

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,

Thomas Hegel
Management Spokesman,
CEO

Eckhard Schultz
Managing Director,
CFO

Holger Hentschel
Member of Management,
HOO

Oberhausen: CentrO extension brings even more shoppers to city

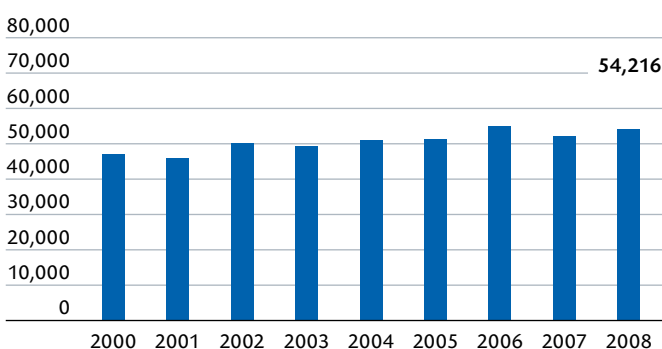
The roughly 214,000 residents of the independent city of Oberhausen in the Düsseldorf administrative region live in the three districts of Alt-Oberhausen, Osterfeld and Sterkrade. In the surrounding area, the CentrO shopping center, the Gasometer with its changing exhibitions and the Oberhausen International Shortfilm Festival are considered the key attrac-

tions of this former steel and coal city. The structural change is still not yet complete in spite of the new leisure cluster. Above all, this city – the most densely populated after Herne with 2,775 inhabitants per square kilometer – will face further declines in its resident and household numbers. Trends in the housing market were disparate in 2010.

Macroeconomic data	Oberhausen	NRW	Germany	Year
Residents	214,024	17,872,764	81,802,256	2009
Population density (residents/km ²)	2,775	526	230	2009
Population development in %	-3.7	-0.8	-0.6	2000-2009
Population forecast in %	-4.4	-2.4	-3.6	2009-2025
Households	102,682	8,550,214	39,628,120	2009
Household development in %	-1.0	2.8	3.7	2000-2009
Household forecast in %	-3.1	1.5	1.1	2009-2020
Buying power	92.3	101.2	100.0	2011
Per capita buying power in €	18,173	19,921	19,684	2011
Workers paying social insurance contributions	60,509	5,766,861	27,380,096	2009
Development of social insurance contributions	-7.3	-2.4	-1.6	2000-2009

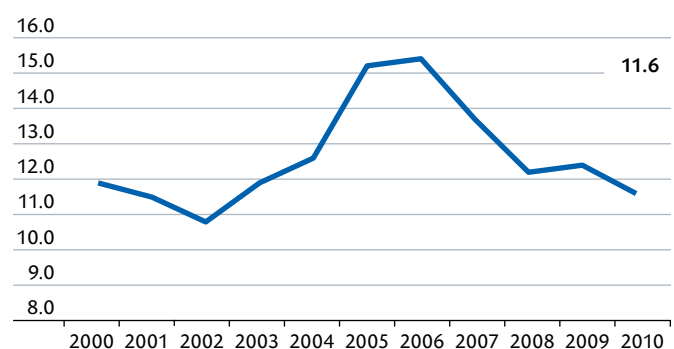
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

Gross domestic product per employed person in €

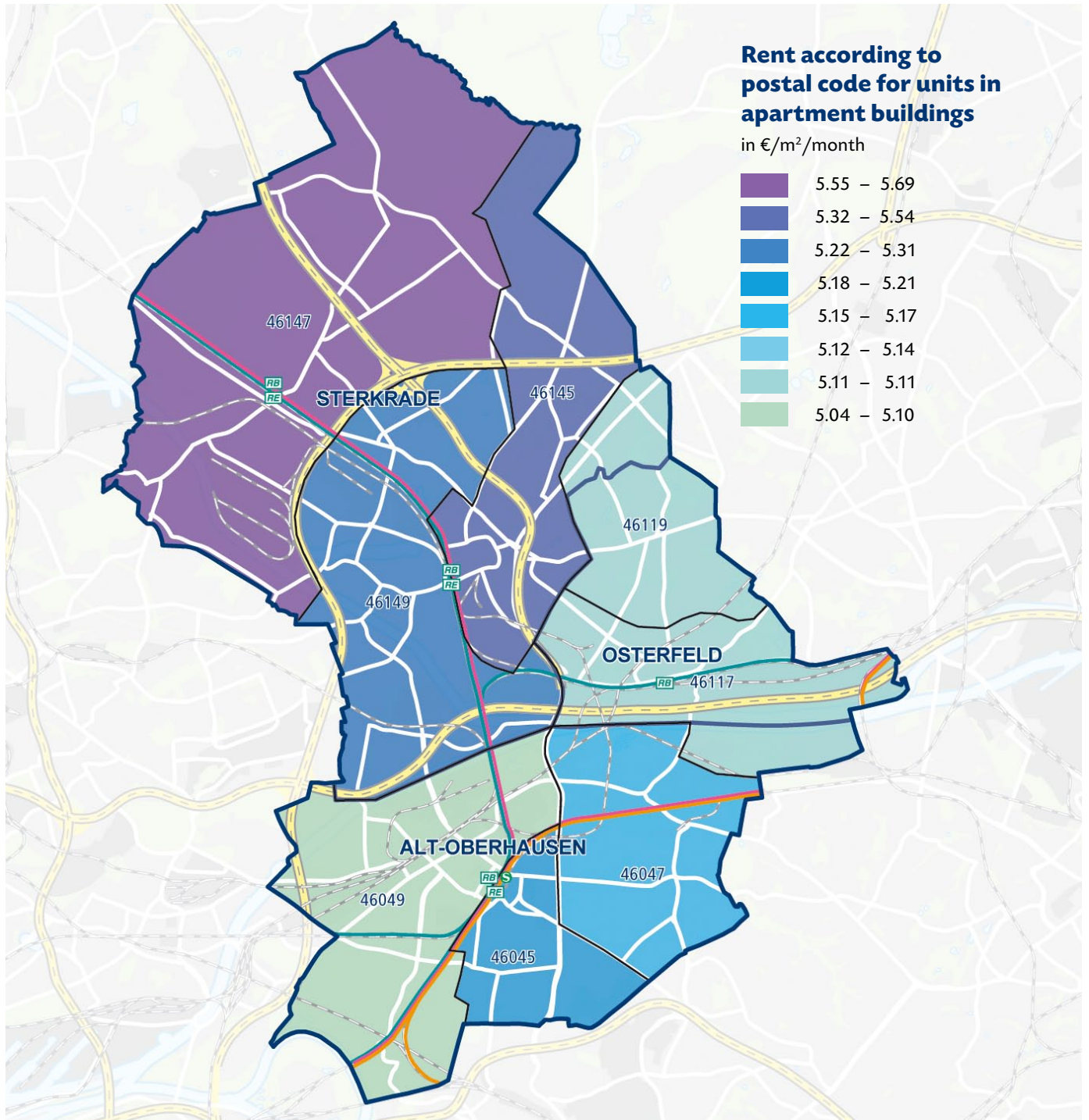


Source: NRW Statistics Office, compiled by CBRE

Unemployment rate in % of all employable civilians



Source: Federal Labor Office, compiled by CBRE



Economic structure

As a former center of coal and steel, Oberhausen has yet to overcome the loss of 10,000 industrial jobs. Steel processing still plays a major role in its current economy, which is largely characterized by small and medium-sized enterprises. Its make-up is now also supplemented by a number of other sectors, including energy and environmental technology, logistics, chemicals and retail. In the manufacturing industry, the region's biggest employers include MAN Turbo AG, Lenord + Bauer, KODi and Bassier, Bergmann & Kindler. Nationally, Oberhausen is today

also known as a city of leisure and shopping. Both clusters have been systematically developed further in recent years. For example, permits are now in place for the extension of the CentrO shopping center, which attracts thousands of shoppers every day. Its core tenant, Peek & Cloppenburg, and 15 further shops are expected to open their doors at the end of 2012. The costs of the extension have been put at €90 million. Oberhausen's city authorities are also anticipating great potential for the future from the strengthening of the cultural and creative industries. This

means that creative companies can use vacant shop space free of charge. There are established exhibition grounds for major events at the Gasometer and Castle Oberhausen. In terms of infrastructure, Oberhausen is conveniently located on the A 2, A 3, A 40, A 42 and A 59 highways and is therefore well connected to the regional and national transportation networks. The A 3 and the A 40 also provide direct links to the Netherlands. The city can be easily reached by air as well. Dusseldorf International Airport is just under 30 kilometers away.

Only one sub-market still offering simple apartments for less than €4

With 214,024 residents, Oberhausen is Germany's most highly populated city without a university or college. Like many other cities in the Ruhr area, Oberhausen has seen its population diminished in recent years. Between 2000 and 2009, the city lost around 3.7 percent of its inhabitants and the number of households declined by 1 percent. According to forecasts, these losses are set to continue in future. The population is forecast to decline by a further 4.4 percent by 2025, the number of households by 3.1 percent by 2020. Statistics experts are forecasting that Bottrop, the neighbor to the north, will experience population contraction of 5.2 percent compared to a reduction of 6.2 percent for its southern neighbor Duisburg. According to the forecasts of the Statistical Office of North Rhine-Westphalia, the nearby cities of Essen (3.5 percent) and Mülheim an der Ruhr (4.2 percent) will see slightly slower decreases in the numbers of their residents. The fact that Oberhausen is not currently seeing high increases from immigration, and will not do so in future either, is due not least to its weak employment market. While the jobless rate has been in decline since 2006 (15.4 percent) and also decreased from 12.4 percent in 2009 to 11.6 percent in 2010, Oberhausen still has the sixth highest unemployment out of all 54 cities and districts of North Rhine-Westphalia analyzed

in this report. The city again fares poorly looking at the available income per capita: Purchasing power per resident here is only €18,173 – again the sixth-worst figure out of 54 North Rhine-Westphalia locations.

Challenges in the economy and demographic developments

From an economic and demographic standpoint, Oberhausen is facing major challenges that will barely diminish in the coming years. New construction activity has also been low in recent years. At 168 units, less than one apartment per 1,000 residents was completed in 2009. Overall, the number of new residential units has been in decline since 2005 (674 apartments). By contrast, at 313, the number of permits issued has increased significantly as against the two preceding years (149 in 2008 and 135 in 2007). The municipal structure of the residential market is also reflected in the housing stock: Almost 73 percent of all residential units are situated in apartment buildings.

The majority of Oberhausen households would have been affected by declines in

rents when looking for an apartment in 2010. In total, asking rents declined by 1.4 percent as against the previous year across all market segments to an average of €5.20 per square meter per month. However, price developments varied in the individual market segments. While asking prices in the lower segment climbed by 2.4 percent to €4.19 per square meter per month, prices in the upper segment came down by 2.3 percent to €7.32. In neighboring Bottrop, the asking price for rented properties in the upper segment was €7.63, €8.33 in Essen and €8.02 in Mülheim an der Ruhr. Out of the surrounding locations, only Duisburg had lower peak rents than Oberhausen at €7.09.

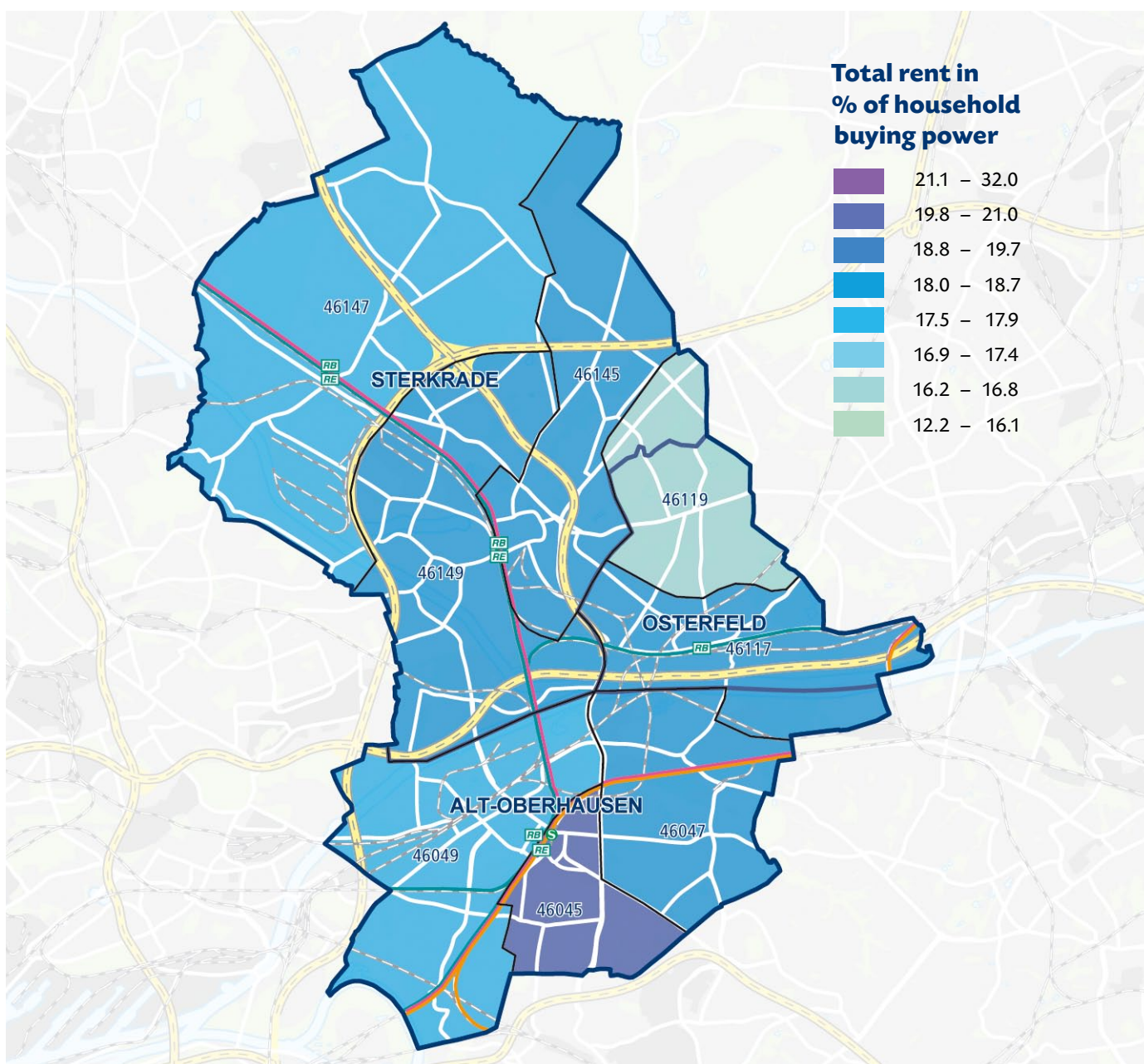
The small-scale analysis at postcode area level shows that monthly household purchasing power is below the €3,000 limit in three out of eight Oberhausen sub-markets. Only the 46119 postcode area (Osterfeld West, central Sterkrade, Klosterhardt South) has households with lower purchasing power and entry-level rents of less than €4. In relation to the average household purchasing power of €3,129 per household per month, housing costs are moderate in this sub-market: Rent not including heating amounts to 10.5 percent (€328) while rent including heating comes to 16.6 percent (€521). The cost of housing is higher in all other areas.

Housing stock data	2004	2005	2006	2007	2008	2009
Vacancy rate in %	5.1	4.4	2.4	2.1	2.8	3.7
Permits for new buildings	336	773	306	135	149	313
Finished apartments	449	674	431	265	200	168
Housing stock	105,082	105,754	106,179	106,431	106,626	106,787
Housing stock in apartment buildings	73.1	73.0	72.9	72.8	72.8	72.7

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 €/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
46045	1,569	4.25	5.19	7.31	4.7	70	362	571	2,884	12.5	19.8
46047	972	4.19	5.15	7.04	4.0	66	341	540	2,936	11.6	18.4
46049	648	4.04	5.04	6.88	2.5	67	338	538	3,069	11.0	17.5
46117	447	4.10	5.11	7.29	6.4	68	349	555	2,993	11.7	18.5
46119	233	3.52	5.11	7.00	2.6	64	328	521	3,129	10.5	16.6
46145	474	4.44	5.52	7.58	2.4	71	393	607	3,260	12.1	18.6
46147	386	4.40	5.69	7.74	1.2	72	409	624	3,562	11.5	17.5
46149	417	4.08	5.25	7.50	4.5	69	364	573	3,138	11.6	18.3
Ø	5,146 ³⁾	4.19	5.20	7.32	3.7	69	357	563	3,119	11.4	18.0
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

46045 Dümpten, Schlad, Styrum, Marienkirche, **46047** Stadtmitte, Bermensfeld, Marienkirche, **46049** Stadtmitte, Lirich North, Lirich South, **46117** Heide, Borbeck, Eisenheim, **46119** Osterfeld West, central Sterkrade, Klosterhardt South, **46145** Stadtmitte, Alsfeld, Tackenberg, **46147** Sterkrade North, Alsfeld, **46149** Stadtmitte, Alsfeld, Schwarze Heide

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 Düsseldorf
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, Düsseldorf (Montage: Gornig Design);
p. 1: Ansgar M. van Treeck, Düsseldorf

Concept and project management:

Katja Binnyus, Thomas Rücker (RUECKERCONSULT GmbH)

DISCLAIMER 2011 LEG/CB Richard Ellis

Information herein has been obtained from sources which are accessible to the public, (or, in certain cases, in exchange for a fee) and believed reliable. While we do not doubt its accuracy, we have not verified each piece of information and cannot make any guarantees about it, barring willful intent and gross negligence. It is your responsibility to independently confirm its accuracy and completeness.

The information contained in this market report may not be used, reproduced or published without prior written permission of LEG and CB Richard Ellis.