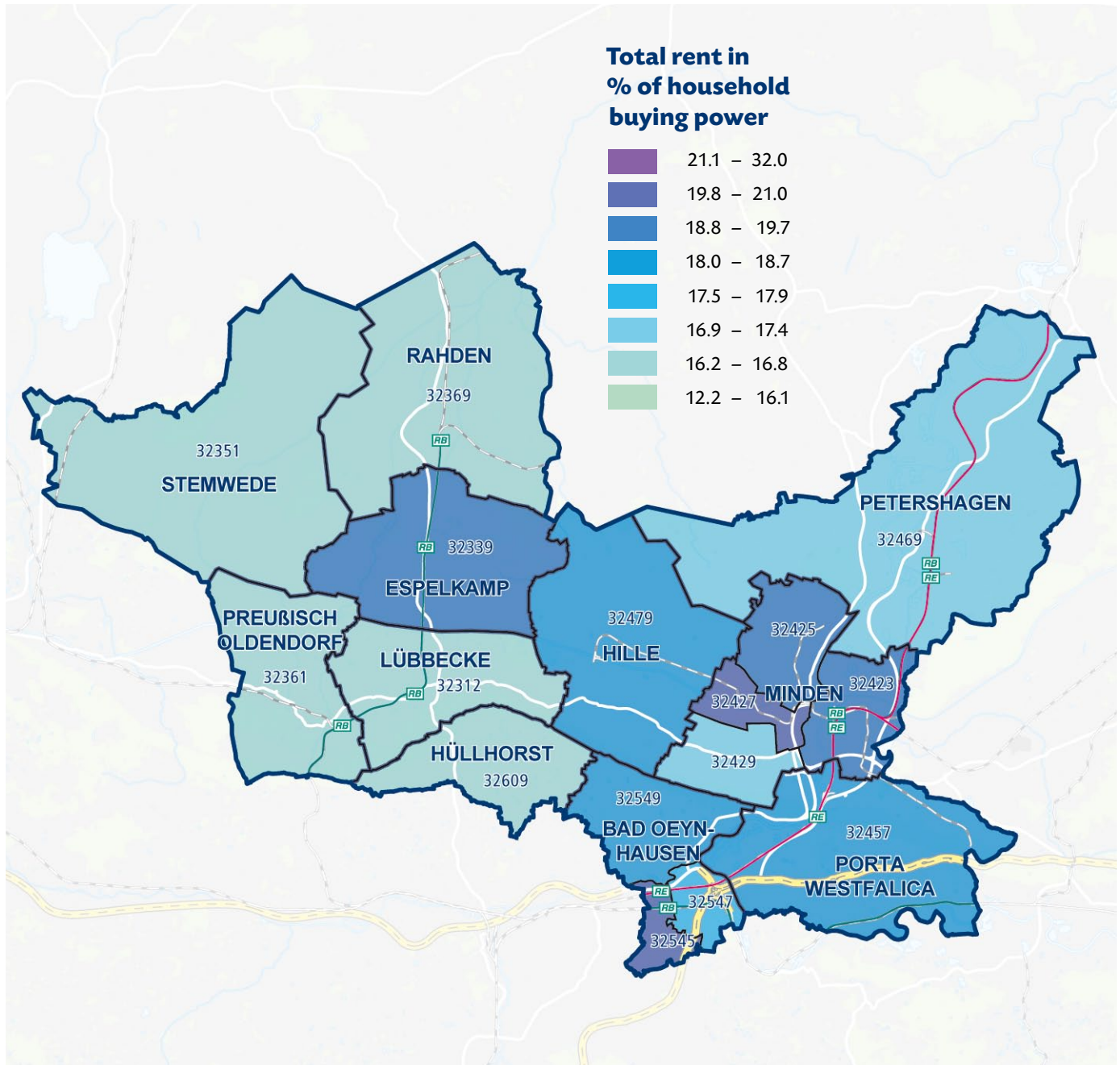
ber of construction projects completed has also been in decline since 2004 (1,450 apartments). In 2009, 488 apartments were completed, approximately 100 fewer than in the year before.

The households in the different sub-markets of the district have, on average, a purchasing power of between almost €3,000 and around €3,750 per month. In 2010, average asking rents ranged between €3.75 per square meter per month in the 32351 postcode area (Stemwede) and €5.07 in the Lohe District of the city of Bad Oeynhaus (postcode area 32545). With the exception of the city of Rahden (postcode area 32369, €4.01), starting rents were below the €4-mark in all sub-markets. In light of the relatively low rent level, housing costs in the district have remained moderate. Households in Minden-Lübbecke pay an average of 11.2 percent (€378) of their monthly purchasing power of €3,388 for rent not including heating and 18.1 percent (€613) for rent including heating.

Housing data						Housing cost					
Postal code	Number of rental offers	Basic rent in bottom market segment in €/m <sup>2</sup> /month	Median basic rent in €/m <sup>2</sup> /month	Basic rent in top market segment in €/m <sup>2</sup> /month	Vacancy 2009 in % <sup>1)</sup>	Apartment size Ø in m <sup>2</sup>	Basic housing cost Ø in €/month	Total housing cost <sup>2)</sup> Ø in €/month	Household buying power Ø in €/month	Basic rent in % of household buying power	Total rent in % of household buying power
32312	254	3.74	4.67	6.55	4.6	79	368	605	3,706	9.9	<b>16.3</b>
32339	106	3.56	4.64	6.00	[4.5]	80	371	611	3,110	11.9	<b>19.7</b>
32351	65	3.00	3.75	6.55	n/a	87	326	587	3,577	9.1	<b>16.4</b>
32361	102	3.41	4.51	5.77	[5.2]	78	354	589	3,516	10.1	<b>16.8</b>
32369	87	4.01	4.63	6.56	[3.1]	78	359	593	3,600	10.0	<b>16.5</b>
32423	519	3.89	5.00	7.54	[10.4]	77	386	617	3,128	12.3	<b>19.7</b>
32425	340	3.54	4.74	6.38	9.8	79	373	608	3,197	11.7	<b>19.0</b>
32427	473	3.85	5.00	8.00	[3.3]	78	391	625	3,048	12.8	<b>20.5</b>

### Postal code allocation

**32312** Lübbecke, City, **32339** Espelkamp, City, **32351** Stemwede, **32361** Preußisch Oldendorf, City, **32369** Rahden, City, **32423** Minden-Leteln, Meißen, Dankersen, Päpinghausen, **32425** Minden-Stemmer, Minderheide, Todtenhausen, city center, **32427** Minden city center, Hahlen, **32429** Minden city center, Dützem, Häverstadt, Hahlen, **32457** Porta Westfalica, City, **32469** Petershagen, City, **32479** Hille, **32545** Bad Oeynhaus-Lohe, **32547** Bad Oeynhaus-Rehme, **32549** Bad Oeynhaus-Werste-Dehme, **32609** Hüllhorst



Housing data						Housing cost					
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32429	263	3.55	4.44	7.00	[4.0]	77	344	576	3,305	10.4	<b>17.4</b>
32457	299	3.89	5.00	7.13	[3.6]	81	404	647	3,577	11.3	<b>18.1</b>
32469	98	3.60	4.44	11.11	n/a	81	359	601	3,568	10.1	<b>16.9</b>
32479	52	3.50	4.71	7.86	n/a	88	414	678	3,671	11.3	<b>18.5</b>
32545	461	3.66	5.07	7.53	n/a	75	381	607	2,998	12.7	<b>20.3</b>
32547	285	3.78	4.83	6.81	n/a	75	361	585	3,296	11.0	<b>17.8</b>
32549	227	3.88	4.86	7.14	n/a	78	379	613	3,286	11.5	<b>18.6</b>
32609	99	3.68	4.50	6.25	n/a	83	373	621	3,753	9.9	<b>16.6</b>
Ø	3,730 <sup>3)</sup>	3.67	4.84	7.11	5.4	78	378	613	3,388	11.2	18.1
Ø NRW	378,959 <sup>3)</sup>	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/m<sup>2</sup> (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

[http://www.boris.nrw.de/borisplus//data/GMB/GMB\\_111\\_2011\\_frei.pdf](http://www.boris.nrw.de/borisplus//data/GMB/GMB_111_2011_frei.pdf)

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[http://www.kreis-olpe.de/standard/page.sys/details/eintrag\\_id=1807/content\\_id=1147/156.htm](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).

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