

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

Prime rents of around €10 in some sub-markets

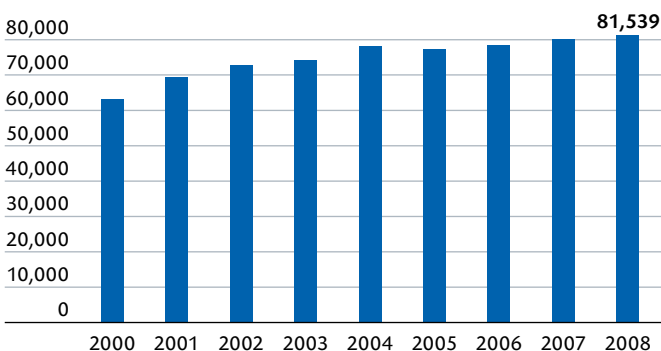
The Rhein-Kreis Neuss in the southwest of North Rhine-Westphalia is formed of six towns and two municipalities. The district is bordered by Viersen district and the cities of Krefeld and Duisburg to the north, the city of Düsseldorf and Mettmann district to the east, the city of Cologne and the Rhein-Erft-Kreis to the south, and Düren and Heinsberg districts and the city of

Mönchengladbach to the west. With 443,112 inhabitants and a total area of 576.5 square meters, the Rhein-Kreis Neuss is one of the more densely populated regions in the state. The district benefits from its geographical proximity to the city of Düsseldorf, and its prosperity can be seen in the high average household purchasing power of €22,944 per capita.

Macroeconomic data	Rhein-Kreis Neuss	NRW	Germany	Year
Residents	443,112	17,872,764	81,802,256	2009
Population density (residents/km ²)	770	526	230	2009
Population development in %	-0.2	-0.8	-0.6	2000-2009
Population forecast in %	-1.7	-2.4	-3.6	2009-2025
Households	201,667	8,550,214	39,628,120	2009
Household development in %	6.0	2.8	3.7	2000-2009
Household forecast in %	3.0	1.5	1.1	2009-2020
Buying power	116.6	101.2	100.0	2011
Per capita buying power in €	22,944	19,921	19,684	2011
Workers paying social insurance contributions	126,965	5,766,861	27,380,096	2009
Development of social insurance contributions	-1.5	-2.4	-1.6	2000-2009

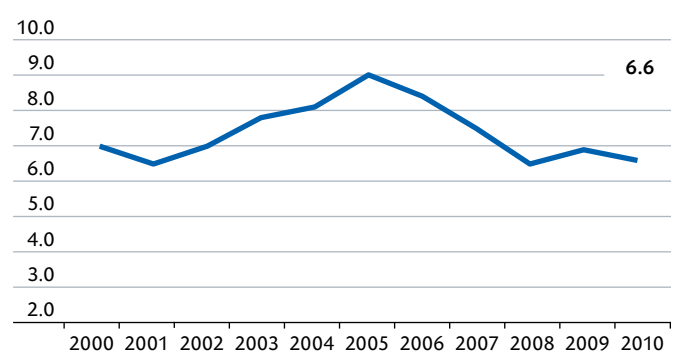
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

Gross domestic product per employed person in €

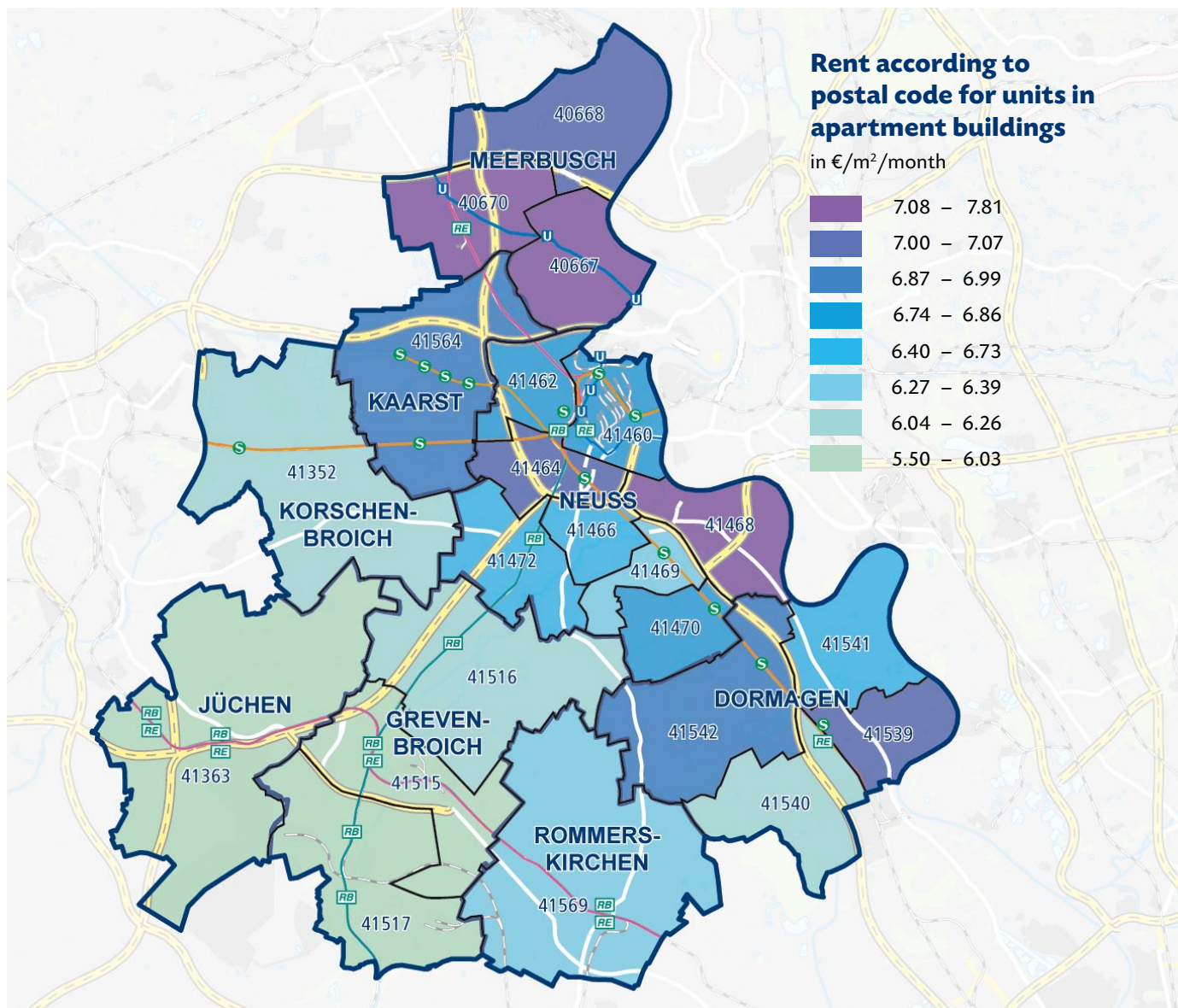


Source: NRW Statistics Office, compiled by CBRE

Unemployment rate in % of all employable civilians



Source: Federal Labor Office, compiled by CBRE



Economic structure

As in other districts, the structural shift from an industrial landscape to a service and information society is in full swing in the Rhein-Kreis Neuss, with a strong basis of small and medium-sized enterprises forming the backbone of the local economy. The district is home to around 28,000 companies across all sizes and industries, with a particular focus – not least thanks to its location on the Rhine – on iron, aluminum and paper processing, the food indus-

try, technology, logistics and retail. In addition to industrial giants such as Bayer in Dormagen and RWE in Jüchen and Grevenbroich, the two largest aluminum rolling mills in the world operated by Hydro Aluminium are located in the Rhein-Kreis Neuss. Other key employers include ASICS, Toshiba, Yamaha Motors, Xerox, Thomy-Nestlé, Dachser, UPS and Procter & Gamble. Local companies have clearly benefited from the recent economic upturn, with the

unemployment rate falling from 6.9 percent in 2009 to 6.6 percent in 2010.

The geographical proximity of the district to the cities of Düsseldorf and Cologne is attractive for companies and residents alike. The main arterial route is the A 57 highway, which passes through the district from north to south, linking it to Cologne and the Dutch city of Nijmegen. Düsseldorf International Airport is 20 minutes away.

Housing stock data	2004	2005	2006	2007	2008	2009
Vacancy rate in %	2.3	n/a	n/a	1.9	2.7	2.8
Permits for new buildings	1,417	1,118	1,544	1,151	1,267	829
Finished apartments	1,955	1,341	1,019	1,198	1,158	1,012
Housing stock	203,995	204,942	205,607	206,633	207,624	208,568
Housing stock in apartment buildings	51.0	51.0	50.8	50.7	50.7	50.6

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

High rents accompanied by high household purchasing power

The Rhein-Kreis Neuss has the second highest level of household purchasing power of all the housing market regions analyzed for the purposes of this report, beaten only by the Rheinisch-Bergischer Kreis. The average household in the district has an available monthly budget of €4,126. However, this high level of purchasing power is accompanied by high rents in the towns and municipalities that make up the district, with average monthly asking rents amounting to €6.81 per square meter in 2010. Only Cologne (€8.28), Düsseldorf (€8.00), Bonn (€7.76) and Münster (€7.75) recorded higher average rents across all market segments than the Rhein-Kreis Neuss.

In light of the aforementioned prosperity, housing costs in the district are comparatively moderate. Households spend an average of 12.3 percent (€508) of their

monthly purchasing power on rent excluding heating and 17.8 percent (€732) on rent including heating. The lowest housing cost burden is found in the sub-markets with the highest purchasing power: in Meerbusch Nierst, Ossum, Bönighoven (postcode 40668), for example, rent excluding heating accounted for just 9.8 percent (€516) of the average monthly household purchasing power of €5,290, while rent including heating accounted for 13.9 percent (€735). The proportionate housing cost burden in Meerbusch Strümp, Osterath (postcode 40670) is almost identical. By contrast, the highest levels were found in the sub-market of Neuss Innenstadt, Hafengebiet, Hammfeld, Barbaraviertel (postcode 41460), where rent excluding and including heating accounted for 14.5 percent and 20.9 percent of household purchasing power respectively.

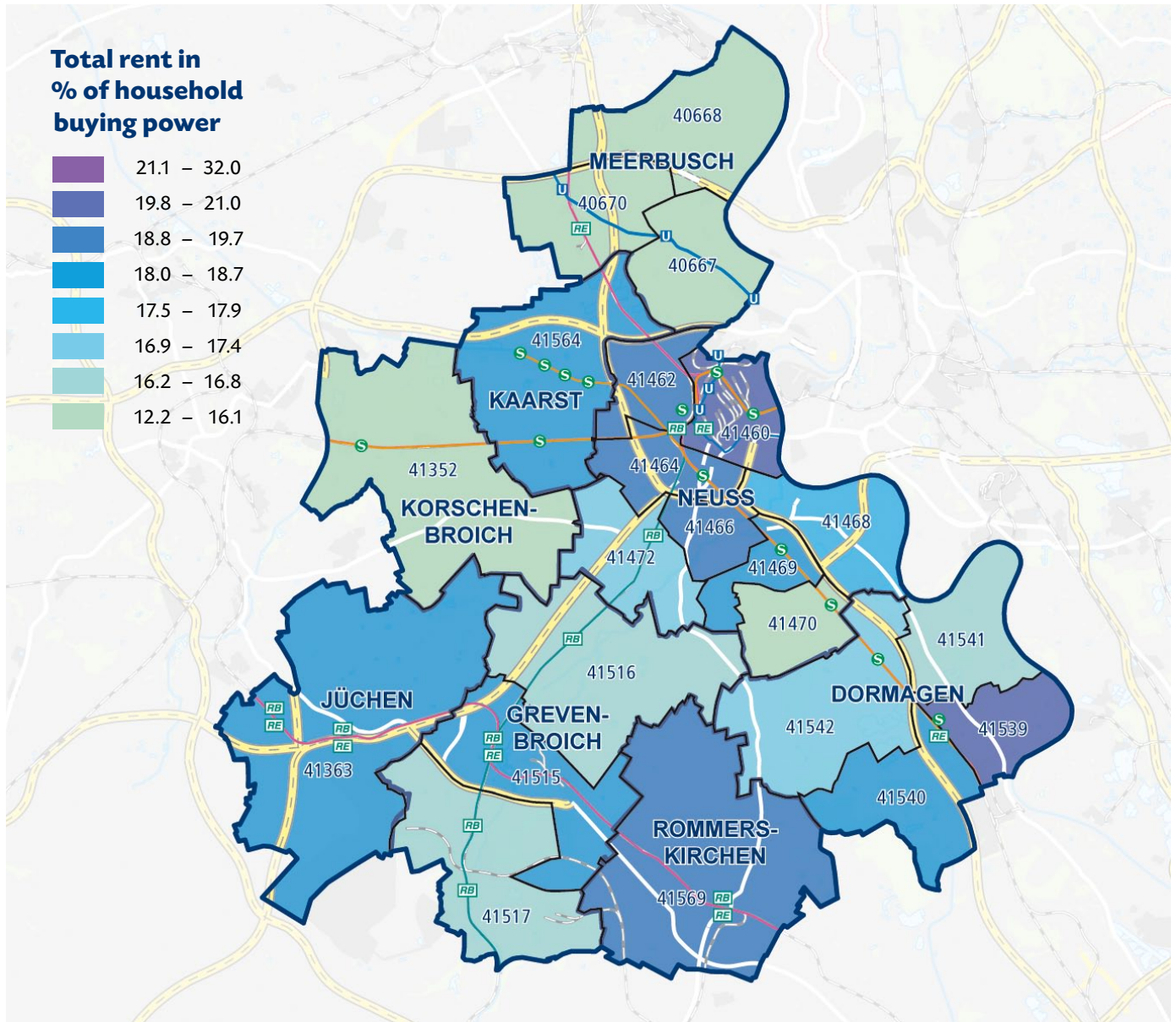
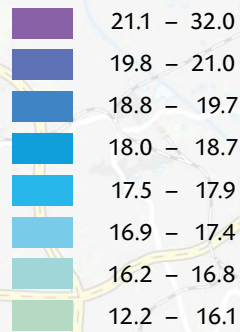
The relatively low housing cost burden was accompanied by a slight rise in prices in 2010, with asking rents increasing by 0.6 percent year-on-year across all location and quality categories. The growth rate in the upper market segment was slightly higher, however. In this segment, monthly asking rents for corresponding apartments amounted to €9.78 per square meter, 1.1 percent more than in 2009. In the lower market segment, apartments were advertised for an average of €4.91 per square meter per month, up 0.6 percent as against 2009. Apartments in the lower market segment exceeded €5 per square meter per month in 12 of the 22 postcode areas, while none of the sub-markets fell below the €4 barrier. Advertised prime rents were greater than €10 per square meter in four of the postcode areas in the district.

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
40667	1,220	6.00	7.81	11.84	2.4	73	570	789	4,936	11.6	16.0
40668	384	5.16	7.07	9.07	1.9	73	516	735	5,290	9.8	13.9
40670	567	5.50	7.43	9.92	1.9	74	546	767	5,525	9.9	13.9
41352	598	4.92	6.23	8.24	3.3	76	476	705	4,443	10.7	15.9
41363	225	4.47	5.73	7.50	[5.5]	81	467	711	3,864	12.1	18.4
41460	891	5.00	6.85	9.55	4.1	72	493	709	3,400	14.5	20.9
41462	700	5.23	6.81	9.17	2.4	69	467	672	3,473	13.4	19.4
41464	749	5.22	7.00	10.00	3.2	74	519	741	3,822	13.6	19.4
41466	238	4.24	6.46	8.73	[3.4]	77	498	729	3,854	12.9	18.9
41468	396	5.36	7.08	10.00	[2.1]	75	533	758	4,291	12.4	17.7

Postal code allocation

40667 Meerbusch, City, **40668** Meerbusch-Nierst, Ossum, Bönighoven, **40670** Meerbusch-Strümp, Osterath, **41352** Korschenbroich, City, **41363** Jüchen, **41460** Central Neuss, Hafengebiet, Hammfeld, Barbaraviertel, **41462** Neuss-Morgensternsheide, Furth South, central Furth, Furth North, Weißenberg, Vogelsang, **41464** Neuss-Dreikönigenviertel, Augustinusviertel, Pomona, Stadionviertel, Westfeld, **41466** Neuss-Weckhoven, Selikum, Reuschenberg, **41468** Neuss-Gnadenal, Grimmlinghausen, Uedesheim, **41469** Neuss-Erfttal, Hoisten, Norf, **41470** Neuss-Rosellen, **41472** Neuss-Holzheim, Grefrath, Speck/Wehl/Helpenstein, **41515** Grevenbroich, City, **41516** Grevenbroich-Kapellen, **41517** Grevenbroich-Gustorf, **41539** Dormagen, City, **41540** Dormagen-Hackenbroich, **41541** Dormagen-Zons, **41542** Dormagen-Nievenheim, **41564** Kaarst, City, **41569** Rommerskirchen

Total rent in % of household buying power



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
41469	318	4.65	6.35	9.00	1.6	74	470	692	3,788	12.4	18.3
41470	163	5.00	6.86	9.38	[2.9]	75	518	744	5,006	10.3	14.9
41472	185	4.73	6.40	9.00	[2.2]	76	488	717	4,214	11.6	17.0
41515	657	4.32	5.56	9.47	2.4	81	450	694	3,760	12.0	18.4
41516	263	4.84	6.21	8.75	[2.5]	78	482	714	4,247	11.3	16.8
41517	136	4.46	5.50	12.79	[3.7]	73	401	619	3,832	10.5	16.2
41539	316	5.28	7.00	8.59	[1.2]	74	521	745	3,733	14.0	20.0
41540	226	4.85	6.23	8.00	[6.2]	71	445	659	3,597	12.4	18.3
41541	152	5.19	6.65	9.04	[3.5]	73	482	700	4,194	11.5	16.7
41542	263	5.31	6.88	8.08	[2.7]	75	515	740	4,330	11.9	17.1
41564	879	5.21	6.96	9.26	2.8	76	531	759	4,166	12.7	18.2
41569	142	4.69	6.33	8.08	n/a	87	549	810	4,142	13.3	19.5
Ø	9,668 ³⁾	4.91	6.81	9.78	2.8	75	508	732	4,126	12.3	17.8
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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