

# 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

## Stable price development differentiated by market segment

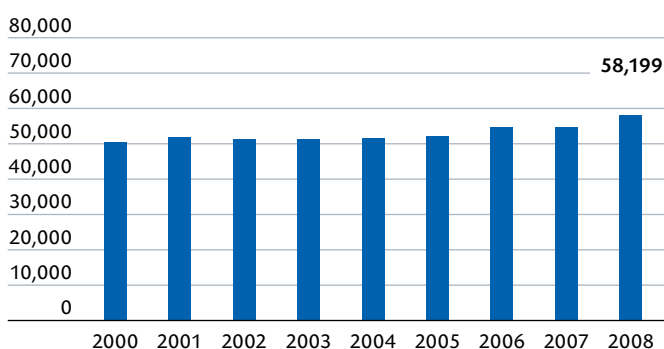
With 14 towns and municipalities and an area of 1,328 square kilometers, Soest is the fourth-largest district in North Rhine-Westphalia. It forms the South Westphalia region together with Hochsauerlandkreis district, the Märkischer Kreis and the districts of Olpe and Siegen-Wittgenstein. Soest district is home

to 305,000 inhabitants. The district's population is forecast to fall by 4.3 percent between now and 2025, while the number of households is set to rise slightly by 2020. In 2010, households benefited from stable asking rents on the whole, but the upper market segment saw the highest price growth in all of North Rhine-Westphalia.

Macroeconomic data	Soest, district	NRW	Germany	Year
Residents	305,097	17,872,764	81,802,256	2009
Population density (residents/km <sup>2</sup> )	230	526	230	2009
Population development in %	-0.4	-0.8	-0.6	2000-2009
Population forecast in %	-4.3	-2.4	-3.6	2009-2025
Households	137,222	8,550,214	39,628,120	2009
Household development in %	3.9	2.8	3.7	2000-2009
Household forecast in %	1.1	1.5	1.1	2009-2020
Buying power	97.2	101.2	100.0	2011
Per capita buying power in €	19,129	19,921	19,684	2011
Workers paying social insurance contributions	95,050	5,766,861	27,380,096	2009
Development of social insurance contributions	-2.0	-2.4	-1.6	2000-2009

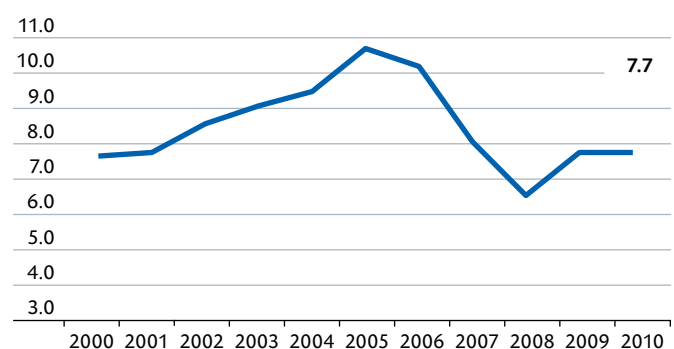
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

### Gross domestic product per employed person in €



Source: NRW Statistics Office, compiled by CBRE

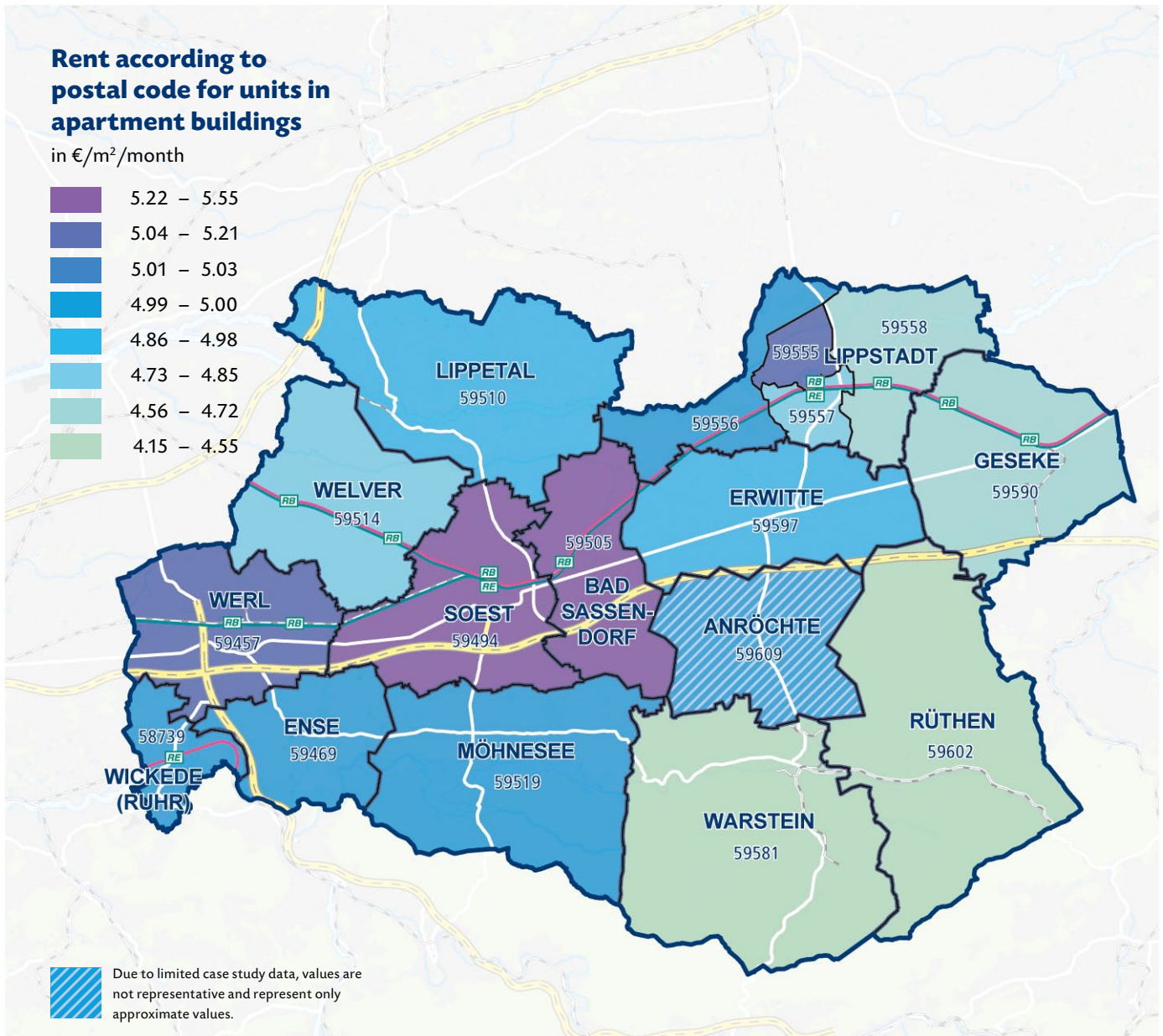
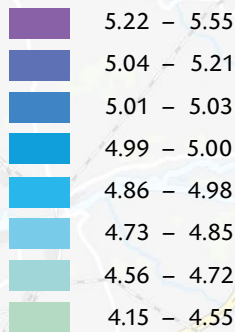
### Unemployment rate in % of all employable civilians




Source: Federal Labor Office, compiled by CBRE

## Rent according to postal code for units in apartment buildings

in €/m<sup>2</sup>/month



 Due to limited case study data, values are not representative and represent only approximate values.

## Economic structure

Despite a reduction in the number of companies, agriculture remains a key employer in Soest district. The job losses in this area have been offset by growth in the service industry, retail and manufacturing. This structural change is being accompanied by positive development in terms of educational institutions and innovative infrastructural facilities. For example, the South Westphalia University of Applied Sciences, Hamm/Lippstadt

University, the Institute for Technology and Knowledge Transfer (TWS), the Car Tec technical center, the KonWerl energy center and the Center for Renewable Raw Materials (ZNR) are all located in the district. In addition to a number of small and medium-sized enterprises, Soest district is home to the production facilities or corporate headquarters of prominent companies including the automotive suppliers Hella, Alcoa and Honsel, the man-

ufacturer of sport and leisure products Kettler, the beverage manufacturer Coca-Cola and the cosmetics group Bübchen. The Warsteiner brewery is another major employer in the district. Soest district is connected to regional and national destinations via the A 2, A 44 and A 445 highways, various main roads and Deutsche Bahn's IC network. The nearest airports are in Dortmund and Paderborn, around 50 kilometers away.

Housing stock data	2004	2005	2006	2007	2008	2009
Vacancy rate in %	3.0	3.1	2.9	8.7	11.9	n/a
Permits for new buildings	1,139	1,194	1,041	693	653	649
Finished apartments	1,207	1,471	957	1,251	724	707
Housing stock	131,365	132,543	133,466	134,685	135,287	135,951
Housing stock in apartment buildings	37.9	37.6	37.6	37.4	37.4	37.4

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

## Sharp rise in asking rents in the upper market segment

As in Viersen and Lippe districts, the Märkischer Kreis and the city of Mönchengladbach, asking rents in Soest district remained unchanged compared with the previous year. The average monthly rent for an apartment was exactly €5 per square meter. The figure for the lower market segment was €3.81 per square meter per month, 1.1 percent more than in the previous year. By contrast, households looking for apartments in the upper market segment were faced with sharp price rises, as asking rents increased by 5.4 percent year-on-year to €7.29 per square meter. Only one of the 54 housing market regions analyzed for this report saw even more pronounced growth in the upper market segment in the same period: Paderborn district, where asking rents increased by 6.8 percent over the course of the year. An analysis at postcode level shows extensive variation in terms of average asking rents across the 17 sub-markets in the district. Apartments in the town of Rùthen (postcode

59602) were available for €4.15 per square meter per month, while the average asking price in Bad Sassendorf (postcode 59505) was €5.55. In 2010, apartments for households with limited purchasing power were available for less than €4 per square meter in 11 of the 17 sub-markets, with the most affordable apartments in the lower market segment found in the town of Warstein (postcode 59581, €3.47 per square meter).

The housing cost burden in Soest district is moderate. Households spend an average of 11 percent (€395) of their monthly household purchasing power of €3,588 on rent excluding heating and 17.6 percent (€632) on rent including heating. The highest housing cost burden was recorded in Bad Sassendorf (postcode 59505), where rent excluding and including heating accounted for 13 percent (€444) and 20.1 percent (€684) of the average monthly household income of €3,405 respectively. By contrast, rent including heating accounted for just

14.1 percent (€571) of average household purchasing power in postcode area 59558 (Lippstadt), with rent excluding heating coming to 8.6 percent (€348). The town of Rùthen (postcode 59602) and Mòhnesee municipality (postcode 59519) also recorded housing cost burdens of less than 10 percent for rent excluding heating.

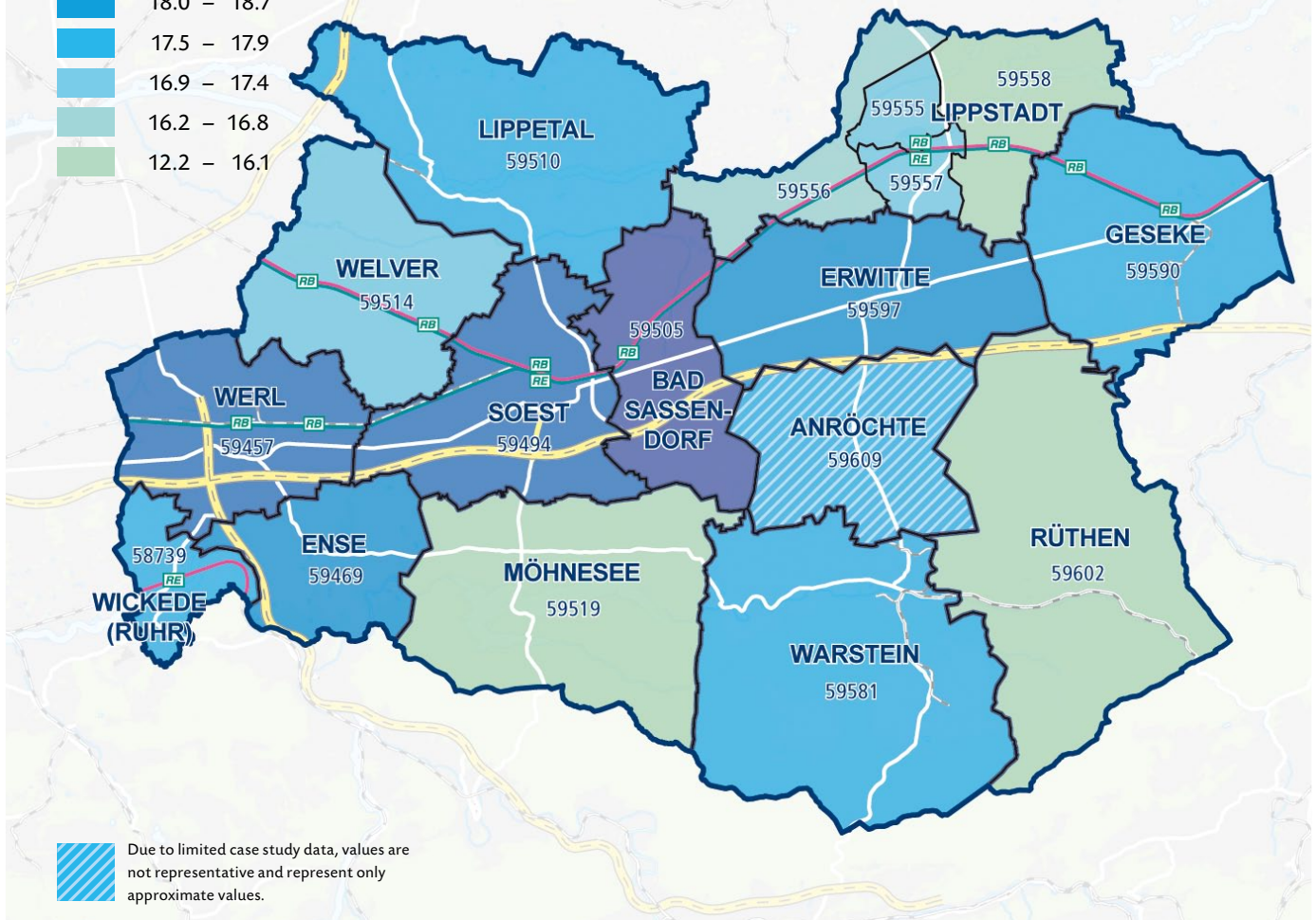
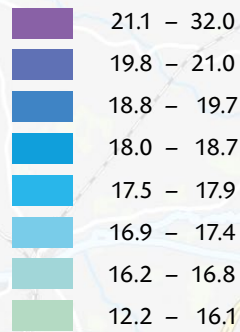
Soest district is expected to see stable demand for housing in future. Although the State Statistical Office is forecasting a 4.3 percent reduction in the population by 2025, the number of households is projected to increase slightly by 1.1 percent between now and 2020. This puts Soest in mid-table compared with the neighboring districts. While the number of households is expected to rise significantly in Paderborn (+7.1 percent) and Warendorf (+5 percent), a decline is forecast for Hamm (-0.6 percent), Unna (-0.8 percent), the Märkischer Kreis (-2.4 percent) and Hochsauerlandkreis district (-3.8 percent).

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
58739	92	4.20	5.00	7.04	n/a	76	382	611	3,423	11.2	<b>17.9</b>
59457	508	3.90	5.19	6.74	n/a	77	401	633	3,291	12.2	<b>19.2</b>
59469	79	3.80	5.00	6.25	n/a	86	431	690	3,821	11.3	<b>18.0</b>
59494	582	4.06	5.37	7.66	n/a	80	427	665	3,535	12.1	<b>18.8</b>
59505	156	3.96	5.55	10.00	n/a	80	444	684	3,405	13.0	<b>20.1</b>
59510	53	3.82	4.97	6.67	n/a	83	413	662	3,762	11.0	<b>17.6</b>
59514	51	3.70	4.74	6.02	n/a	82	390	636	3,661	10.6	<b>17.4</b>
59519	165	3.67	5.00	7.71	n/a	77	384	615	3,879	9.9	<b>15.9</b>

### Postal code allocation

**58739** Wickede (Ruhr), **59457** Werl, City, **59469** Ense, **59494** Soest, City, **59505** Bad Sassendorf, **59510** Lippetal, **59514** Welver, **59519** Mòhnesee, **59555** Lippstadt, City, **59556** Lippstadt, City, **59557** Lippstadt, City, **59558** Lippstadt, City, **59581** Warstein, City, **59590** Geske, City, **59597** Erwitte, City, **59602** Rùthen, City, **59609** Anròchte

## 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 <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
59555	259	4.07	5.11	7.49	n/a	78	398	631	3,655	10.9	<b>17.3</b>
59556	92	3.85	5.00	6.67	n/a	79	397	635	3,898	10.2	<b>16.3</b>
59557	232	4.09	4.82	6.64	n/a	73	352	571	3,367	10.5	<b>17.0</b>
59558	86	4.00	4.67	6.12	n/a	74	348	571	4,053	8.6	<b>14.1</b>
59581	150	3.47	4.30	5.29	n/a	83	357	606	3,420	10.4	<b>17.7</b>
59590	142	3.55	4.59	5.95	n/a	80	364	603	3,431	10.6	<b>17.6</b>
59597	128	3.73	4.86	7.21	n/a	87	424	686	3,778	11.2	<b>18.2</b>
59602	53	3.48	4.15	5.93	n/a	82	341	587	3,854	8.8	<b>15.2</b>
59609	29	n/a	n/a	n/a	n/a	79	n/a	n/a	3,749	n/a	<b>n/a</b>
Ø	2,857 <sup>3)</sup>	3.81	5.00	7.29	n/a	79	395	632	3,588	11.0	17.6
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-lippe.de/Konzern\\_Kreis\\_Lippe/Fachbereich\\_Vermessung\\_Kataster/Fachgebiet53/Documents/Flyer\\_2011.pdf](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](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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### **Graphics/Layout:**

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Cover design: Gornig Design

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Baumgardt Consultants, Gesellschaft für Marketing und Kommunikation bR

### **Photos:**

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

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