

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

Differentiated rental development in the individual market segments

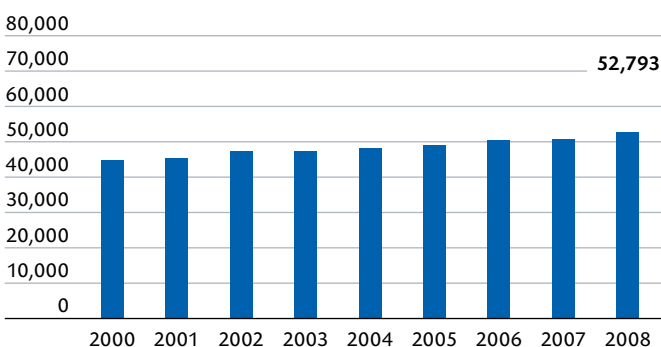
The district of Wesel was formed in 1975 from parts of Dinslaken, Moers and Rees districts. It has around 470,000 inhabitants and covers the edge of the Ruhr region. The district is made up of the towns of Dinslaken, Kamp-Lintfort, Moers, Neukirchen-Vluyn, Rheinberg, Voerde and Wesel and the more rural municipalities of Alpen, Ham-

minkeln, Hünxe, Schermbeck, Sonsbeck and Xanten. At 7.7 percent, unemployment is relatively low compared with the neighboring Ruhr area. The number of households rose by almost 5 percent between 2000 and 2009 and is forecast to grow by a further 3.3 percent by 2020. The local property market saw differentiated price development in 2010.

Macroeconomic data	Wesel, district	NRW	Germany	Year
Residents	470,364	17,872,764	81,802,256	2009
Population density (residents/km ²)	452	526	230	2009
Population development in %	-0.8	-0.8	-0.6	2000-2009
Population forecast in %	-5.0	-2.4	-3.6	2009-2025
Households	207,054	8,550,214	39,628,120	2009
Household development in %	4.8	2.8	3.7	2000-2009
Household forecast in %	3.3	1.5	1.1	2009-2020
Buying power	101.1	101.2	100.0	2011
Per capita buying power in €	19,908	19,921	19,684	2011
Workers paying social insurance contributions	117,954	5,766,861	27,380,096	2009
Development of social insurance contributions	-2.5	-2.4	-1.6	2000-2009

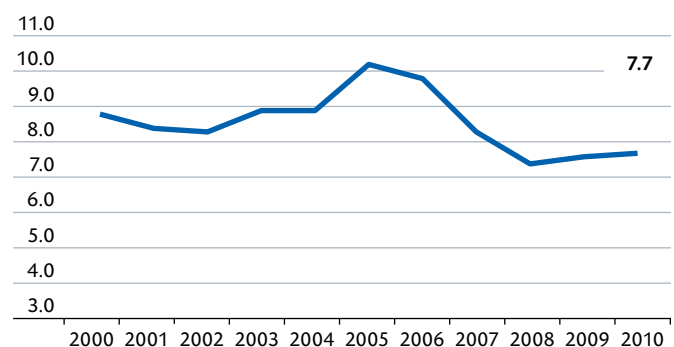
Source: NRW Statistics Office, Federal Statistics Office, GfK GeoMarketing, compiled by CBRE

Gross domestic product per employed person in €

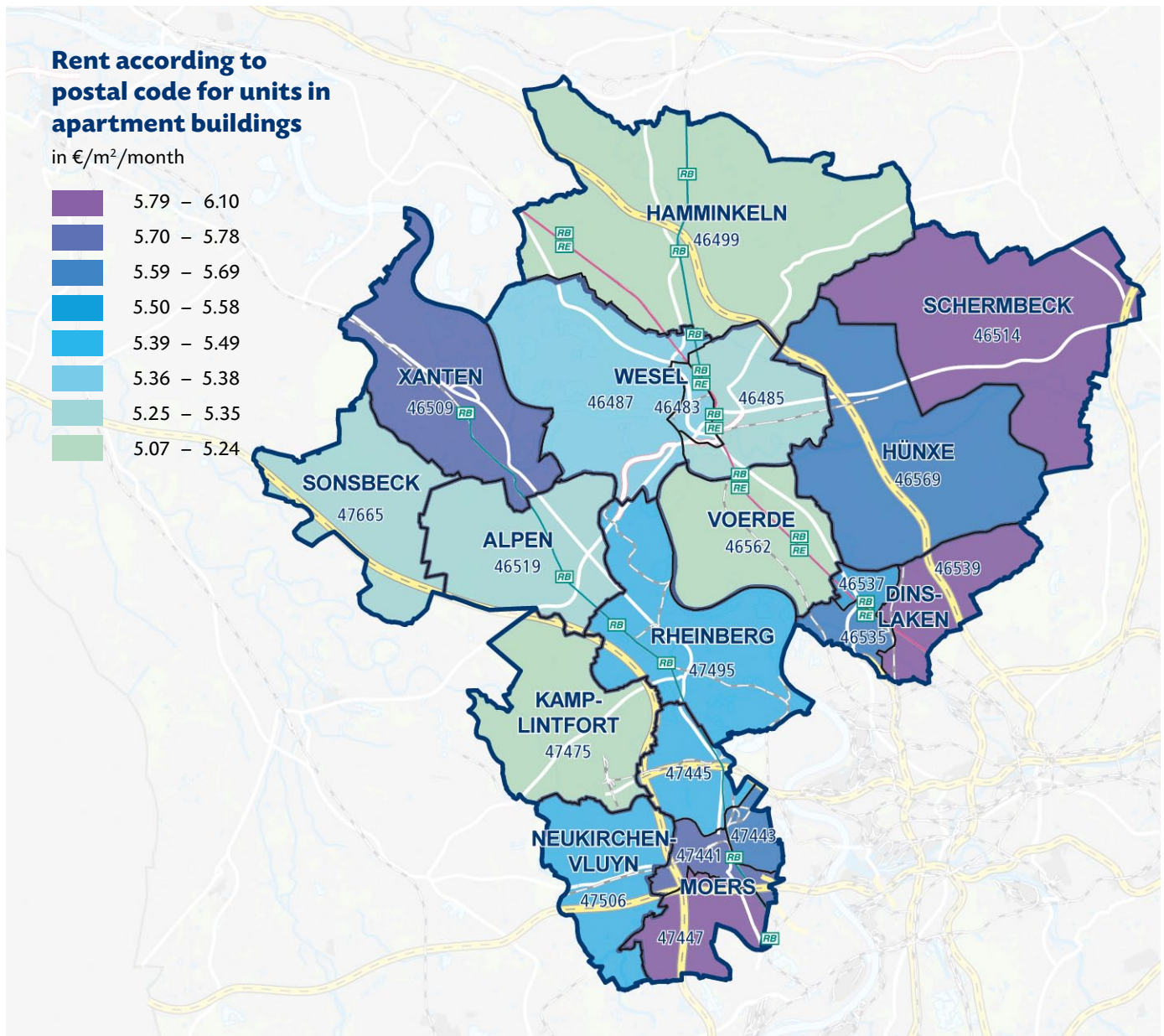


Source: NRW Statistics Office, compiled by CBRE

Unemployment rate in % of all employable civilians



Source: Federal Labor Office, compiled by CBRE



Economic structure

Economic development in the district is influenced by its proximity to the Ruhr area, the neighboring Netherlands and the regional centers of the Rhineland. The wealth gap between the affluent residents of Wesel and the lower levels of household purchasing power in the neighboring Ruhr districts is particularly notable. The significantly higher economic strength enjoyed by households in Wesel is not least due to the district's differen-

tiated economic structure. For example, it is home to one of the largest rock salt mines in Europe. In addition to agriculture and food production, the chemicals industry is particularly dominant, with companies such as Altana Chemie AG, BYK Chemie, LGC Standards GmbH and Oxoid based in the district. Mechanical engineering, structural steelwork, electronic engineering, metal processing and logistics also play an important role in the lo-

cal economic landscape. Companies with a national profile include Flachglas, Kermag and RWE Rhein-Ruhr. Wesel enjoys extremely good transport connections thanks to the A 3 and A 57 highways, while the B 8, B 58, B 70 and B 473 main roads ensure local and regional links with the surrounding municipalities. Wesel also has three ports: Rhein-Lippe-Hafen Wesel, Städtischer Rheinhafen Wesel and Staatlicher Schutzhafen Wesel.

Housing stock data	2004	2005	2006	2007	2008	2009
Vacancy rate in %	2.2	2.4	2.8	2.9	3.0	3.2
Permits for new buildings	1,301	1,116	1,278	1,162	905	920
Finished apartments	1,027	1,380	1,108	977	1,104	950
Housing stock	200,131	201,401	202,403	203,258	204,282	204,957
Housing stock in apartment buildings	49.1	48.9	48.8	48.7	48.7	48.7

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

Rising prosperity accompanied by falling asking rents

Although the unemployment rate in Wesel district has risen slightly, from 7.6 percent in 2009 to 7.7 percent in 2010, private households have higher available income than was the case one year previously. Whereas purchasing power amounted to €19,095 per capita in 2009, residents of the district had average available income of €19,908 in the past year. A postcode-based analysis shows that all of the 20 sub-markets had average monthly household purchasing power in excess of €3,000, with six postcode areas even exceeding the €4,000 mark.

Rental growth restricted to the lower segment

There were few changes on the housing market in 2010. Across all market segments, asking rents declined slightly by 0.5

percent in 2010, meaning that apartments in the district were available for an average of €5.55 per square meter per month. This puts Wesel in the middle of the 54 cities and districts analyzed for the purposes of this report. However, it is notable that asking prices in the various market segments saw extremely varied development. In the upper market segment, monthly asking rents fell by 3.2 percent year on year to €7.67 per square meter. Despite this, asking rents exceeded the €8 barrier in a quarter of the sub-markets in the district, with landlords demanding €9 per square meter in Moers Bergheim, Vennikel, Vinn (postcode 47447).

The decline in the upper segment in 2010 was offset by price rises in the lower market segment, with asking rents for corresponding apartments increasing by 2.4 percent to €4.19 per square meter. Only two sub-markets offered apartments for

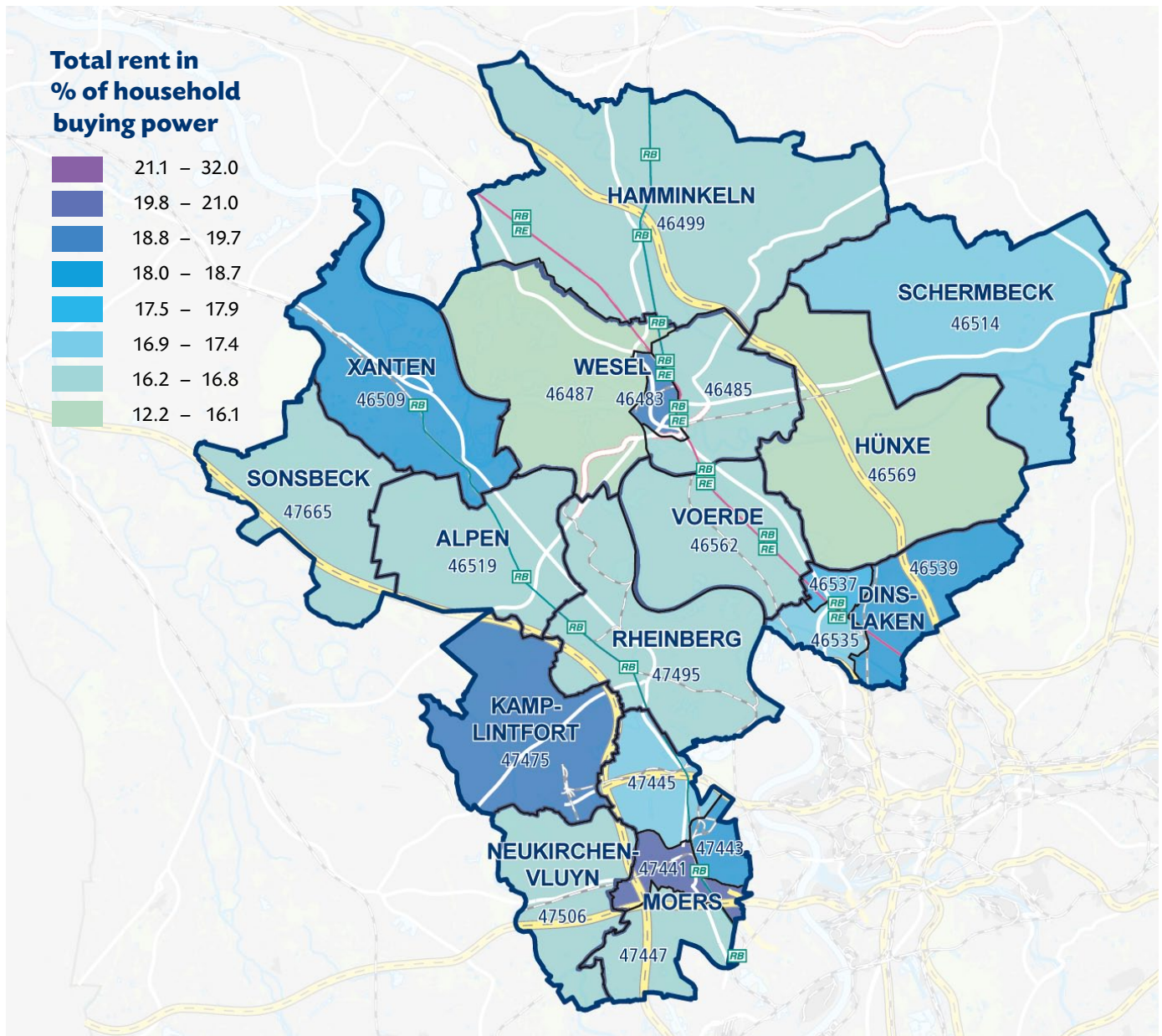
less than €4 per square meter: Kamp-Lintfort (postcode 47475) at €3.99 per square meter and Moers in the north of the district (postcode 47445, Moers Repelen, Utfoot, Eick, Rheinkamp-Mitte) at €3.93 per square meter.

With average household purchasing power of €3,617, households in Wesel district are required to commit 11.3 percent (€409) of their budget to basic rent excluding heating costs and 17.4 percent (€631) to rent including heating costs. Our detailed analysis found that the highest housing cost burdens are located among households in the sub-market of Moers Mitte, Asberg, Hülsonk (postcode 47441), where rent including heating accounts for 20.3 percent (€634) of the average monthly household purchasing power of €3,121, while rent excluding heating accounts for 13.3 percent (€416) of the monthly budget.

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
46483	832	4.13	5.37	7.20	[5.9]	72	386	602	3,152	12.2	19.1
46485	530	4.07	5.35	7.46	[3.6]	74	398	622	3,824	10.4	16.3
46487	350	4.29	5.36	7.00	[3.5]	76	405	632	4,024	10.1	15.7
46499	283	4.00	5.16	7.33	[1.3]	80	414	654	3,983	10.4	16.4
46509	323	4.27	5.75	8.08	[2.2]	78	448	682	3,748	12.0	18.2
46514	290	4.27	5.80	8.50	[2.7]	80	461	699	4,123	11.2	17.0
46519	172	4.23	5.29	7.29	n/a	83	441	690	4,118	10.7	16.8
46535	784	4.40	5.67	7.82	4.0	74	417	638	3,692	11.3	17.3
46537	594	4.19	5.53	7.27	3.1	70	386	595	3,393	11.4	17.5

Postal code allocation

46483 Wesel, City, **46485** Wesel-Obrighoven, **46487** Wesel-Bislic, Flüren, Büderich, **46499** Hamminkeln, City, **46509** Xanten, City, **46514** Schermbeck, **46519** Alpen, **46535** Dinslaken, City, **46537** Dinslaken, City, **46539** Dinslaken, City, **46562** Voerde (Niederrhein), City, **46569** Hünxe, **47441** Central Moers, Asberg, Hülsonk, **47443** Moers-Hochstraß, Meerbeck, Scherpenberg, **47445** Moers-Repelen, Utfoot, Eick, central Rheinkamp, **47447** Moers-Bergheim, Vennikel, Vinn, **47475** Kamp-Lintfort, City, **47495** Rheinberg, City, **47506** Neukirchen-Vluyn, City, **47665** Sonsbeck



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	
46539	483	4.65	6.10	8.03	1.5	74	452	675	3,650	12.4	18.5	
46562	717	4.07	5.22	7.01	2.4	73	379	596	3,569	10.6	16.7	
46569	242	4.29	5.63	7.50	[1.8]	76	426	654	4,261	10.0	15.3	
47441	1,399	4.45	5.73	8.25	3.5	73	416	634	3,121	13.3	20.3	
47443	394	4.38	5.59	7.67	4.0	69	387	594	3,280	11.8	18.1	
47445	553	3.93	5.46	6.98	2.6	68	370	573	3,286	11.3	17.4	
47447	352	4.44	6.04	9.00	2.3	76	456	683	4,163	11.0	16.4	
47475	380	3.99	5.07	7.13	2.9	75	378	602	3,089	12.2	19.5	
47495	534	4.18	5.48	7.31	4.8	79	432	669	4,017	10.8	16.7	
47506	374	4.29	5.49	7.59	[1.5]	73	399	616	3,668	10.9	16.8	
47665	87	4.20	5.35	7.81	n/a	79	421	657	3,986	10.6	16.5	
Ø	9,673 ³⁾	4.19	5.55	7.67	3.2	74	409	631	3,617	11.3	17.4	
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

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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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