

# 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

## Demand for residential space to rise sharply by 2025

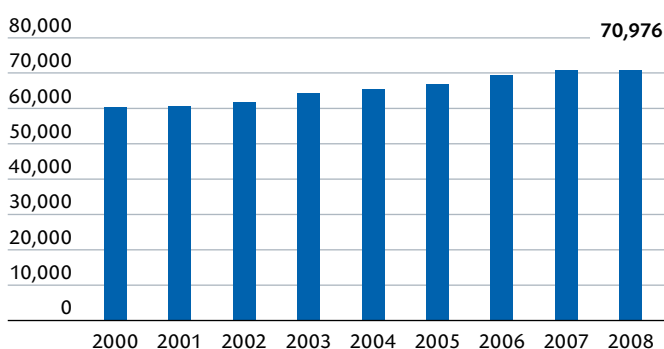
The Rhein-Erft-Kreis district in the south of North Rhine-Westphalia consists of nine towns and the municipality of Eisdorf. The neighboring districts are Rhein-Kreis Neuss to the north, the city of Cologne to the east, the Rhein-Sieg-Kreis and Euskirchen district to the south, and Düren district to the west. The administrative center is Bergheim. The district has 464,018 in-

habitants and an area of 704.6 square kilometers, making it one of the more densely populated regions in the state. In economic and demographic terms, the Rhein-Erft-Kreis benefits in particular from its geographical proximity to the neighboring city of Cologne, and the district will continue to record one of the highest rates of population growth in North Rhine-Westphalia in future.

| Macroeconomic data                              | Rhein-Erft-Kreis | NRW        | Germany    | Year      |
|---|------------------|------------|------------|-----------|
| Residents                                       | 464,018          | 17,872,764 | 81,802,256 | 2009      |
| Population density (residents/km <sup>2</sup> ) | 663              | 526        | 230        | 2009      |
| Population development in %                     | 1.9              | -0.8       | -0.6       | 2000-2009 |
| Population forecast in %                        | 2.5              | -2.4       | -3.6       | 2009-2025 |
| Households                                      | 212,912          | 8,550,214  | 39,628,120 | 2009      |
| Household development in %                      | 7.7              | 2.8        | 3.7        | 2000-2009 |
| Household forecast in %                         | 6.9              | 1.5        | 1.1        | 2009-2020 |
| Buying power                                    | 109.8            | 101.2      | 100.0      | 2011      |
| Per capita buying power in €                    | 21,605           | 19,921     | 19,684     | 2011      |
| Workers paying social insurance contributions   | 116,836          | 5,766,861  | 27,380,096 | 2009      |
| Development of social insurance contributions   | 0.6              | -2.4       | -1.6       | 2000-2009 |

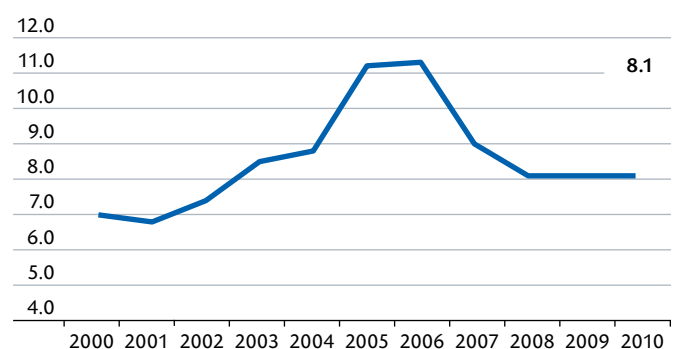
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

### Gross domestic product per employed person in €

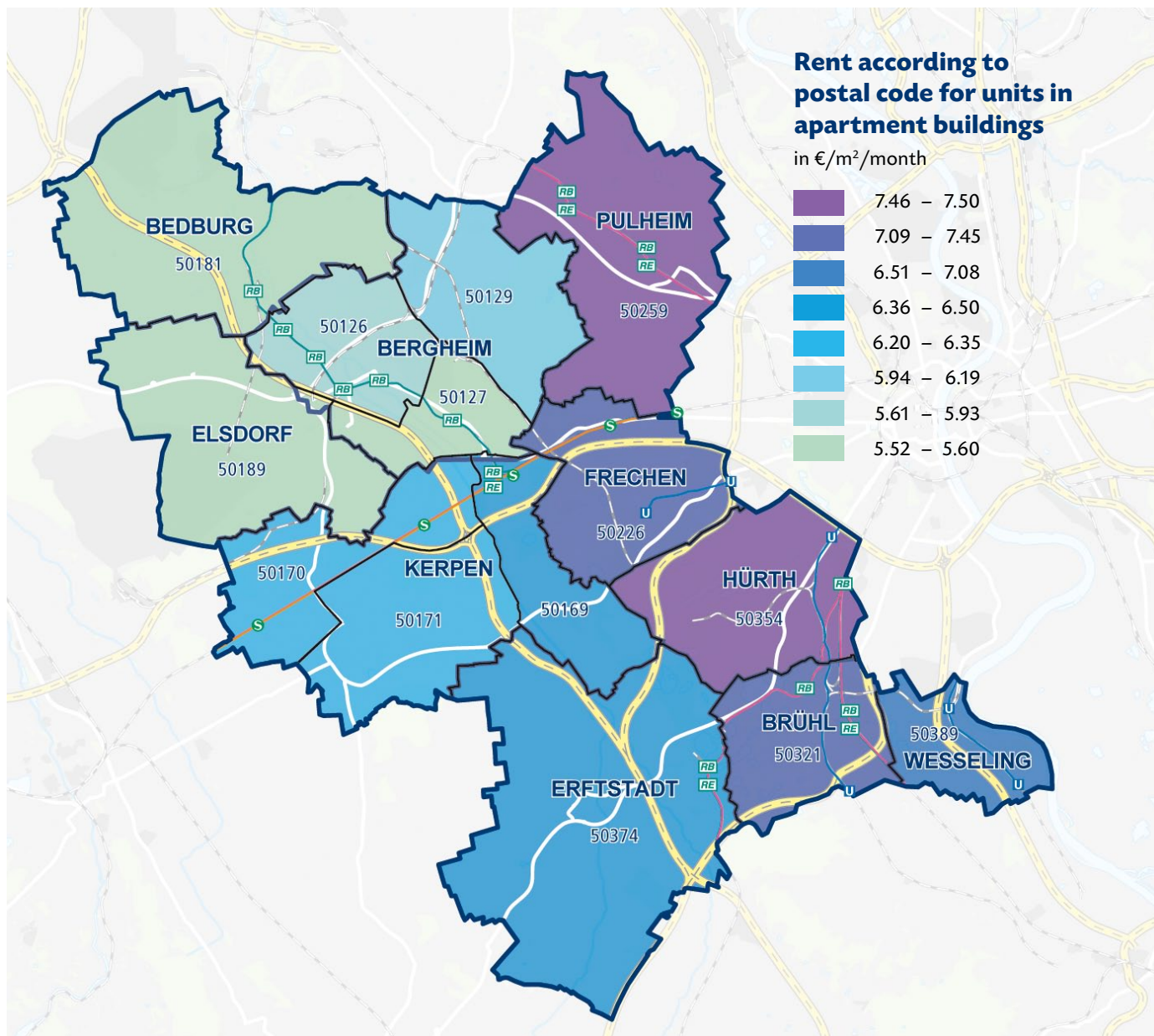


Source: NRW Statistics Office, compiled by CBRE

### Unemployment rate in % of all employable civilians



Source: Federal Labor Office, compiled by CBRE



## Economic structure

The employment structure in the Rhein-Erft-Kreis enjoys a healthy mixture. Of the around 117,000 residents subject to social security, 59 percent are employed in the service industry and 38 percent in the industrial and commercial sectors. Energy, water and coal play key roles in the regional economic structure. The district is home to major brown coal mining areas and open-cast mines, some of the coal from which is processed at Bergheim-Nie-

deraußen brown coal power station, one of Europe's largest power stations. RWE, the operator of the power station and the company responsible for brown coal mining activities in the region, is the largest employer in the district. Another important employer is Martinswerk, a globally renowned producer of specialist chemical products, which is based in Quadrath-Ichendorf, a part of the administrative center of Bergheim. Other nationally rec-

ognized companies in the district include Rheinbraun, DEA, SnoGard, DAF and Basel Polyolefine (formerly Elenac). Kaufhof and Mercedes also operate central warehouses in the Rhein-Erft-Kreis. The district enjoys extremely good transport connections thanks to the A 1, A 4, A 57, A 61, A 553 and A 555 highways and a number of main roads, while Cologne/Bonn and Dusseldorf International Airport are 45 and 60 kilometers away respectively.

| Housing stock data                   | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Vacancy rate in %                    | 3.9     | n/a     | n/a     | 2.6     | 3.2     | 2.6     |
| Permits for new buildings            | 1,539   | 1,540   | 1,132   | 1,103   | 719     | 982     |
| Finished apartments                  | 2,206   | 1,573   | 1,256   | 1,278   | 972     | 712     |
| Housing stock                        | 195,751 | 197,283 | 198,433 | 199,681 | 200,574 | 201,290 |
| Housing stock in apartment buildings | 43.0    | 43.0    | 42.8    | 42.8    | 42.8    | 42.8    |

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

## High-level asking rents in all market segments

With 464,018 inhabitants, the Rhein-Erft-Kreis is the tenth largest housing market region analyzed for the purposes of this report. Of the 42 smaller locations analyzed, however, it had the third-largest number of available properties. A total of 11,610 apartments were advertised for rental, corresponding to just under 6 percent of the total housing stock of around 201,000 units. This extensive supply is undoubtedly attributable in part to the district's proximity to the city of Cologne, which affects demand for housing in the Rhein-Erft-Kreis as well as the housing market in general. As in Cologne itself, the district has seen population growth over recent years: the number of inhabitants increased by 1.9 percent between 2000 and 2009, while the number of households rose by 7.7 percent in the same period. The Rhein-Erft-Kreis is also expected to see stable to rising demand in future. According to the State Statistical Office, the population is forecast to grow by a further 2.5 percent between now and 2025, with the number of households expected to be 6.9 percent

higher in 2020 than it is today. The impact of the increase in the number of households has yet to be reflected in the level of new construction activity in the Rhein-Erft-Kreis. The number of completions has been falling substantially for a number of years, from 2,206 units in 2004 to just 712 in 2009. Meanwhile, following a continuous decline from 1,539 units in 2004 to 719 units in 2008, the number of approvals finally rose again to 982 units in 2009.

Average monthly asking rents increased by 0.8 percent year-on-year to €6.67 per square meter. However, price development varied between the individual market segments. While prime rents remained essentially unchanged at -0.1 percent compared with 2009, asking rents in the lower market segment were 2.8 percent higher than in the previous year, averaging €4.65 per square meter per month. All in all, only six of the 54 housing markets analyzed for the purposes of this report had higher average asking rents than the Rhein-Erft-Kreis: Cologne, Düsseldorf,

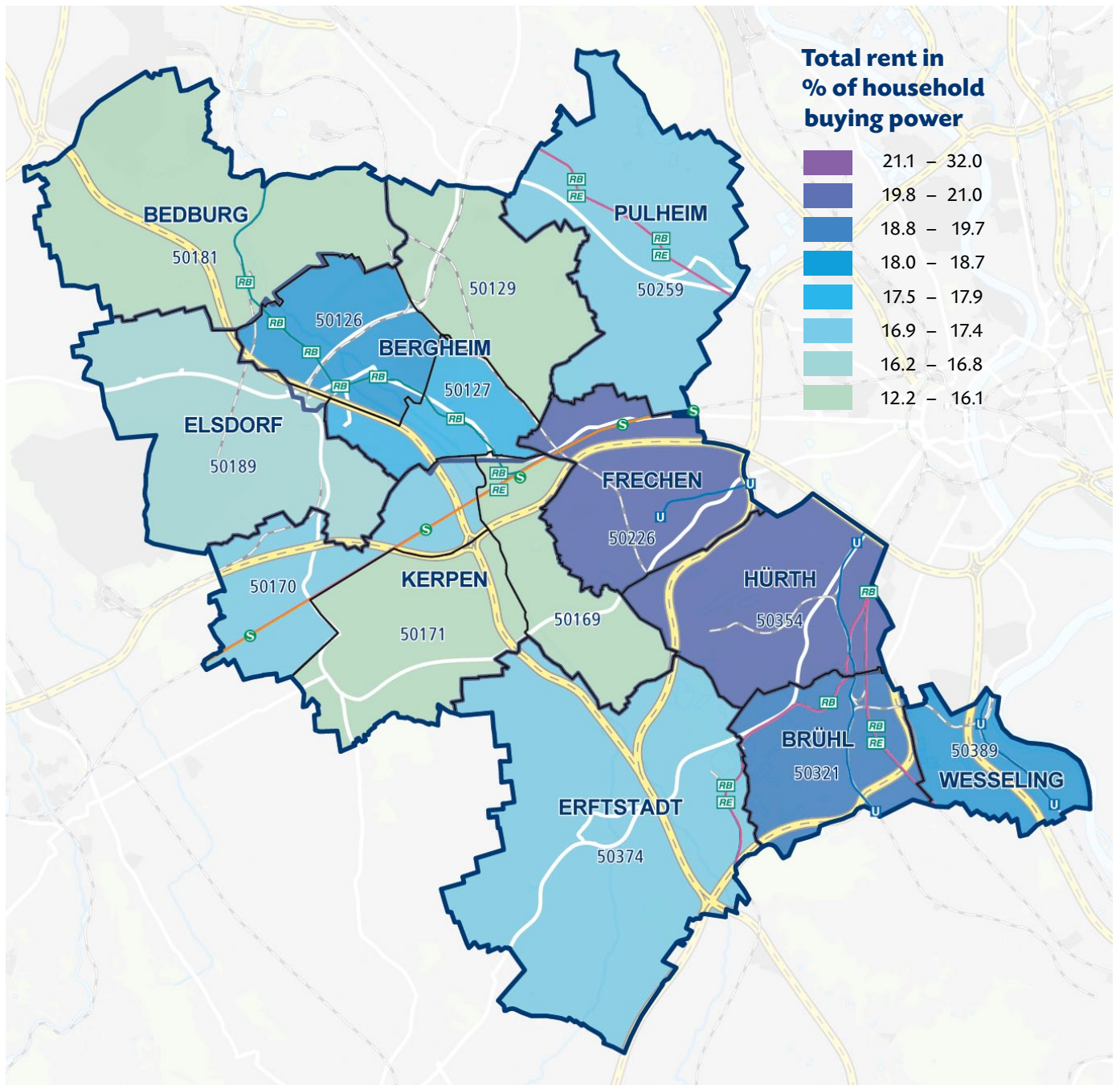
Bonn, Münster, Rhein-Kreis Neuss, and the Rheinisch-Bergischer Kreis. In 2010, only the sub-market of Bergheim Niederaußem, Oberaußem (postcode 50129, €3.70) recorded asking rents in the lower segment of less than €4 per square meter. By contrast, prime rents in excess of €10 per square meter were found in the towns of Frechen (postcode 50226, €10.28), Hürth (postcode 50354, €10.24), Pulheim (postcode 50259, €10.14) and Brühl (postcode 50321, €10.11).

Despite high rents, the housing cost burden in the Rhein-Erft-Kreis is moderate on account of the high level of housing purchasing power, which averaged €3,921 per month. This means that households are required to commit 12.4 percent of their monthly budget to rent excluding heating and 18 percent to rent including heating. The highest burden was found in the town of Hürth, where rent including heating accounted for 20.9 percent of the average monthly household purchasing power of €3,671.

| 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 |
| 50126        | 889                     | 4.40   | 5.92   | 7.78  | 3.3                             | 75                                 | 442                             | 666   | 3,682                               | 12.0                                      | <b>18.1</b>                               |
| 50127        | 601                     | 4.21   | 5.60   | 8.24  | [0.7]                           | 77                                 | 432                             | 664   | 3,706                               | 11.7                                      | <b>17.9</b>                               |
| 50129        | 589                     | 3.70   | 5.97   | 8.67  | n/a                             | 75                                 | 446                             | 670   | 4,261                               | 10.5                                      | <b>15.7</b>                               |
| 50169        | 669                     | 4.76   | 6.40   | 9.26  | [4.2]                           | 67                                 | 428                             | 628   | 3,980                               | 10.7                                      | <b>15.8</b>                               |
| 50170        | 509                     | 5.00   | 6.30   | 8.43  | [0.4]                           | 73                                 | 462                             | 683   | 3,918                               | 11.8                                      | <b>17.4</b>                               |
| 50171        | 424                     | 4.78   | 6.22   | 8.27  | n/a                             | 70                                 | 438                             | 649   | 4,025                               | 10.9                                      | <b>16.1</b>                               |
| 50181        | 470                     | 4.19   | 5.52   | 7.50  | n/a                             | 73                                 | 403                             | 622   | 3,853                               | 10.5                                      | <b>16.1</b>                               |

### Postal code allocation

**50126** Bergheim, City, **50127** Bergheim-Quadrat, Ichendorf, **50129** Bergheim-Niederaußem, Oberaußem, **50169** Kerpen-Horrem, Türnich, **50170** Kerpen, City, **50171** Kerpen, City, **50181** Bedburg, City, **50189** Elsdorf, **50226** Frechen, City, **50259** Pulheim, City, **50321** Brühl, City, **50354** Hürth, City, **50374** Erftstadt, City, **50389** Wesseling, City



| 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 |
| 50189        | 558                     | 4.36   | 5.59   | 7.14  | n/a                             | 73                                 | 410                             | 630   | 3,899                               | 10.5                                      | <b>16.2</b>                               |
| 50226        | 1,316                   | 5.52   | 7.42   | 10.28   | [5.2]                           | 73                                 | 544                             | 763   | 3,767                               | 14.4                                      | <b>20.3</b>                               |
| 50259        | 1,154                   | 5.61   | 7.50   | 10.14   | [2.5]                           | 75                                 | 564                             | 789   | 4,618                               | 12.2                                      | <b>17.1</b>                               |
| 50321        | 1,058                   | 5.50   | 7.28   | 10.11   | n/a                             | 69                                 | 502                             | 710   | 3,653                               | 13.8                                      | <b>19.4</b>                               |
| 50354        | 1,566                   | 5.50   | 7.50   | 10.24   | 2.7                             | 73                                 | 547                             | 766   | 3,671                               | 14.9                                      | <b>20.9</b>                               |
| 50374        | 966                     | 4.77   | 6.50   | 8.61  | n/a                             | 76                                 | 492                             | 719   | 4,145                               | 11.9                                      | <b>17.3</b>                               |
| 50389        | 841                     | 4.88   | 6.51   | 9.33  | [0.4]                           | 70                                 | 457                             | 668   | 3,679                               | 12.4                                      | <b>18.1</b>                               |
| Ø            | 11,610 <sup>3)</sup>    | 4.65   | 6.67   | 9.55  | 2.6                             | 73                                 | 486                             | 705   | 3,921                               | 12.4                                      | 18.0                                      |
| 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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