

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

Rental prices driven by household and employment development

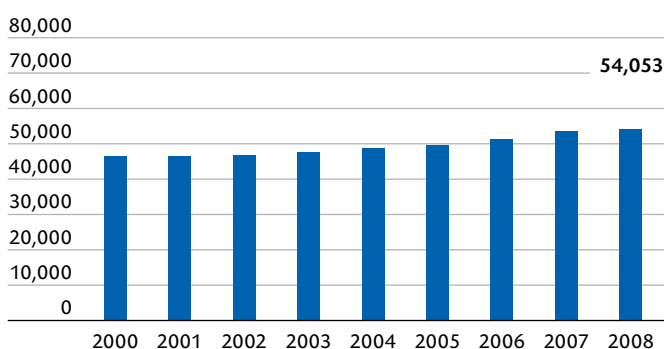
Steinfurt is the second-largest district in North Rhine-Westphalia by area. It is bordered by the districts of Grafschaft Bentheim, Emsland, Osnabrück, Warendorf, Coesfeld and Borken as well as the towns of Osnabrück and Münster. The district has a population of around 444,000. The number of inhabitants increased by 2 percent between 2000 and 2009,

while the number of households rose by 6.8 percent during the same period. Economic development in the district was also positive, with the number of employees subject to social security increasing by 6.1 percent between 2000 and 2009, while the unemployment rate in 2009 was a low 5 percent. Growth in asking rents reflects the rising level of demand.

Macroeconomic data	Steinfurt, district	NRW	Germany	Year
Residents	443,643	17,872,764	81,802,256	2009
Population density (residents/km ²)	248	526	230	2009
Population development in %	2.0	-0.8	-0.6	2000-2009
Population forecast in %	-0.2	-2.4	-3.6	2009-2025
Households	183,857	8,550,214	39,628,120	2009
Household development in %	6.8	2.8	3.7	2000-2009
Household forecast in %	6.2	1.5	1.1	2009-2020
Buying power	96.0	101.2	100.0	2011
Per capita buying power in €	18,906	19,921	19,684	2011
Workers paying social insurance contributions	118,389	5,766,861	27,380,096	2009
Development of social insurance contributions	6.1	-2.4	-1.6	2000-2009

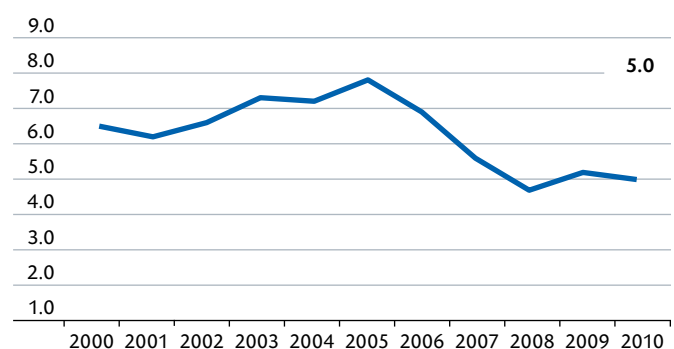
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

Gross domestic product per employed person in €

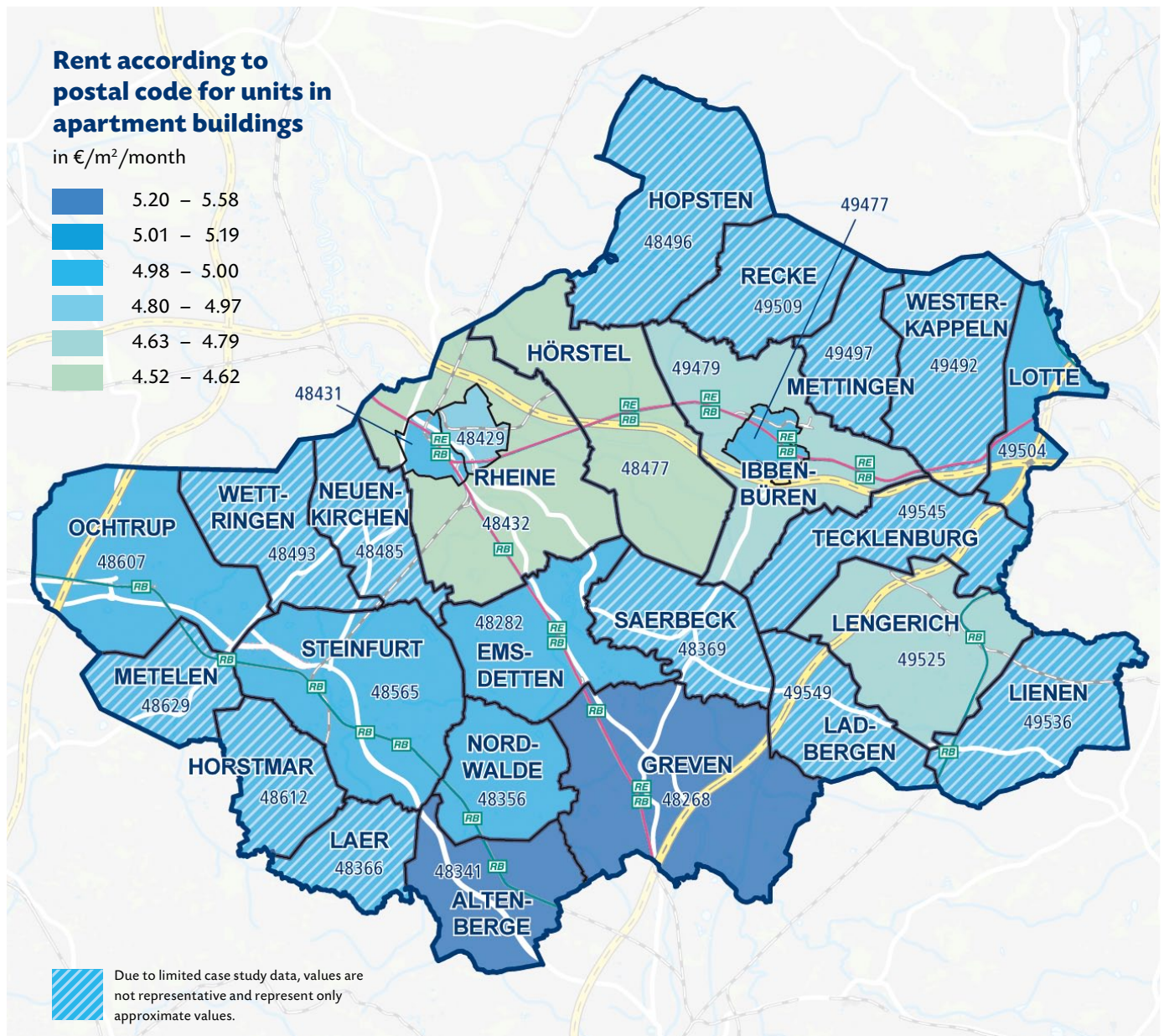


Source: NRW Statistics Office, compiled by CBRE

Unemployment rate in % of all employable civilians



Source: Federal Labor Office, compiled by CBRE



Economic structure

Agriculture continues to play an important role in the economic landscape of Steinfurt district. Another key driver in the region is Münster Osnabrück International Airport (FMO) in Greven. One of the three international commercial airports in North Rhine-Westphalia, it transports some 1.6 million passengers and 11 million tonnes of airmail and freight every year and provides around 1,600 jobs in the region. Steinfurt district is also a cen-

ter for the textile and metal and plastics processing industries. Companies such as J. Schilgen GmbH & Co. KG (textile manufacturer) and EMSA GmbH (manufacturer of household goods) are based in and around Emsdetten, while Rheine is home to companies such as apetito AG (manufacturer of frozen products) as well as the headquarters of Volksbank Nordmünsterland. The district is well connected thanks to the A 1, A 30 and A 31 highways and

a number of main roads. This network is also used by the logistics industry, companies from which can be found in the Greven area. Rail routes passing through the district serve regional destinations as well as offering IC connections to Cologne, Hanover, Amsterdam and Luxembourg. With the Dortmund-Ems Canal and the Mittelland Canal, the district is also linked to the national inland navigation network.

Housing stock data	2004	2005	2006	2007	2008	2009
Vacancy rate in %	3.9	3.5	4.0	4.7	3.8	3.1
Permits for new buildings	2,319	2,268	2,211	1,549	1,316	1,618
Finished apartments	2,794	2,164	2,206	2,053	1,465	1,221
Housing stock	173,571	175,567	177,566	179,422	180,686	181,747
Housing stock in apartment buildings	27.6	27.5	27.5	27.5	27.6	27.6

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

Small-scale analysis difficult due to low number of available properties

The first LEG Housing Market Report NRW 2010 only contained information on certain sub-markets of the Steinfurt housing market because the low number of advertised properties meant that sufficiently secure data on rents, vacancy rates and housing costs was not available for 13 of the 27 postcode areas. This year, too, reliable analyses of the Steinfurt market are only possible for 14 of the 27 sub-markets.

The second-largest district in North Rhine-Westphalia has performed well in terms of population development and the employment market. The number of inhabitants in the 10 towns and 14 municipalities that make up the district increased by 2 percent

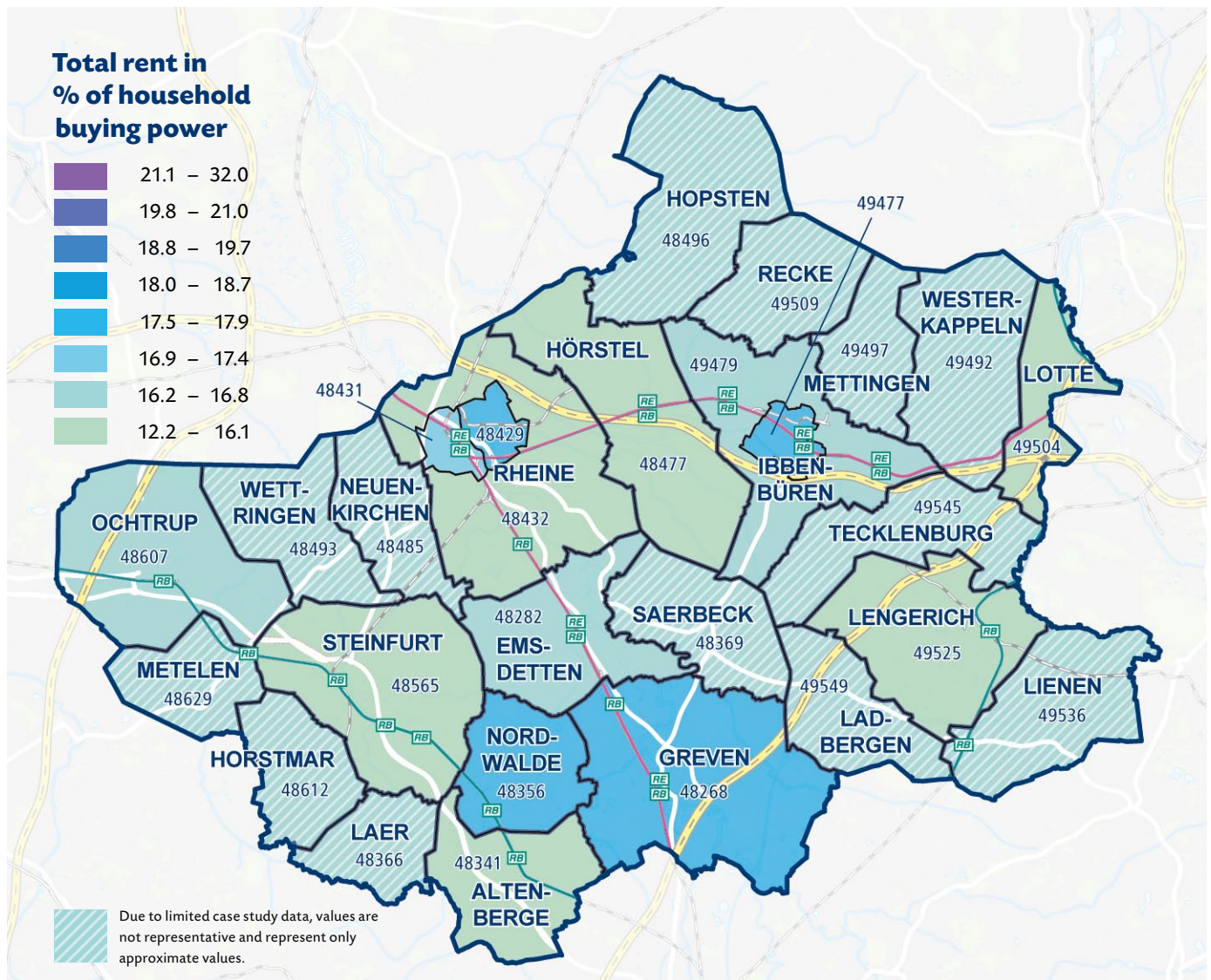
between 2000 and 2009, while the number of households rose by 6.8 percent – the tenth-best figure among the 54 locations analyzed for the purposes of this report. Steinfurt district is also expected to see rising demand for housing in future. According to the German Federal Statistical Office, the number of households is forecast to increase by 6.2 percent between now and 2020. The positive population development in the district is supported in particular by the employment situation: the number of employees subject to social security increased by 6.1 percent between 2000 and 2009, while the current unemployment rate of 5 percent is the second-lowest among all 54 housing market regions analyzed.

In 2010, the housing market in Steinfurt district responded to these positive economic conditions with price rises. Monthly asking rents across all categories increased by 1.9 percent to €5 per square meter. Price growth was even more pronounced in individual segments. Landlords in the lower market segment demanded €3.93 per square meter – 3.1 percent more than a year previously – while asking rents in the upper market segment rose by 3.7 percent year-on-year to €7 per square meter. Despite this development, the housing cost burden remains moderate, with households spending 10.3 percent (€385) of their average household purchasing power of €3,738 on rent excluding heating and 16.5 percent (€617) on rent including heating.

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
48268	316	4.21	5.58	7.06	3.3	80	444	682	3,888	11.4	17.6
48282	166	4.22	5.00	7.34	[1.0]	77	384	615	3,800	10.1	16.2
48341	68	4.39	5.51	7.60	[5.3]	79	434	670	4,547	9.5	14.7
48356	57	4.03	5.00	6.84	n/a	87	433	693	3,902	11.1	17.8
48366	40	n/a	n/a	n/a	n/a	80	n/a	n/a	4,289	n/a	n/a
48369	31	n/a	n/a	n/a	n/a	82	n/a	n/a	4,208	n/a	n/a
48429	249	3.94	4.89	6.78	3.2	74	361	582	3,257	11.1	17.9
48431	262	4.14	5.00	7.02	3.6	73	363	580	3,351	10.8	17.3
48432	72	3.17	4.59	6.00	[1.8]	78	356	588	3,693	9.6	15.9
48477	57	3.86	4.52	6.38	n/a	79	355	591	3,924	9.1	15.1
48485	25	n/a	n/a	n/a	n/a	73	n/a	n/a	3,874	n/a	n/a
48493	19	n/a	n/a	n/a	n/a	94	n/a	n/a	4,045	n/a	n/a
48496	6	n/a	n/a	n/a	n/a	101	n/a	n/a	4,012	n/a	n/a

Postal code allocation

48268 Greven, City, **48282** Emsdetten, City, **48341** Altenberge, **48356** Nordwalde, **48366** Laer, **48369** Saerbeck, **48429** Steinfurt, **48431** Rheine, City, **48432** Steinfurt, **48477** Hörstel, City, **48485** Neuenkirchen, **48493** Wettingen, **48496** Hopsten, **48565** Steinfurt, City, **48607** Ochtrup, City, **48612** Horstmar, City, **48629** Metelen, **49477** Ibbenbüren, City, **49479** Ibbenbüren, City, **49492** Westerkappeln, **49497** Mettingen, **49504** Lotte, **49509** Recke, **49525** Lengerich, City, **49536** Lienen, **49545** Tecklenburg, City, **49549** Ladbergen



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
48565	202	4.00	5.00	7.00	[4.5]	73	365	584	3,797	9.6	15.4
48607	77	3.98	5.00	8.00	n/a	77	386	618	3,777	10.2	16.4
48612	20	n/a	n/a	n/a	n/a	84	n/a	n/a	3,776	n/a	n/a
48629	33	n/a	n/a	n/a	n/a	86	n/a	n/a	3,817	n/a	n/a
49477	104	3.94	5.00	7.48	[1.1]	78	388	621	3,510	11.1	17.7
49479	54	3.85	4.76	7.13	n/a	77	369	601	3,599	10.2	16.7
49492	39	n/a	n/a	n/a	n/a	82	n/a	n/a	3,832	n/a	n/a
49497	18	n/a	n/a	n/a	n/a	94	n/a	n/a	3,690	n/a	n/a
49504	107	3.61	4.99	6.11	[3.8]	76	377	604	3,805	9.9	15.9
49509	10	n/a	n/a	n/a	n/a	77	n/a	n/a	3,669	n/a	n/a
49525	125	3.68	4.64	6.09	3.9	75	349	574	3,578	9.7	16.0
49536	32	n/a	n/a	n/a	n/a	79	n/a	n/a	3,902	n/a	n/a
49545	41	n/a	n/a	n/a	n/a	82	n/a	n/a	3,840	n/a	n/a
49549	30	n/a	n/a	n/a	n/a	69	n/a	n/a	3,998	n/a	n/a
Ø	2,260 ³⁾	3.93	5.00	7.00	3.1	77	385	617	3,738	10.3	16.5
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

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.