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Berlin Hyp

Housing Market Report Berlin 2016

with Housing Cost Atlas

Berlin: Rental growth, price rises and development boom

Berlin is still growing and demand on the housing market is growing with it. In the first three quarters of 2015, asking rents per square metre rose by an average of 5.1 per cent. This is slightly lower than in the previous year. Not, however, because of the Mietpreisbremse ("capping of rents on re-letting") implemented last summer but rather because the limits of ability or willingness to pay, particularly in some of the lower-priced submarkets, are being reached. In the broad middle segment of the market, a trend to shift to more favourably priced locations is evident.

Dr. Henrik Baumunk, Gero Bergmann

Housing costs take a high proportion of household purchasing power, particularly in affluent areas. The apartments on offer there are often very large and therefore incur high total costs. In contrast, in subdistricts with lower purchasing power the apartments are generally smaller, so that housing costs account for a smaller proportion of the personal budget. Even households with low purchasing power can still find apartments in Berlin that consume considerably less than 25 per cent of their purchasing power, including ancillary costs.

Double-digit percentage growth in the asking prices of condominium apartments and apartment buildings have again been seen. For condominiums, the demand is being met by an increasing supply of new developments. The market for apartment buildings has contracted sharply, as few owners are prepared to sell.

Details of the Housing Cost Atlas are provided in the rear section of this report. It gives data on asking rents, size of market, apartment sizes and purchasing power in the 190 Berlin postcode areas. It enables market participants and other interested people to take a differentiated view of the fine structure of the capital. In the front section of the report there are comparative data on Berlin and other major cities; fundamental information and an overview of the rental and owner occupation markets and investment activities in Berlin.

The high level of inward migration – not just since the refugee crisis – means that new housing development will be increasingly important. Some 240 projects were evaluated for the report, indicating current trends. Development activity is booming. There is a considerable upswing particularly in the construction of rental apartments. The political background and the objectives of the Berlin Senate are documented in an interview with Secretary of State for Housing, Prof. Dr.-Ing. Engelbert Lütke Daldrup. He also explains the market players and the subsidies that will be required in order to promote new development of up to 20,000 apartments each year in Berlin.

We hope you will find the report interesting reading!

Gero Bergmann
Director
Berlin Hyp AG

Dr. Henrik Baumunk
Managing Director
CBRE GmbH

City comparison: Berlin market converges with other major cities

When comparing the rental apartment markets of the seven most populous German cities, Berlin has a few special features. Firstly, it has the lowest rental values. Only Berlin has a current median asking rent that is still less than €9.00 per square metre, albeit by only a small amount. Although construction of new apartment buildings has sharply increased, in 2014 – adjusted for population – it was still the weakest in the seven cities. The owner-occupied housing rate, around 15 per cent, is well below those in all the other cities. Starting at only around 10 per cent at the time the Berlin Wall fell, the owner-occupation rate has considerably increased since.

The main reasons for the low level of rents are the lowest household purchasing power and the highest unemployment rate of the seven cities. The relatively tardy abolition of rent control in Berlin is still having an effect as well. Whereas West Germany consigned rent control to the archives back in 1975, in Berlin it continued until 1987, with various transitional arrangements alleviating the effects of the abolition in subsequent years. Rents in the eastern part of the city were subject to state control, as there was, de facto, no privately financed housing construction in East Germany. In this respect, the low rental values are still a delayed consequence of the period when the city was divided and the crisis of adjustment after German reunification, which is yet to be overcome.

Correlation between purchasing power and rents

A comparison of Berlin with the other cities shows how closely local purchasing power and rental values are related. In Munich, the median purchasing power per capita is 43 per cent higher than in Berlin, rental values 66 per cent. Frankfurt households have on average 24 per cent more purchasing power and rents there are 36 per cent higher. In Stuttgart, purchasing power is 23 per cent higher, rents 25 per cent. In Dusseldorf, Hamburg and Cologne, both figures are higher than in Berlin, while in Dusseldorf the ratio is most favourable to the tenant. The purchasing power there is 28 per cent higher than in Berlin, while the asking rents are only 4 per cent higher.

The current trend and forecasts for the Berlin market are favourable for investors. The population is steadily growing, by more than 1 per cent each year. GDP growth is higher than the federal average and there are positive trends of incomes and purchasing power. Nevertheless, the purchasing power gap with the other cities remains. The proportion of households in rented accommodation is still higher than in the other top seven cities.

Construction continues to increase, but there is still headroom

Berlin is busily trying to reduce its heavy backlog of apartment construction in comparison with the other cities. Whereas in 2013 there were only 0.8 completions in apartment buildings per 1,000 population of the city, by 2014 this had already increased to 1.5. The gap between this and Frankfurt (4.5) or Munich (3.7) is still considerable. However, the greatest challenge now facing builders and developers is the speculative trade in development sites and the resulting explosion in land prices. To develop new apartments, the Berlin municipal housing associations in particular will have to create additional rental housing accommodation by densifying its own properties and by using public-private partnerships. In view of the pressure of demand, a new federal social housing programme for the conurbations appears to be only a question of time.

Berlin: Lower purchasing power; gap in asking rents closing

Key figures for Germany's seven largest cities

City	Residents[1] 2014	Purchasing power index 2015, Germany = 100	Vacancy rate[2] 2014, in %	Average asking rent[3] 2015, in €/m²/month	Average area of apartments listed[3] 2015 in m²	Newly finished apartments[4] 2014, per 1,000 residents
Berlin	3,562,166	92.9	1.5	8.99	70.0	1.5
Dusseldorf	619,651	118.7	1.6	9.38	73.5	3.2
Frankfurt a. M.	708,543	115.1	0.6	12.26	75.1	4.5
Hamburg	1,803,752	111.3	0.7	10.45	69.2	2.8
Cologne	1,053,528	107.4	1.1	10.00	68.0	2.5
Munich	1,466,264	132.8	0.4	14.91	72.2	3.7
Stuttgart	592,898	114.0	1.0	11.25	72.1	2.5

1) 31.12, based on population register 2) vacancies in apartment buildings on the active market 3) data collection period: Q1-Q3 4) in new buildings with three or more apartments, incl. residential halls
Sources: CBRE-empirica vacancy index, CBRE based on data from empirica-systeme, Michael Bauer Research, Federal Statistical Office, State Statistical Offices

Growth in the city, major differences between the districts

The growth of the population of Berlin, its economy and incomes has continued in 2015 – the demographic increase was considerably boosted by the influx of refugees. As in the previous two years, the population rose by more than 40,000 in 2014, so that the population growth in evidence since the mid-2000s is continuing uninterrupted. The economic performance is also improving. In autumn 2015, the Berlin Senate estimated that Berlin's GDP would rise by 2.2 per cent over the whole year, 0.4 percentage points more than the federal average. The number of employees registered for social insurance actually rose by 3.1 per cent in the period from June 2014 to June 2015, the highest rate of increase in all the federal states. As well as the healthy overall economic situation, the reasons for this include the strong growth in the service sector, particularly tourism. In the first half of 2015, this registered yet another increase in overnight stays, which were up by 4.8 per cent.

Most dynamic growth in the Mitte district

The populations and structures of the 12 districts of Berlin are developing in very different ways. The most dynamic population trend recently was registered in Mitte, which gained around a net 8,400 residents in 2014, a 2.4 per cent increase year-on-year. Mitte also has the liveliest development activity. The district led the field in both overall residential planning consents and completions of apartment buildings. If individual and duplex (horizontally divided two-family) houses are included, however, Pankow is in first place for the numbers of apartments completed. The age structure in Mitte has great potential for growth. It has the highest proportion of younger people of all the districts of the city. At the end of 2014, 37.1 per cent were under the age of 30.
Second place in terms of population growth is held by Pankow, where an additional 6,835 residents equated to growth of 1.8 per cent in 2014. Berlin's most populous district, it has a population of over 384,000, with a particularly high proportion of children. Pankow is one of the three districts with more than 16 per cent of under-18-year-olds. The district's economy is healthy. It boasted Berlin's lowest unemployment rate, 9.0 per cent, in 2014. As already mentioned, there is a high level of development activity. In the medium and long term, Pankow has particularly great development potential on its many areas of undeveloped land, primarily in the northern part of the district.

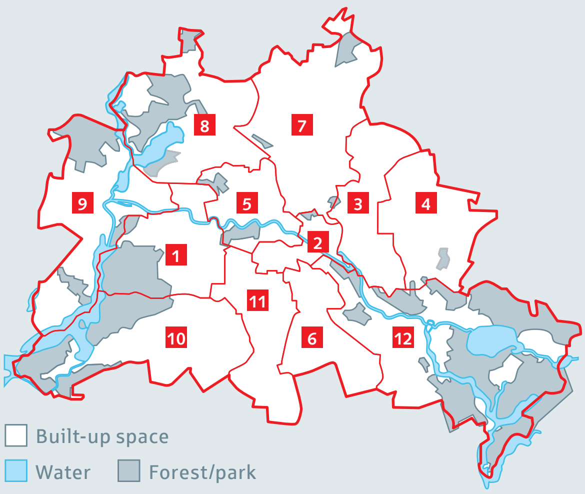
Calm in the south and extreme west

In third place for population growth are, in absolute terms, Tempelhof-Schöneberg and, in percentage terms, Spandau, Berlin's least populous

Berlin Hyp

Berlin Hyp specialises in high-volume real estate financing for professional investors and housing companies, providing them with custom financing solutions. As an affiliate of the German savings banks, it also offers these financial institutions a comprehensive range of products and services. Its clear focus, almost 150 years of experience, and close relationship with the Savings Banks Finance Group make Berlin Hyp one of Germany's leading real estate banks and issuers of Pfandbriefe.

Berlin Barometer



District	Residents 2014[1]	Population density per km² 2014[1]
1 Charlottenburg-Wilmersdorf	326,354	5,043
2 Friedrichshain-Kreuzberg	275,691	13,508
3 Lichtenberg	268,465	5,151
4 Marzahn-Hellersdorf	256,173	4,147
5 Mitte	356,506	9,032
6 Neukölln	325,716	7,249
7 Pankow	384,367	3,729
8 Reinickendorf	254,000	2,844
9 Spandau	230,419	2,508
10 Steglitz-Zehlendorf	299,268	2,918
11 Tempelhof-Schöneberg	335,767	6,332
12 Treptow-Köpenick	249,440	1,481
Berlin total	3,562,166	3,995

1) as of 31.12, based on population register for Berlin 2) average forecast variant 3) all employable civilians 4) in residential buildings with three or more apartments

district by a wide margin. Both districts continue to have relatively low development activity. In Tempelhof-Schöneberg, this is partly due to the shortage of development sites, particularly in the already densely developed Schöneberg sub-district. The peripheral location of Spandau is the primary reason for its restrained development activity.
Lichtenberg is in fourth place for population growth, in both absolute and relative terms (the latter together with Treptow-Köpenick). The unemployment rate there is also below the city average. There is bustling residential development, with major projects boosted by small-scale and municipal housing construction. Next comes Neukölln. Although it recorded a net population increase of 3,563 in the previous year, in all other respects, i.e. percentage population growth, development and, above all, employment, it was below the Berlin average. The unemployment rate there is, by a wide margin, the highest in all the districts of Berlin.
Although the population growth in Treptow-Köpenick was only average in 2014, in coming years it will see considerable increases. It is in second place, behind Mitte, in terms of the number of planning consents.

Growing shortages in central districts

There are hardly any sites still available in Charlottenburg-Wilmersdorf. This resulted in moderate development activity and somewhat below-average population growth in 2014. The same applies to Friedrichshain-Kreuzberg, where the population density is 13,508 per square kilometre, by far Berlin's most densely populated district. As development sites for new builds are in particularly short supply there, this means that population density is likely to increase.
There is no danger of that happening in Reinickendorf or in Marzahn-Hellersdorf. Both of these peripheral districts lag behind almost all the other districts in terms of population growth and development activity, with one exception: Marzahn-Hellersdorf leads the field in the construction of individual and duplex houses. Despite its leafy and peaceful location, there was only moderate population growth in wealthy Steglitz-Zehlendorf. Its increase of 0.4 per cent was the lowest in Berlin. This can also be attributed to its peripheral location. Soon, however, increasing new development activity could attract more residents to this district in the green southwest of Berlin.

About CBRE

CBRE Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services and investment firm (in terms of 2014 revenue). The Company has more than 70,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 400 offices (excluding affiliates) worldwide. CBRE offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. CBRE Residential Valuation Germany is a market leader in residential property valuation. In 2014, around 850,000 residential units, with a volume of approximately €48 billion were appraised. Please visit our website at www.cbre.com.

Population development from 2014 [1] to 2013 [1], absolute value	Population forecast [2] 2011 – 2030, change in %	Unemployment rate [3], average 2014 in %	Permits for building new apartments [4] 2014	Newly finished apartments [4] 2014
+3,484	+6.4	9.8	1,282	478
+2,174	+8.6	12.5	1,443	683
+3,607	+7.6	10.1	1,767	459
+1,947	+5.0	10.2	95	119
+8,404	+8.5	12.3	2,963	1,108
+3,563	+6.5	15.1	278	243
+6,835	+16.3	9.0	1,667	1,031
+2,675	+1.9	13.8	175	113
+3,551	+5.7	12.4	470	26
+1,068	+6.3	9.6	1,111	196
+3,945	+2.5	10.6	300	231
+3,489	+8.4	9.2	2,510	521
+44,742	+7.2	11.1	14,061	5,208

Sources: Berlin-Brandenburg Statistics Office, Federal Employment Office (unemployment rate), Senate Administration for Urban Development and Environment (population forecast), compiled by: CBRE

Rents, condominium apartments, investments in apartment buildings: Further increases in all markets

Rents: Weaker growth – dwindling supply – outer districts affordable

The growth in median asking rents per square metre in Berlin has again eased slightly in 2015. Following a 6.9 per cent increase in 2013 and 6.6 per cent in 2014, it is now 5.1 per cent. This cannot, however, be attributed to the Mietpreisbremse ("capping of rents on re-letting"), introduced by Berlin in June 2015, the first federal state to do so. The reasons for the weaker rental growth become clear on examining the extremes of rental value. In the lowest segment, the cheapest decile of the apartments on offer, the median asking rent rose by only 2.0 per cent. The potential tenants of such apartments have only limited purchasing power available to pay rent, no matter whether they have to find the money from their own budgets or whether the state pays them as benefit recipients. In both instances, there is a risk of vacancy if excessive asking rents outstrip the individual's ability to pay. In addition, the general pressure on the Berlin housing market still does not appear to be strong enough to force wealthier people into this lowest segment, which would make higher asking rents feasible.

Top segment: Competition from owner-occupation

In the top market segment, the rental apartments in the highest decile of asking rents per square metre, the median asking rent rose by 5.7 per cent, slightly above the whole-city average. Overall, however, a large supply for the existing demand in the upper market segment in Berlin has now been constructed. Potential tenants of the most expensive apartments have two other alternatives as well. They could lower their sights in terms of location and quality of the apartment, if the top asking rents are too expensive for them. Alternatively, they could buy an apartment or a house, taking advantage of the continuing low interest rates.

There are no such limits to demand or good alternatives in the broad, middle-market segment. Compared with the top and bottom ends of the market, apartment hunters there have rather to adjust to the changing supply conditions. Many of them are able to do so, as the numbers of jobs, incomes and household purchasing power have all risen recently. In a few cases they may be able to opt for smaller apartments, although the median floor area across all the apartments advertised has changed only minimally. The upshot? For every person who chooses a smaller apartment, someone else has to take a larger one.

Plenty of movement on the S-Bahn ring

One type of area currently stands out in terms of rental growth: areas that are on or close to the S-Bahn commuter rail ring and that up to now had comparatively low rents. The median asking rent in many of these areas has risen more sharply than the Berlin average. Areas such as Humboldthain and Nauener Platz in Wedding (Mitte), Tempelhof-Ost and around Beusselstrasse and the Grossmarkt in Mitte appear to be alternative

Current rental development

Rental price range for new lettings, 2015

District	Number of rental offers	Middle market segment[1)] price range in €/m²/month	Bottom market segment: Median in €/m²/month	Bottom market segment: Change from 2014 in %	Top market segment: Median in €/m²/month	Top market segment: Change from 2014 in %	All market segments: Median in €/m²/month	All market segments: Change from 2014 in %
Charlottenb.-Wilm.	5,444	7.47 – 14.47	6.71	1.2	16.00	4.2	10.00	1.8
Friedrichsh.-Kreuzb.	4,833	7.69 – 15.91	6.67	2.9	18.00	3.5	11.00	5.9
Lichtenberg	2,618	6.16 – 11.33	5.78	5.1	12.57	8.7	8.05	0.9
Marzahn-Hellersd.	2,747	5.20 – 8.50	4.98	4.8	9.42	7.0	6.10	2.4
Mitte	6,784	6.89 – 16.00	6.11	4.3	18.00	9.0	10.70	7.0
Neukölln	3,297	6.17 – 14.29	5.71	3.3	16.36	2.8	8.78	3.3
Pankow	5,940	6.85 – 14.00	6.14	4.0	16.00	5.5	9.47	4.9
Reinickendorf	2,388	5.98 – 10.18	5.51	3.8	11.67	11.1	7.50	5.9
Spandau	2,757	5.65 – 9.32	5.28	8.4	10.54	8.0	7.00	3.7
Steglitz-Zehlendorf	3,495	6.70 – 12.22	6.06	– 0.8	13.48	3.7	8.92	4.0
Tempelh.-Schöneb.	3,697	6.48 – 13.55	5.98	1.9	15.66	8.1	8.91	5.2
Treptow-Köpenick	3,602	6.19 – 10.53	5.65	2.7	11.67	5.0	7.77	4.9
Berlin average	47,602	6.17 – 14.00	5.61	2.0	15.91	5.7	8.99	5.1

1) excl. bottom and top tenth percentile of quotes

Source: CBRE, based on data from empirica-systeme locations for apartment hunters wanting to live close to the city centre but who are unable to find an apartment meeting their required terms inside the S-Bahn ring. The quality of life is often rather modest. There is a great deal of traffic and commercial activity, while the environment and local amenities are less colourful than in the city centre. Neither are these areas as leafy and peaceful as those even further towards the edge of the city.

Housing shortage causes immobility

The number of apartments advertised on the official market and capable of analysis has yet again fallen. Such a narrowing of the market is a typical consequence of both the high pressure of demand and the growth in new lettings. The cost disadvantage compared with staying in the previous apartment has increased. Even when moving to a smaller apartment, the rent often increases. In addition, a smaller proportion of the remaining supply is being offered on the market. Often, outgoing tenants directly recommend friends or acquaintances to replace them; landlords have waiting lists, or make do with advertising vacant apartments through their own digital or analogue marketing channels. There is still a relatively large number of apartments on offer in the inner city. There, the average residential floor area is somewhat smaller and more apartments are occupied by younger, mobile single people than in the greener districts, which also have a higher proportion of individual and duplex houses.

Rental gap between centre and periphery

In terms of absolute rents, there is a clear difference between the city centre and the periphery. All the four districts with the highest median asking rents per square metre are either wholly in the inner city or have appreciable sections there. The gap in rents between the centre and the periphery is also evident in the eight districts in the lower part of the scale. Five of them are completely outside the inner city. Only two (Neukölln and Tempelhof-Schöneberg) have appreciable parts there. It is no coincidence that the four districts with the largest proportions of peripheral areas and the longest distances from the centre have the lowest median asking rents. They are: Treptow-Köpenick, Reinickendorf, Spandau and the backmarker Marzahn-Hellersdorf.

Methodology of the Housing Market Report – rental properties on offer

Asking rents (excluding service charges and heating) for apartments in Berlin are used in the analysis. In the periods from the first to third quarters of both 2014 and 2015, 111,772 rental offers were analysed. From these, the medians for each year were determined – i.e. the rental values that are higher than half of all the offers and lower than the other half. In order to show extreme values, the lowest-priced and most expensive deciles (i.e. 10 per cent) of the rental offers were analysed separately. These represent the upper and lower segments of the market. The medians of the figures in these segments were also determined.

Lichtenberg, where the median asking rent is below average compared with the whole city, is partly on the edge of the city centre, partly further outside it. Steglitz-Zehlendorf is also among the districts having median asking rents slightly below the city average. Nevertheless, it has the highest household purchasing power in the city, and areas of high residential quality. However, the median rent is less influenced by them than the areas remote from the city centre.

Purchase prices of apartments and houses: Prices increasing faster than rents

Berlin's residential property and apartment building markets are still experiencing a powerful boom. The citywide median asking price per unit area for condominium apartments has risen by 10.1 per cent, to exactly €3,000 per square metre, while apartment investments are up by as much as 18.5 per cent, to €1,947. Private and institutional investors are betting on the continuing growth of the city – higher population figures as well as a stronger economic performance and increasing incomes. They are taking note of the prices, which are still low in comparison with other major German and European cities, and the low rate of owner-occupation, still only around 15 per cent. The sustained low level of interest rates is another factor. For owner-occupiers, the instalments on a long-term mortgage after buying can sometimes be lower than the rent on a comparable apartment. Landlords of individual apartments can often turn a profit from the start, while institutional investors value the higher return than that on bonds and the greater security compared with shares.
Potential private and institutional purchasers encounter a broad supply of apartments. In this respect, Charlottenburg-Wilmersdorf deserves particular mention: More offers for sale than to let were registered there in the first three quar-

ters of 2015. Throughout Berlin, new buildings are making up a growing proportion of the supply, because so far considerably more condominium rather than rental apartments have been constructed. This was due not only to the good sale prices that can be achieved but also because the freehold market is much less heavily regulated and subject to fewer conditions.

Condominium apartments: Concentration in the inner city

The four districts with the largest condominium apartment markets and the highest asking prices are the same as in the rental market, albeit in a differing order: Mitte, Friedrichshain-Kreuzberg, Charlottenburg-Wilmersdorf and Pankow. The front-runner for prices is Mitte. This applies both to the overall market, in which the median price is now €3,921 per square metre, and to the topmost segment, the most expensive decile of the apartments on offer. In this submarket, an average of €6,957 per square metre is being asked in the district. Only in the lower segment of the market, the lowest-priced decile of offers for sale, does the district rank lower down, in fourth place. These cheaper apartments are not in the historic city centre but in Wedding and Moabit, the northern and western subdistricts. Overall, the increase in asking prices for apartments in Mitte, 7.6 per cent, was less than the Berlin average although still robust.

The median price in Friedrichshain-Kreuzberg was €3,604. Its most recent increase, 10.2 per cent, was greater than that in Mitte. The lowest market segment in this district features the highest prices anywhere in Berlin. A median figure of €2,016 is being asked here for the cheapest decile of apartments, almost a third higher than in Mitte. In the top segment, Friedrichshain-Kreuzberg ranks third, at €5,640 per square metre. Ranking in third place overall is Charlottenburg-Wilmersdorf, with a median asking price of €3,393. Prices have risen here by 8.4 per cent. In fourth place, with a price level of €3,049 – slightly above the whole-city average – is Pankow. The overall increase in the median asking price there was comparatively small, at 5.9 per cent. However, in the most expensive decile of the market the median leapt up by 15.9 per cent.

In each of these four districts, more than 3,500 apartments were on offer during the first three quarters of 2015. 58 per cent of the city's supply was concentrated there, while the other eight districts had to share the remaining 42 per cent. The centrality of these four districts is the main

Methodology of the Housing Market Report – condominium apartments and investments

In the periods from the first to third quarters of both 2014 and 2015, 67,511 offers of condominium apartments for sale and 2,441 offers of apartment buildings for sale were analysed. In the same way as the rental offers, the medians were calculated. The cheapest and most expensive 10 per cent of the offers for sale of condominium apartments were again considered separately.

Current price development, condominiums

Purchase price range, 2015

District	Number sale offers	Middle market segment[1] price range in €/m²	Bottom market segment Median in €/m²	Bottom market segment Change from 2014 in %	Top market segment Median in €/m²	Top market segment Change from 2014 in %	All market segments Median in €/m²	All market segments Change from 2014 in %
Charlottenb.-Wilm.	6,273	2,092 – 5,420	1,667	12.9	6,175	12.0	3,393	8.4
Friedrichsh.-Kreuzb.	3,677	2,296 – 4,950	2,016	13.5	5,640	12.8	3,604	10.2
Lichtenberg	1,028	1,310 – 3,391	1,233	7.9	3,736	3.4	2,331	–4.2
Marzahn-Hellersd.	399	1,194 – 3,400	1,085	58.4	3,753	25.3	1,667	11.1
Mitte	3,989	1,877 – 6,050	1,542	8.5	6,957	12.5	3,921	7.6
Neukölln	1,154	1,400 – 3,506	1,256	12.1	3,960	18.2	2,362	13.4
Pankow	4,190	1,863 – 4,632	1,667	11.1	5,333	15.9	3,049	5.9
Reinickendorf	1,069	1,318 – 3,152	1,163	11.5	3,573	1.1	2,000	8.2
Spandau	1,096	1,100 – 2,709	1,022	7.2	3,174	0	1,567	12.8
Steglitz-Zehlendorf	2,999	1,730 – 4,792	1,478	17.2	5,479	16.4	2,840	16.3
Tempelh.-Schöneb.	2,943	1,551 – 4,465	1,364	11.3	5,115	27.7	2,578	14.9
Treptow-Köpenick	2,262	1,456 – 3,621	1,327	13.2	4,010	9.9	2,524	6.5
Berlin average	31,079	1,588 – 4,985	1,365	10.1	5,659	13.2	3,000	10.1

1) excl. bottom and top tenth percentile of quotes

Source: CBRE, based on data from empirica-systeme

Current price development, apartment buildings

Purchase price range, 2015

District	Number sale offers	Middle market segment[1] price range in €/m²	All market segments Median in €/m²	Change from 2014 in %
Charlottenb.-Wilm.	114	1,277 – 4,688	2,410	8.6
Friedrichsh.-Kreuzb.	59	1,599 – 3,500	2,222	15.8
Lichtenberg	46	1,000 – 2,095	1,553	16.8
Marzahn-Hellersd.	22	1,422 – 2,543	1,720	3.6
Mitte	84	786 – 3,550	1,968	28.1
Neukölln	47	1,201 – 2,785	1,941	40.7
Pankow	121	1,200 – 3,263	2,003	14.7
Reinickendorf	83	1,224 – 2,750	1,714	13.9
Spandau	49	1,092 – 2,131	1,437	10.5
Steglitz-Zehlendorf	106	1,213 – 3,921	2,256	8.1
Tempelh.-Schöneb.	86	1,449 – 2,781	1,967	18.5
Treptow-Köpenick	113	976 – 2,747	1,818	34.5
Berlin average	930	1,200 – 3,306	1,947	18.5

1) excl. bottom and top tenth percentile of quotes

Source: CBRE, based on data from empirica-systeme

Top and bottom segment:

In the apartment building segment, different quality levels and locations have a substantial impact on price development. There were relatively few purchase offers at the district level during the observation period, meaning that in the top and bottom segments, prices and price comparisons with the previous year are not significant. For this reason, they are not represented in this report.

reason for this high concentration. They take up large parts of the inner city and are dominated by apartment blocks, offering the opportunity of property ownership in urban surroundings. In contrast, in the outer districts, where land prices are lower, there are more owner-occupied houses. If apartment blocks in those areas do come on to the market, they are often in relatively monotonous interwar and post-war estates. The apartments there are often too small and therefore less suited to the demand, particularly from owner-occupiers.

In the other eight districts, the median asking prices are below the overall city average. Ranking next, at €2,840 per square metre, is Steglitz-Zehlendorf – the archetype of a wealthy, leafy district, in which wealthy purchasers are often more interested in detached houses than apartments. Yet providers are betting on growing interest here: Their asking prices, albeit influenced by numerous new buildings, have risen by 16.3 per cent. It remains to be seen, however, whether prices at this level are achievable. Next in the price ranking are Tempelhof-Schöneberg and Treptow-Köpenick. In Tempelhof-Schöneberg, the top decile, with a median of €5,115 per square metre, particularly stands out. The northeast of Schöneberg, around Viktoria-Luise-Platz and Bayerischer Platz, is a particularly attractive location for owner-occupiers, with upmarket properties on offer. The five remaining districts each have fewer than 1,200 properties for sale and at lower asking prices than the others. They are all outside the inner city, with the exception of the northern part of Neukölln. Within the five districts, there is a wide price gap between two groups. The median asking prices in Lichtenberg, Neukölln and Reinickendorf all equate to €2,000 per square metre or more, while Marzahn-Hellersdorf and the backmarker Spandau are still below the €1,700 mark.

Apartment buildings: Rising prices and shortage of supply

Apartment buildings in Berlin are becoming increasingly scarce and considerably more expensive. In the first three quarters of 2014, around 1,500 properties on offer were registered, compared with fewer than 1,000 in the same period of 2015. At the same time, the median asking price has risen to €1,947 per square metre – an increase of 18.5 per cent in only one year. Apartment buildings in Berlin are a rare commodity. Ever-decreasing numbers of owners want to sell, while there is burgeoning interest from potential purchasers. This type of property is particularly sought-after in the middle-class, inner-city district of Charlottenburg-Wilmersdorf, where the median asking price is €2,410 per square metre. Next comes Steglitz-Zehlendorf, at €2,256. Together with Pankow and Treptow-Köpenick, these two districts also lead the field in the number of properties on offer. However, with just over 100 offers, none of these markets is very large. In Friedrichshain-Kreuzberg, the next district in the price ranking, only 59 properties were on offer. The double-digit percentage increase in the median asking price there should therefore be treated with caution.

Among the districts with statistically valid numbers of offers, the largest increase in the median price per square metre, 34.5 per cent, was registered in Treptow-Köpenick. However, at €1,818 per square metre, the price being asked is below the average for the whole of Berlin. In the Mitte district, which has an average of €1,968 per square metre, the prices in the historic centre could be much higher than in Tiergarten and Wedding in the west and north of the district. The median asking price in this district rose by 28.1 per cent, although here as well the very low number of offers limits the statistical significance of this figure.

Berlin still in focus as an investment location

As an investment location, Berlin continued to be in focus in 2015. In the wake of the continuing sharp increase in population and positive impetus in the local economy, the city is still sought after as an attractive investment location.
The major concentrations of investment are now not just in the previously heavily sought-after districts. More modest locations and large residential estates on the periphery have also seen – in some cases considerable – increased market activity and price rises. According to the Berlin Valuation Panel (GAA), however, both the overall investment volume and the number of transactions declined in 2014 compared with 2013. This is attributable to the increase in the Grunderwerbssteuer (property transfer tax) on 01.01.2014, which resulted in transactions at the turn of the year being brought forward into 2013. Apart from that, in 2014 the supply of properties was already becoming shorter and hardly any large-volume existing portfolios were seen on the market. Overall, the average sale prices of developed properties in nearly all submarkets have risen. For pure residential investments as well as mixed residential and commercial properties, the GAA identified price rises of more than 10 per cent between 2013 and 2014. The purchase prices of condominiums and co-ownership properties were also on a rising trend.

Selected residential property portfolio transactions in Berlin from 2014 to Q3 2015

Buyer	Seller	Number of apartments	Price in € million
ADO Group Ltd.	Deutsche Wohnen AG	5,749	375
degewo	Institutional investor	2,259	185
Immeo AG	EB Group	1,700	184
Howoge	TAG Immobilien AG	2,489	170
Gesobau/WBM/Stadt und Land	Caleus/Tristan Capital Partners	1,800	160
Deutsche Wohnen AG	Round Hill Capital	1,639	134
International family office	Luxemburger Fondsgesellschaft	1,400	120
Akelius Fastigheter AB	Round Hill Capital	798	86
Akelius Fastigheter AB	Mähren Holding	835	85
Akelius Fastigheter AB	Pramerica Real Estate Investors/ Kauri CAB Management GmbH	741	79
Stadt und Land	Institutional investor	1,000	63
Wohnbau GmbH	ZBI Zentral Boden Immobilien-gruppe	512	63
Quantum AG	Institutional investor	210	54
Estavis AG	Institutional investor	335	52
Pandion AG	Sanus AG	130	52

Source: CBRE

Investment volume around €7 billion

This is also evident in the transactions recorded by CBRE. Whereas, in the previous years, the majority of the transactions involved existing properties, during 2015 it is noticeable that alternative investments such as development projects are moving into the foreground. During 2014 and the first nine months of 2015, according to CBRE figures 34 residential property portfolios with volumes of more than €50 million and including properties entirely or mostly in Berlin, were traded. The investment volume attributable to Berlin amounted to around €7 billion, more than a fifth of the around €31.5 billion total investment volume in Germany.
Whereas in previous years stock exchange-listed housing companies dominated the market, the purchaser groups were more diversified in 2014 and 2015. The largest acquisition in the period from 2014 to the third quarter of 2015 period numbered some 5,750 residential units by ADO Properties. As well as the public housing associations, private investors such as Akelius, Immeo, Kauri CAB and Mähren Holding were also active on the Berlin market. The decision by the Berlin Senate to increase the housing stock held by the federal state meant that the public companies were under particular pressure and will be increasingly active in the market in the next few years. Despite the Mietpreisbremse ("capping of rents on re-letting") introduced in June 2015, there is unceasing demand for residential investments and portfolios in Berlin. Mixed portfolios are also coming into focus. However, following the sharp increases in the first and second quarters, at the end of the third quarter of 2015 prices appear to be stabilising at a high level.

Stable financing market in an uncertain environment

The global environment of the real estate financing market in Germany is subject to multiple uncertainties. After many years, the rates of economic growth in the important, populous emerging markets of India, China, Brazil and Russia have considerably slowed. The economic trends in the USA, Germany and other parts of Europe are still good, with even France, Italy and Spain showing the first signs of recovery in 2015. Nevertheless, particularly export-oriented economies such as Germany could experience a setback from the slower economic growth in the large emerging markets.
Military conflicts and their aftermath also have unsettling effects. The conflict in Ukraine is still smouldering, while that in and around Syria could intensify, further increasing the already heavy flow of refugees. It is still impossible to estimate the consequences of this for the destination countries. In the EU, the debt problems suffered by Greece and other countries are still not over. The effects of the Volkswagen crisis at national and international levels – e.g. for the German export trade – are not yet foreseeable.
The central banks of the USA and the Eurozone have stuck to their expansive monetary policies, so that interest rates remain at a historic low. At the same time, the regulatory requirements affecting the banks are still escalating. This results in higher pressure on costs and earnings as well as large personal liabilities. The business models operated by many of the banks are on trial.

Real estate: Germany sought-after worldwide
Against this background, residential property in Germany is still an attractive investment class, with high security, robust long-term yields and good financial sustainability. However, all these factors increase the pressure to invest and therefore prices, while at the same time they diminish the owners' willingness to sell. Yet this shortage of supply is coming up against global liquidity; at the same time, Germany continues to benefit from its reputation as a particularly stable economic and political location. This means that, for the time being, the pressure to invest will further increase – and so will demand and prices. Their increase so far has substantially been founded in fundamentals rather than speculation. Although there may be some tendency for overheating in individual (sub)markets, overall this cannot yet be described as a bubble. The market is still not overvalued. Global investors continue to concentrate on Germany's so-called "A" regions, i.e. the major German cities, and, in them, premium, high quality and well-let properties in prime locations. "B" regions, where prices have so far been lower, are starting to become increasingly popular, however.

Loans: High liquidity and volume
In commercial real estate finance, borrowers are still enjoying a relaxed environment. In principle, high volumes of financing are available. The banks are working in a decidedly competitive environment. Numerous traditional real estate financiers are in competition for attractive financing, with regard to risk and return. Consequently, it is evident that there is widespread pressure on margins. In addition, the risk parameters, for instance loan to value (LTV) and loan to project cost (LTC) ratios, are increasingly being relaxed. At the same time, increasing numbers of alternative finance providers are entering the market, such as insurance companies, loan funds, and investors among others.
In previous years, insurance companies primarily committed to very high volume financing in the so-called core area. Now they are also prepared to loan medium volumes. Individual loan funds have very substantial amounts of cash available for financing. These companies are not subject to the strict banking regulations, which can therefore bring about a distortion of competition. As interest rates will presumably stay low for the next two to three years, the volume of loans could increase even more sharply. This may further fuel the German housing market and lead to rising prices. It is impossible to foresee when an eventual cyclical downturn – perhaps due to an exogenous shock – might arrive. In this respect, borrowers should be concentrating on strategic questions: How likely is it that the market will change in coming years? How sharply and quickly could interest rates then rise? And how do the market players best prepare themselves for the new circumstances? The factors influenced by this assessment include fixed-interest periods, repayment instalments and, for existing loans, the question of a premature extension by means of forward loans.

New builds: Over 22,000 apartments planned – rental housing projects on the rise

Development activities in Berlin are still picking up. Last year, 226 projects with a total of almost 17,600 apartments were analysed. This year it is 240 projects, with more than 22,000 apartments. The individual projects have become considerably larger. Last year they averaged just under 78 apartments, this year more than 92. Overall, almost 62 per cent of the units are planned to be condominium apartments or detached, semi-detached or terraced houses, while around 38 per cent are to be rental apartments. In the previous year there were only 39 rental projects; now 64 are planned.
There is still a wide range of asking prices for condominium apartments, starting from around €1,480 to as much as €15,000 per square metre. The latter is in the Kronprinzengärten in Berlin-Mitte, also the location of the largest apartment on offer, which has a floor area of 570 square metres. Prices over €10,000 per square metre are being asked for individual projects in Mitte and Charlottenburg-Wilmersdorf. Would-be buyers can find purchase prices below €2,500 primarily in large developments of terraced houses in peripheral locations.
The level of asking rents is similar to last year. At the top end of the market this is around €15 per square metre, while, at the bottom end, six of the 12 districts now have subsidised developments with starting rents from €6.50 per square metre. However, it should be noted that no final indications of asking rents are yet available for a few of the new rental housing projects, because they are at too early a stage of development.
Geographically, the most important concentration is still the inner city. In the three central districts, Charlottenburg-Wilmersdorf, Friedrichshain-Kreuzberg and Mitte, 104 projects, providing around 8,600 apartments, were analysed in 2014. In 2015, there are 92 projects with almost 9,500 apartments. Another focal point has grown up in southern Berlin. The number of projects in the four southerly districts, Steglitz-Zehlendorf, Tempelhof-Schöneberg, Neukölln and Treptow-Köpenick, has risen from 60 to 80 and the number of apartments planned from around 3,400 to almost 5,900. This part of the city has overtaken Pankow and Lichtenberg in the northeast, where around 5,400 apartments in 55 projects are planned. Planning activities are still the quietest in the three peripheral districts of Marzahn-Hellersdorf, Reinickendorf and Spandau, with altogether 13 projects. Almost half the nearly 1,540 apartments planned are concentrated in a major project on the site of the former British barracks in Spandau.

WBM (Wohnungsbaugesellschaft Berlin-Mitte mbH) is building 89 new apartments in **Eckertstraße** near Karl-Marx-Allee in Berlin-Friedrichshain

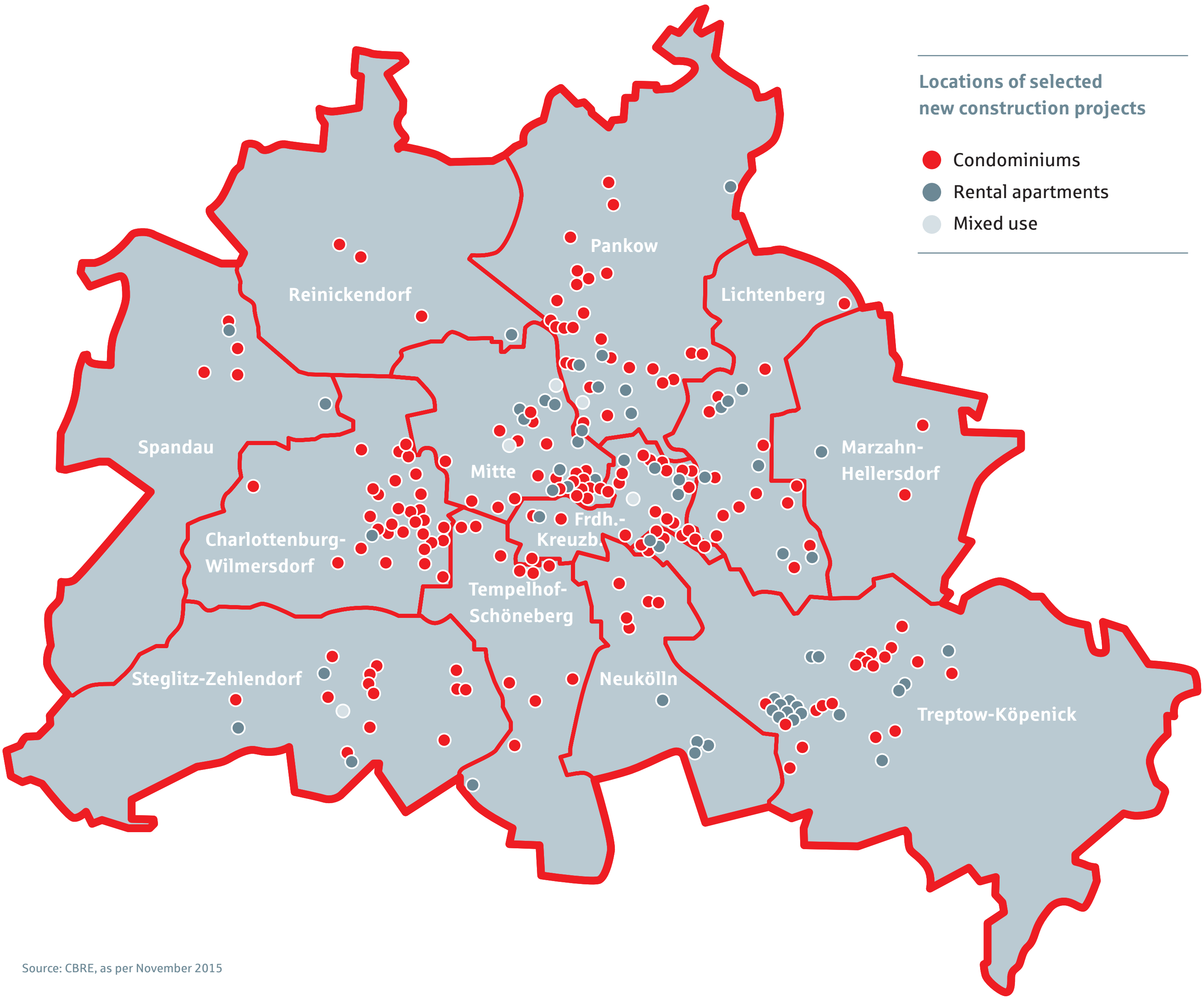
Rental apartment focus in Mitte

The front-runner in newly completed units is still the Mitte district. Although the number of projects analysed has fallen from 42 to 35, the number of apartments has declined only slightly, to just under 4,900. The order of magnitude of the individual projects extends to 520 units in Europacity near the central station and 470 apartments on Mauerpark. For the foreseeable future, Mitte will remain the focus of rental apartment construction in Berlin. More than a quarter of all the projected rental units in the city are planned for this district. The geographical centre is still the historic Mitte district, which is now part of the new, larger district of the same name. Only 10 projects were registered in all the other subdistricts. In terms of quantity, however, in the next few years activities may shift, in particular to the north-eastern part of Tiergarten, with the major project on Lehrter Strasse and to the Europacity.
As in 2014, Lichtenberg still ranks in second place for new developments. However, the statistics here are dominated by four major projects. Two of them are dedicated to the construction of small-scale houses: AuenFlügel on the periphery of the city in Falkenberg, with more than 900 units, and the Gartenstadt Karlshorst, with around 820. Their planned period of construction, extending

New apartment construction: 240 projects in development						
District	Projects	Projects with rental apartments	Total number of apartments	Quoted rents in €/m²/month	Quoted purchase price in €/m²	Apartment size in m²
Charlottenburg-Wilmersdorf	31	1	1,960	—[1]	3,060–14,630	21–490
Friedrichshain-Kreuzberg	26	6	2,620	6.50–14.00	2,450–8,000	29–275
Lichtenberg	21	7	3,650	e.g. from 7.50	1,480–4,270	52–280
Marzahn-Hellersdorf	3	1	220	—[1]	from 1,500	30–150
Mitte	35	11	4,870	6.50–15.00	3,300–15,000[2]	30–570
Neukölln	9	4	630	e.g. 9.00–10.00	2,900–4,000	38–200
Pankow	34	8	1,750	6.50–11.35	2,580–7,120	30–227
Reinickendorf	4	1	270	20 % at 6.50	2,800–4,900	40–250
Spandau	6	2	1,050	—[1]	2,670–4,500	40–120
Steglitz-Zehlendorf	19	4	1,400	11.00–15.00	3,200–7,560	25–300
Tempelhof-Schöneberg	11	1	550	avg. 7.60	2,700–7,000	35–270
Treptow-Köpenick	41	18	3,300	6.50–12.00	1,600–6,600	29–232
Berlin total	240	64	22,270	6.50–15.00	1,480–15,000	21–570

1) Rents not yet released 2) considerably higher in some cases

Source: CBRE, own research



Source: CBRE, as per November 2015

to 2030, is particularly long. Apart from these, new large developments of individual houses on the periphery are an atypical phenomenon for Berlin. This is not only because of the scarcity of land that can be developed (i.e. without landscape or nature conservation restrictions) but also because there are still many underused sites in older estates where small, older houses can be replaced by larger new ones. In Lichtenberg district, there is a second focus of planning activities on three apartment block projects by a municipal company. It plans to provide almost 800 rental apartments on the site of the former Lindenhof hospital, on Frankfurter Allee and on Gärtnerstrasse. The five projects mentioned together account for more than two thirds of the planned volume of new development in Lichtenberg.
The projects in Treptow-Köpenick are much smaller in scale. The number of apartments planned, nearly 3,300, is only marginally less than in Lichtenberg. On the other hand, with 41 developments, this district has the largest number of projects in the city. There is a focus of activity in Adlershof, near the science park and not far from the new BER major airport. Around half all newly-constructed apartments in Treptow-Köpenick will be offered for rent, putting the district into one of the top positions in Berlin. It is no coincidence that the highest price per square metre for condominium apartments in the district is being asked for a few projects inside the S-Bahn ring, for example up to €6,600 per square metre on Puschkinallee in Alt-Treptow.

Gewobag Wohnungsbau-Aktiengesellschaft Berlin built the "**Gartenhof Kiefholz**" development with 98 apartments in Kiefholzstraße 403 – 404 in Treptow-Köpenick

Upmarket Charlottenburg

In the next positions are two central districts. The first of these, Friedrichshain-Kreuzberg, is the most densely developed in all Berlin and is the worst affected by the shortage of development sites. In 2014, 31 projects were analysed, this year there are only 26, although the number of apartments planned has risen from around 2,200 to 2,600. An additional factor aggravating the limited availability of sites is that the local politicians and citizens do not always have a high degree of receptiveness for new developments. As in the previous years, development in the district is concentrated on the Friedrichshain subdistrict. Only five of the 26 projects analysed are being built in the subdistrict of Kreuzberg. The advertised prices and rents in the district have also fallen. Asking rents are no longer up to €16 per square metre as in 2014 but are now €14 or less. The highest asking price for condominium apartments is around €8,000 per square metre. In 2014, an apartment in the "Living Levels" high-rise project set a record for Berlin, at almost €20,000 per square metre. Standing even higher but more moderately priced are the two planned high-rise towers "Max and Moritz", each with 210 rental and condominium apartments, between Ostbahnhof and the Mercedes-Benz Arena.
Activities in Charlottenburg-Wilmersdorf are concentrated almost entirely on the owner-occupier market. The proportion of rental apartments, around 11 per cent, is lower than in any other district of Berlin. Among the owner-occupied projects are six with asking prices in excess of €10,000 per square metre. These are situated in side streets off Kurfürstendamm, around the Lietzensee lake, and in the Grunewald subdistrict. A large proportion of the smaller projects are on infill sites or undeveloped sites in "villa" areas, with less than 20 apartments.

Small and medium-sized projects in Pankow

In the long term, the Pankow district is forecast to have a particularly large increase in population. However, current planning activities do not correspond with this. By comparison with other districts, the number of projects, 34, is high. In contrast, the just under 1,800 apartments planned is a rather moderate number. Less than a fifth of them are planned to be rental apartments. After decades of lively development activity in the central Prenzlauer Berg subdistrict, there is now only room for 11 projects. However, most of these are small developments on infill sites. In the medium term, a large car park and lawned area on Michelangelostrasse, in the extreme northeast of Prenzlauer Berg, has potential for around 1,500 apartments.

The upmarket segment in the district, with asking prices up to €7,000, is concentrated in projects already underway, such as Puhlmannhof and Templiner Park. Eight, mostly smaller projects are to be constructed to the north of Prenzlauer Berg, in the district centre of Pankow, with six more developments in Weissensee. The advertised prices of condominium apartments here are mostly between €3,000 and €4,000 per square metre. A smaller focus, with five projects and similar asking prices, is in the leafy Niederschönhausen subdistrict, to the north of Pankow. Housing development in the district should experience a sharp upswing when, in a few years' time, the Elisabethaue area, between Französisch-Buchholz and Blankenfelde, is opened up for development. On what is now fields and meadows, up to 5,000 apartments are then to be constructed in an "urban garden city.

BUWOG Group is building the "**52° Nord**" project on the banks of the Dahme in the **Grünau** area of Treptow-Köpenick. As many as 800 apartments are planned

Military and industrial sites

Development is already gaining momentum in Steglitz-Zehlendorf. In only one year, the number of apartments planned has risen from 860 to around 1,400. There is a concentration of activity in the Lichterfelde area on the southern city boundary, primarily in the Steglitzer Park Quartier on a former military site. Three projects in the villa area of Dahlem beckon, with starting prices from €4,000 per square metre – relatively moderate for this location. In Zehlendorf, development activity is restrained, with only four projects. It is all the more so in Steglitz, the most urban subdistrict, where there is only one project. In a few years, the focus of new development in the district could be on the southern city boundary, in Lichterfelde South. Around 2,500 apartments are to be built on a former military site there, half of them for sale and half for rental. The proportion of rental apartments planned, around a quarter, is already relatively high for this otherwise rather owner-occupier oriented district of the city.

Spandau has just six new construction projects, but that is still twice as many developments than in the previous year. Statistically, the district is showing the biggest increase in Berlin – from 120 planned apartments available for analysis in 2014 to some 1,050 a year later. Both rental and owner-occupied apartments will be constructed in the planned projects, although the numbers reveal that the focus is clearly on rental apartments. Ranging from 40 to 120 square metres in size, the apartments will be suited to a variety of households, but unlike in central Berlin, prospective residents will not find exorbitantly large apartments here. Purchase prices are expected to range from €2,670 to around €4,500 per square metre. Most of the new construction activity is centred in the northern part of Spandau, where there are many development sites in attractive waterside and green locations.

Little activity on the city periphery

In Tempelhof-Schöneberg, the number of apartments planned has risen from 200 to around 550 or more. Activities are concentrated in the urban north of the district. The two largest projects are planned for very close to City West, in Schöneberg. Almost 130 condominium apartments are planned in "Carré Voltaire", near Nollendorfplatz, with target prices up to €7,000 per square metre. Around 130 apartments will be offered at more modest conditions in a former post and telegraph office in Geisbergstrasse.

The around 630 apartments planned in Neukölln are roughly equally distributed between the former Neukölln district in the north and the Gropiusstadt the south. In the latter, the municipal degewo wants to construct more than 200 apartments in three projects. The backmarkers in new housing construction, as in previous years, are two peripheral districts Reinickendorf und Marzahn-Hellersdorf, each with less than five projects.

“All market players must contribute to new development”

Prof. Dr. -Ing Engelbert Lütke Daldrup, 59, is Secretary of State for Construction and Housing in the Berlin Senate Department of Urban Development and Environment. A qualified urban planner, between 2009 and 2013 he served as Secretary of State in the Federal Ministry of Transport, Construction and Urban Development. Before this, he was, inter alia, head of municipal planning and building control in Leipzig and head of the Berlin Senate division for urban design.

Prof. Engelbert Lütke Daldrup, Secretary of State for Construction and Housing in the Berlin Senate, on new development, subsidies and regulations

The interview was conducted in the autumn of 2015

1) Completions in residential and non-residential buildings, including apartments in residential buildings with 1 or 2 apartments and building works on existing buildings

Berlin is growing, it will become more cramped and more expensive. Is that good for investors and bad for tenants?
It is good news that the city is growing. It shows that we have overcome the 15-year structural crisis after German reunification. We now have 225,000 more residents than a decade ago, and in particular we have an additional 250,000 jobs. However, the population is now growing particularly dynamically. It has risen by 175,000 in just the last four years and the trend is continuing. On top of this is the dramatic influx of refugees.

How much new development do we need?
In the 2000s, around 3,500 apartments were constructed each year. Last year we built nearly 9,000 and this year we anticipate that 12,000 apartments will be completed. Nevertheless, in the future we will need at least 15,000 to 20,000 new apartments each year.

Who should build them?
Two thirds of housing development, whether for tenants or owner-occupiers, must come from the private sector. The communal associations and cooperatives will build some 6,000 apartments per year.

What could individual houses contribute?
They play only a minor role. For a long time, we had about 2,000 units being built each year. But I consider it pointless to play the rental and ownership segments against each other. All segments will have to contribute to the new development.

Do we need apartments of all styles and price classes?
Basically, any apartment that reduces the pressure of demand on the existing stock is fine with me. All segments of the market will continue to grow. In the topmost segment we already have quite a decent supply. The market there is roughly

in balance. However, there are still massive requirements, primarily for reasonably-priced residential accommodation. This is why we want to subsidise 3,000 apartments each year from public funds – three times more than before.

Only by municipal companies?

On state-owned land, primarily from them. Basically, we will no longer be selling state-owned residential sites, rather, we'll bring them into communal associations as real assets. For this, we demand a quota of at least 30 per cent social housing. In large areas such as the Elisabethaue in Pankow, however, we will pass on about 50 per cent to the private sector – cooperatives, building groups and property developers.

Does the state own so many sites?

Around 85 per cent of the developable land in Berlin is in private hands. For these sites, we have developed the "Berlin Model". When we grant planning consent, we want to have 25 per cent social housing there as well. The private developers don't necessarily have to keep these apartments if that doesn't fit their business model. Instead, they could build them and then sell to communal associations. Selling social housing sites to municipal associations is also possible.

Should the private sector cross-subsidise social housing construction out of profit from privately-financed apartments?

No. We offer housing development subsidies so that no economic disadvantage results. However, they should not earn any money from it. When it's appropriate, we also conclude planning agreements with the private sector to create amenities such as day nurseries and primary schools.

Do we need more smaller apartments?

The market already regulates this to some extent. On average, new condominium apartments are considerably smaller now than they were a few years ago. There is limited purchasing power in the city for apartments dearer than €300,000. Whereas it would have been possible to buy 110 square metres for this money a few years ago, nowadays it's probably only 90. In social housing we already have very modestly-sized apartments. I see no potential for further reductions in space here, if we don't want to fall below the standards achieved in the 20th century.

Where will the new apartments be built?

We have investigated all potential sites in the inner city on which it would be possible to build more than 50 apartments. Overall, there is space for over 150,000 apartments here, more than half of which can be built in the next seven years. There are around 50,000 additional potential apartments on smaller sites such as attic floors, for example. Development in the inner city naturally has priority, although it alone is not enough to reach the quota. The second part of the solution is to designate new areas that are not yet opened up for development, for example the Elisabethaue, or on Tegel Airport when it closes in 2018. The Tempelhofer Feld is also being openly discussed again.

Despite the public vote to ban development on Tempelhofer Feld?

The Senate is not carrying out these discussions. However, in view of the enormous inward migration, development is again being discussed in public. I don't believe that this will be decided this year or next. However, the debate has started again because at least 5,000 apartments could be built there on state-owned land.

Should there be new satellite towns?

We are not planning any more on this scale and also not in this urban structure. Instead, we are now very intensively discussing a type of new urban garden city. Apartment blocks with up to four storeys will be built there, but the open space – from the garden to the "green room" – will play a larger part than in the inner city. Apart from that, instead of purely residential areas we want to have a stronger urban mixture, with industry and services. This should primarily bring activity to the ground floors of buildings. Eventually, there should be no areas where solely social housing is built but only some 25 to 30 per cent. The remainder will be for other rental or condominium apartments.

Will whole districts be developed privately?

The larger a project, the more the public sector needs to be involved in its development, because very many preliminary works are necessary – schools, roads, compensating areas and other amenities. This could also be groups of housing associations. For Elisabethaue, the municipal undertakings Howoge and Gesobau have founded their own responsible subsidiary. However, medium-sized projects of up to 1,000 apartments or more will continue to be built by private developers, with whom we make planning agreements.

Wherever new developments are planned, there are protests.

As we have already experienced in small-scale densification, new buildings in the neighbourhood are not automatically an improvement. But one can do much to optimise projects and to find good solutions, appropriate to the location. With planning subsidies we can also improve the surroundings of densification projects. But we can't avoid densification. People want to live in established areas – particularly in the inner cities – and the city should not overflow into the surrounding areas.

Should the citizens in established areas be even more strongly involved?
Many participation procedures have the disadvantage that they only include particular groups, such as the well-educated and ethnic German population. This means that the interests of some groups are vigorously represented while others are not represented at all. This misalignment cannot be balanced by citizens' votes; only the parliament can do that. We are well advised to use the instruments of representative democracy. They are the most likely to take into account the interests of those who cannot make loud demands.

Do we need to streamline procedures and accelerate the administration – for example, by centrally organising more projects?
Basically they should remain the responsibility of the districts, but with the Ausführungsgesetz (implementation act) the Senate now has the opportunity to take over projects of more than 200 apartments. Additional staff in the districts and in the Senate are also essential when it comes to speeding up procedures. However, it is unavoidable that we lag somewhat behind the market trend, because the right people must first be found and then trained up for the posts that have been approved.

Have you negotiated a compromise with the people behind a citizens' initiative on rental policy?
First of all, this discussion has revealed that everyone now accepts that a considerable amount of new housing development is necessary in Berlin. Three years ago it was quite different. Secondly, we have made regulations for the current 295,000 municipal apartments. Thirdly, we have developed a compensation system for social tenants who have to spend more than 30 per cent of their income on rent. In principle, this is a special type of Wohngeld (housing benefit).

But the number of municipal apartments in the city needs to increase sharply. Where will you get them from?
The political objective is to increase the municipal housing stock to 400,000 apartments in the shortest possible time. We need them in order to provide for needy groups and because we want to moderate the rents on the overall market considerably. This means an additional 100,000 municipal apartments. Two thirds of these will be newly built – partly as subsidised social apartments for rent at around €6, and partly in the €8-10 segment (per square metre per month).

But this means that the municipal associations will have to buy more than 30,000 existing apartments – and that in a sought-after market such as Berlin.
We are already in a major phase of remunicipalisation. In the last three years, the associations have bought about 25,000 apartments, although not at any price. Two years ago, we bought more than we are buying now. However, we are still finding sellers who want their apartments to go to the public sector – for example owners in the ecclesiastical sector.

What role do regulations play?
We have done a great deal to protect tenants, such as capping rents, prohibiting conversions, and protecting urban environments. However, regulation can never be more than a last resort in a very strained market. It makes market participants ingenious in finding ways to circumvent it. The costs of control are high, as can be seen for example with the Zweckentfremdungs-Verbotsverordnung (regulation to prohibit misappropriation of residential space). Easing the market must therefore be the main objective. And this is only achievable by building new apartments.

Do you have initial findings on the effect of the Mietpreisbremse?
My first impression, although this hasn't yet been 100 per cent verified empirically, is that it is having a dampening effect on the middle segment. I am sure that it will have a stronger effect in the medium term, if you consider the present gap between existing rents, averaging under six Euro with the asking rents of around nine Euro on new lettings.

Asking rents are high in relation to local purchasing power, primarily in the city centre.
The city is changing. It would be wrong to say that change is always only good or bad. In some locations there can be a thoroughly positive effect if there is a greater social mix and a neighbourhood gains new impetus. Elsewhere it makes sense to slow the process of change. However, we cannot fundamentally reverse such trends. Nevertheless, we will ensure that, even in the city centre, a proportion of social housing will be integrated into new development projects.

Refugee accommodation: A challenge for the housing market

The major influx of refugees to Germany is also creating major challenges for the housing market. Many towns and cities are seeking accommodation for refugees. Particularly in strained markets, the housing shortage will probably become more acute. The real estate experts consulted in the framework of the “Berlin Hyp Trend Barometer” were asked to rank the factors that, in their view, would dominate the German property market in the next 12 months. They put the refugee influx in second place, just behind the level of interest rates.
The numbers and origins of the refugees arriving in Berlin in 2015 was not yet known when this report went to press. According to forecasts at the end of October, there will be around 50 to 60,000 in this year alone. However, recent forecasts at federal level, for example, have often turned out to have been too low, and have had to be revised. This means that assumptions of an even greater influx appear to be well founded. Newly arrived refugees in Berlin must first go to a facility for initial and emergency reception, so-called collective accommodation. The State Office for Health and Social Affairs sets standards for the living and sleeping areas in these at just under 7 square metres per person and 4 square metres for each child under the age of six. Added to that are ancillary rooms and areas, such as kitchens, washrooms and common rooms.

Actual extent of housing requirement unclear

The need for additional housing on the Berlin market resulting from the influx of refugees is very hard to quantify. Among other things, it is only possible to make imprecise forecasts of the numbers of people that will actually remain in the city. There is also uncertainty about the number of asylum applications that will be rejected. According to press reports, the refugees include large numbers of men travelling alone, who will eventually apply for their families to join them. At the time this report went to press, various institutes and studies were giving differing estimates of the housing requirement in Berlin resulting from the inflow of refugees. Typically, numbers in the upper four-digit to five-digit range are expected. It can also be assumed that numerous larger family apartments will be required.

Temporary solution with modules

As a low-priced, relatively quickly realisable interim solution, the Berlin Senate is planning so-called Modularbauten (modular structures). According to the latest figures, these are to provide accommodation for around 30,000 people throughout the city, mainly on 60 state-owned sites that have been deemed suitable. At the moment, prototype buildings are being designed that would only need to go through the planning permission process once. They could then be built in larger numbers without the need for further authorisation. The construction costs should be less than €1,000 per square metre.
Looser restrictions on planning and construction regulations in Germany should also create opportunities to construct residential projects more quickly. Back in 2014, the German parliament, the Bundestag, passed the “Act concerning measures in planning law to facilitate the accommodation of refugees”. Under this legislation, it will be easier for exemptions from current regulations to be granted for refugee accommodation, e.g. using commercial space for residential purposes. However, the compatibility of the structures with the public interest must also be guaranteed. Since the act was passed, it has become easier to change the purpose of commercial or office buildings to accommodate refugees, as well as to extend such facilities in municipal centres. Outside developed towns and villages, it has also become easier to construct refugee accommodation.

Major challenges for the city

In September 2015, the Berlin Senate set in motion a law to accelerate housing construction, not only for refugees but also for all projects, which should remove other procedural obstacles. At the date of going to press, however, there had been no change in the federal legal standards.
The state of Berlin is also considering numerous ways to house refugees in existing buildings, for instance in hostels and hotels and in state-owned buildings of various types – from the exhibition centre and office buildings to the former airport hangar in Tempelhof. In most cases, only minor structural alterations would be required. The administrative burdens of this are, however, considerable and taking leases on existing accommodation is often expensive.
At the date of going to press, it was not conceivable for a large number of the refugees to be housed in existing apartments. There is hardly any vacancy in Berlin, apart from fluctuation reserves. There is already considerable excess demand resulting from the migration surpluses in recent years, coupled with inadequate development activity. The winter season created additional strain, in that some existing refugee housing is not suitable for cold temperatures. The city therefore faces major challenges that it will have to tackle together with numerous players, such as the state-owned housing companies, the associations and the private sector.

Housing Cost Atlas: Detailed analysis of 190 postcode areas in the city of Berlin

Berlin is divided into 190 postcode areas, each with a population between around 2,000 and 36,700. The only outrider is the area around the Olympic Stadium, which has less than 200 residents. Housing market data at postcode level allows insight into the small-scale structure of asking rents and the typical sizes of apartments in the area. They give a much more detailed picture than the initial consideration of whole administrative districts, which have an average population of some 297,000. The number of apartments on offer in most of the 190 areas is sufficient for statistical analysis. Most of them are also large enough to enable special segments of the market, i.e. the most expensive and cheapest deciles of the offers, to be analysed. This shows whether there are local luxury markets or whether there is a particularly modest low-priced segment. A few areas have both. Their residents could include a range of social classes.

The median household purchasing power in the area provides information about its residents' standard of living and ability to pay. In this respect, particularly high and low figures are of principal interest. In contrast, figures in the middle of the range do not initially indicate whether

Methodology of the Housing Cost Atlas

The 47,602 apartments on offer in the first three quarters of 2015, where floor area and asking rent were stated, were ascribed to the 190 Berlin postcodes. This provided a statistically sufficient number of offers for all areas other than 13129 (Blankenburg), 13159 (Blankenfelde) and 14053 (Olympiastadion). The tables give the median rent per square metre (excluding heating and services) of all the properties on offer, as well as the medians of the upper and lower deciles of the offers. This enables an insight to be made into the local high- and low-priced segments. In order to assess the so-called "warm" rents (i.e. including heating and services) flat-rate ancillary costs of €2.84 per square metre for the western districts of Berlin and €2.25 for the eastern districts were added. These figures are based on the current data provided by the BBU. The average purchasing power per capita and per household is calculated annually at postcode level by Michael Bauer Research GmbH. The average housing cost ratio of a household was calculated using the following formula:

$$\frac{\text{average asking rent + ancillary costs} \quad \times \quad \text{average apartment floor area}}{\text{average purchasing power}} = \text{average housing cost ratio}$$

the purchasing power of the households is either relatively homogenous or widely differentiated.

Housing costs: It depends on size

The median floor area of the apartments on offer is also informative. There are enormous differences. The largest average apartments in Berlin are in Grunewald (postcode 14193), Nikolassee/Schlachtensee (14129) and Dahlem (14195), all with 105 square metres, while the smallest, in Wrangelstrasse (10997) in Kreuzberg, are only 49 square metres. Apartment sizes also give information about how affordable apartments are in an area. If only the asking rents per unit area are considered, Nikolassee/Schlachtensee, at €9.09 per square metre, appears to be considerably more affordable than Wrangelstrasse at €11.79. However, a different picture emerges if the medians of the asking rent and floor area are multiplied and floor-area-based flat rates for operating costs are added. The "warm" rent (i.e. including ancillary costs and heating) of the average apartment in the trendy district of Kreuzberg is €724 per month, compared with €1,255 in the "villa" area of Zehlendorf.

The cost ratio rises with purchasing power

Only one stage further is the calculation of the relationship between median "warm" housing costs and the median household purchasing power in an area – the housing cost ratio. A high ratio indicates a particularly sought-after area, where to have an address is particularly valuable in relation to the local purchasing power. The residents may be households with higher purchasing power, although not necessarily. Some households are prepared to accept a higher individual ratio in order to live in their desired address. Others may seek a smaller apartment in the same area.
Particularly low housing cost ratios are not found where the purchasing power is especially high. Initially, it could be supposed that the wealthy people there can afford to pay their housing costs virtually without noticing. On the contrary, in these areas the housing cost ratios are mostly particularly high, because both apartment sizes and rents per square metre are in the upper range. In contrast, areas with low ratios tend to be concentrated on the periphery and correspond to somewhat moderate purchasing power. In these areas, the asking rents per square metre are low and the apartments are small, which means the total costs are low. Households with lower purchasing power in Berlin tend to have lower housing cost ratios than wealthier people. This is indicated not only by the extreme areas shown in the three accompanying tables.

Area type 1: City and "villa" locations – good purchasing power, high housing cost ratio

Post-code	Area	District	Asking rent 1) in €/m²	Purchasing power 2) in €/month	Housing cost ratio in %
10117	Unter den Linden	Mitte	13.38	3,572	44.0
10629	Sybelstraße	Charl.-Wilmersdorf	11.41	3,699	38.7
10777	Viktoria-Luise-Platz	Tempelhof-Schöneb.	11.07	3,357	37.3
14193	Grunewald	Charl.-Wilmersdorf	11.61	4,342	35.0
10435	Kollwitzplatz	Pankow	12.01	3,042	33.8

1) median per month, net rent excluding utilities 2) average per household

The housing cost ratio is highest in middle-class, mostly central residential areas. The apartments there are relatively large and have high rents per square metre, and therefore particularly high total costs. There is reasonable purchasing power but mostly not among the highest in the city. If someone with typical purchasing power for the district moves into an empty apartment on offer, the "warm" rent will cost more than a third of this purchasing power. For many people, the location is worth paying that much.

Area type 2: Trendy neighbourhoods – low purchasing power, high costs

Post-code	Area	District	Asking rent 1) in €/m²	Purchasing power 2) in €/month	Housing cost ratio in %
10437	Helmholtzplatz	Pankow	11.11	2,735	34.4
10781	Winterfeldtplatz	Tempelhof-Schöneb.	10.07	2,831	32.5
10247	Samariterstraße	Friedrichsh.-Kreuzb.	10.65	2,622	31.7
10961	Gneisenaustraße	Friedrichsh.-Kreuzb.	11.00	2,743	30.1
12059	Weigandufer	Neukölln	9.53	2,413	29.4

1) median per month, net rent excluding utilities 2) average per household

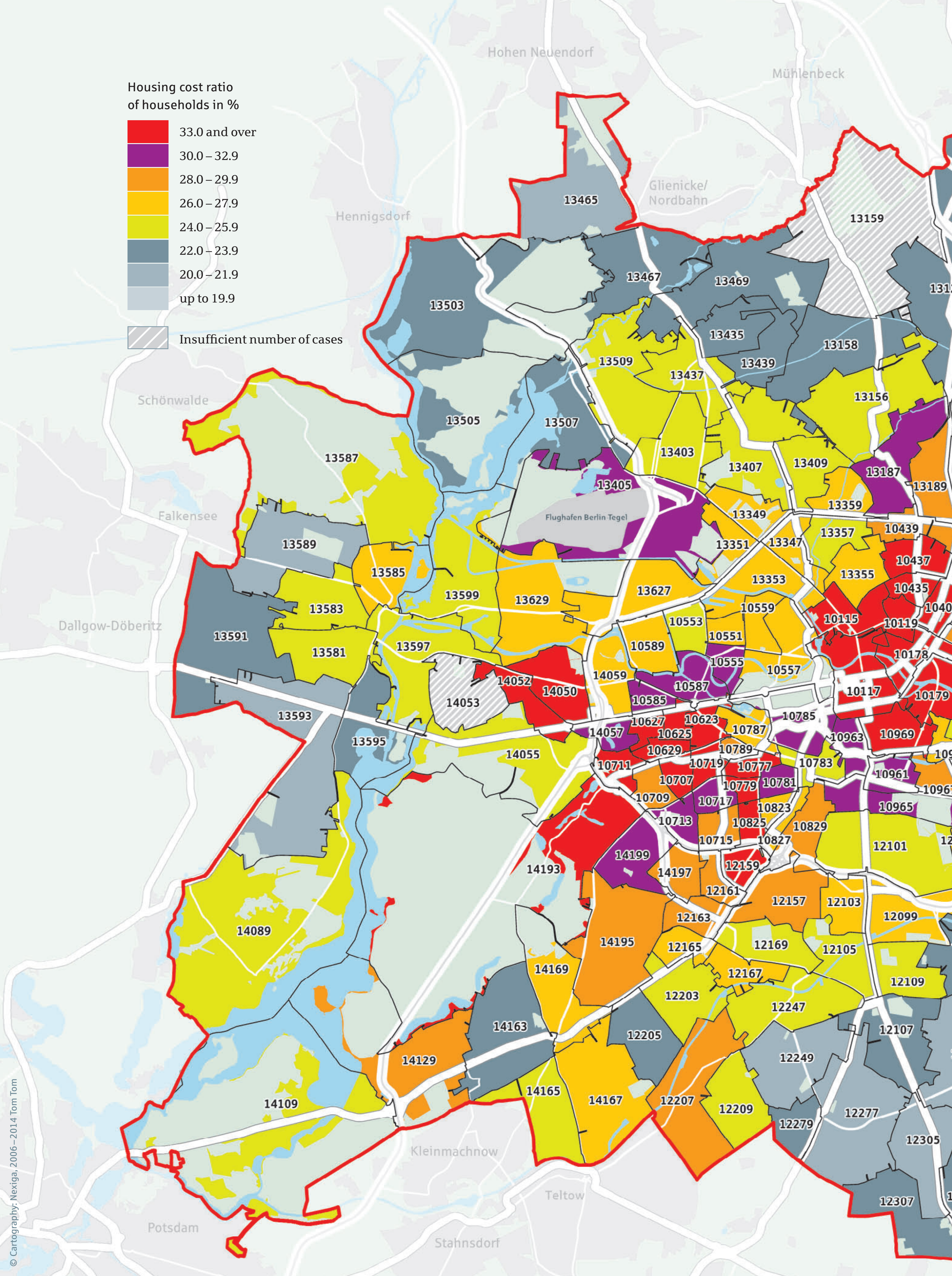
Young people and newcomers keen to experience Berlin life prefer to move where things are happening: the "Kiez", pubs, clubs and like-minded people. People living in these areas have rather small households and, on average, purchasing power well under €3,000 per month. The asking rents per square metre are high – landlords also know the value of a fashionable address. The new tenants often reluctantly have to allocate 30 to 35 per cent of their purchasing power to rent, frequently for very small apartments. But their main interest is the location and the surroundings.

Area type 3: Periphery – medium purchasing power, low costs

Post-code	Area	District	Asking rent 1) in €/m²	Purchasing power 2) in €/month	Housing cost ratio in %
12687	Mehrower Allee	Marzahn-Hellersd.	5.94	2,816	19.1
12559	Müggelheim	Treptow-Köpenick	7.00	3,148	20.1
13593	Heerstr./Wilhelmstr.	Spandau	5.76	2,908	20.4
13125	Karow/Buch	Pankow	7.08	3,165	20.8
13435	Märk. Viertel West	Reinickendorf	6.07	3,046	22.9

1) median per month, net rent excluding utilities 2) average per household

On the periphery, there are many households whose purchasing power roughly corresponds with the city average. However, the asking rents per square metre are often low, while many apartments are in slab construction or former social housing buildings and are relatively small. This results in housing cost ratios that are only about half as high as in the most expensive locations in the city. Even today, choosing to live in peripheral locations can keep housing cost burden within manageable limits – even if with medium or only low purchasing power.


Housing cost ratio
of households in %
33.0 and over
30.0 – 32.9
28.0 – 29.9
26.0 – 27.9
24.0 – 25.9
22.0 – 23.9
20.0 – 21.9
up to 19.9
Insufficient number of cases
Hohen Neuendorf
Mühlenbeck
Glienicke/
Nordbahn
Hennigsdorf
Schönwalde
Falkensee
Dallgow-Döberitz
Flughafen Berlin Tegel
Kleinmachnow
Teltow
Potsdam
Stahnsdorf
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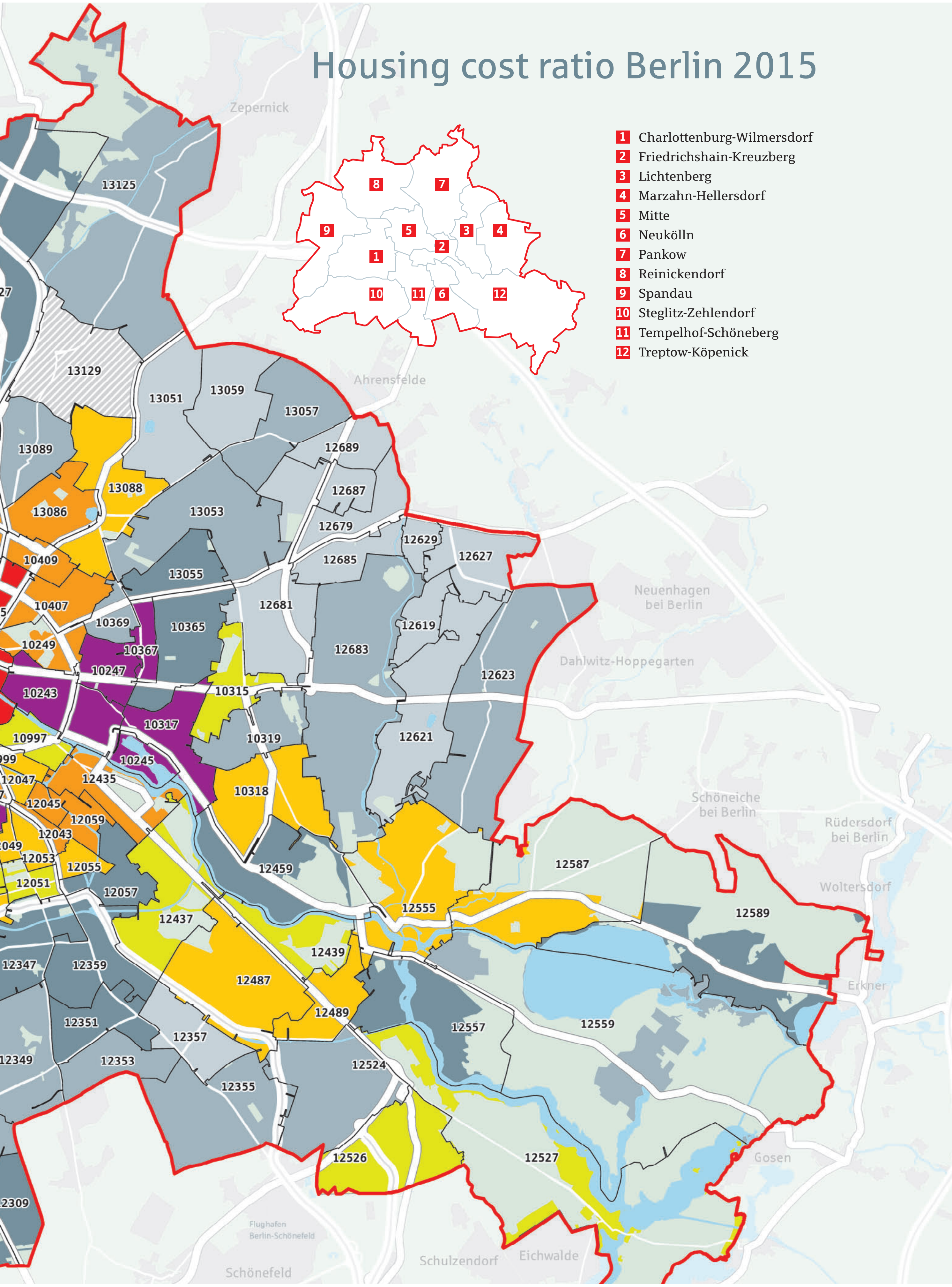
Housing cost ratio Berlin 2015



Charlottenburg-Wilmersdorf: Rents stabilising at a high level

No other inner-city district is as robustly middle-class as Charlottenburg-Wilmersdorf. Household purchasing power and rental values are consistently high and their fluctuations are mostly more subdued than elsewhere. Its housing market is largely immune to both trends and moments of negativity. This also applies to the "renaissance of the former West" currently being proclaimed by the Berlin media. That might cause a stir in the district's cultural life, gastronomy and the retail sector, but not in the housing market. The median asking rents here are in third place, behind Mitte and Friedrichshain-Kreuzberg – not a sign of crisis, but rather an indication that this district is holding its own at a high level.

Top apartments cheaper than in Neukölln

Similarly, the rise in the median asking rent per square metre, 1.8 per cent, was only muted in 2015. In the peak segment of the rental apartment market the relative restraint of the district, which ranks as middle- to upper class, is particularly striking: The median topmost decile of apartments on offer in Charlottenburg-Wilmersdorf, exactly €16 per square metre per month, is the same as in Pankow and only in fourth place in the city. The values in this segment are higher, not only in Mitte and Friedrichshain-Kreuzberg but surprisingly, also in Neukölln, which now enjoys a reputation as an avant-garde district.

Only limited potential for refurbishment

The sluggish trend in the district is not only due to its image. The distance from the historic centre of Berlin is also a factor. In addition, Charlottenburg-Wilmersdorf is definitely not a trendy district, for which many of its residents are thankful. The housing stock in the district is very old. Many buildings dating from the Imperial Era were already well maintained during the Berlin Wall era, so that there was no major wave of modernisation after its fall. Many buildings date from the post-war decade and therefore have only limited potential for further improvement. Their layouts are less attractive, the ceilings are rather low and they often appear to be austere. However, the average size of the rental apartments on offer in this district is particularly large, which also has a dampening effect on rental growth. The average apartment on offer in Charlottenburg-Wilmersdorf has a floor area of 83 square metres, the highest in Berlin, where the city average is 70 square metres. This means that the total costs of an apartment in the western centre are particularly high. Including operating costs, they average €1,064 per month in Charlottenburg-Wilmersdorf (the Berlin average is €808). At the other end of the scale, in Marzahn-Hellersdorf, which has the smallest average apartments on offer, the average is only €533.

A third of the household budget goes on housing

Although the residents of Charlottenburg-Wilmersdorf enjoy the second-highest average household purchasing power (after Steglitz-Zehlendorf) in Berlin, the average total rent (including heating) there takes up, in statistical terms, 32.6 per cent of the Charlottenburg-Wilmersdorf average

Special position in the inner city

On the map of Charlottenburg-Wilmersdorf, the district appears to be divided into three roughly equally sized sections: Grunewald, in the southwest, accounts for a third; a third comprises areas dominated by villas and green spaces; a third is in the inner city, inside the S-Bahn ring. However, nearly all central facilities are concentrated in the latter section, as is the absolute majority of the rental apartments on offer in the district. In relation to the whole of Berlin, this section of the inner-city has an exceptional position: The majority of it was not constructed until the end of the Imperial era, when it was built for a relatively wealthy population, with correspondingly generously-sized apartments and a particularly well maintained residential environment. Despite all the changes and historic divisions, much of this has been retained.

Once again, mass not class

When Berlin was divided, this inner-city area adopted a new role. No longer the "classy West" of the whole city, it was now in the centre of the western half-city. Retailing, services and tourism changed from a market for the upper classes to the mass market. The housing stock went in the same direction. Areas destroyed in the war were replaced by new buildings that were considerably more modest than the opulent, bourgeois houses of the previous periods.

After the fall of the Wall in 1989, wider interest returned household budget. Only in Mitte, with its sharply increased rents and in some cases low incomes, is the housing cost ratio even somewhat higher. These factors all contribute to capping the peak rents, although they do not reduce the broadly high levels. And this hardly applies to posh districts such as the villa quarter of Grunewald (postcode 14193), one of the two areas with the highest median asking rents in the district. Landlords are asking a median of €11.61 per square metre for new lettings. This has no deterrent effect on investors in new build properties, as is shown by the equally high median rent of €11.61 in the area around western Kantstrasse (10627). Although this is not regarded as being as classy as the surroundings of Kurfürstendamm, it is the showpiece of the new "Carré Raimar" development, with around 200 apartments, which should be ready for occupation by the end of 2015.

Spacious and elegant: Historical apartment buildings in Charlottenburg-Wilmersdorf

Outward trend to the green city periphery

Heading the next rank are traditional Kurfürstendamm areas, which for many years were at the top of the local market: Ludwigkirchplatz (10719), Sybelstrasse (10629) und Savignyplatz (10623). The trend of rents in the three areas has differed: on Ludwigkirchplatz and around Savignyplatz the median asking rent rose by 4 to 5 per cent, while around Savignyplatz it fell by 1.4 per cent. There was an even sharper decline, 4.8 per cent, in the median asking rent in the Olivaer Platz (10707) area. At €10.60, it is now in seventh place of the 24 postcode areas in the district. In contrast, there were considerable rises in the green areas on the periphery of the inner city, around Halensee station (10711) and the Lietzensee (14057). The median asking rent rose even faster, by almost 10 per cent, in the area around Karl-August-Platz (10625), which is at the geographical centre of inner-city Charlottenburg, between Kurfürstendamm and Schloss. The median asking rents in these four areas range between €10.43 and €10.67.

to the historic centre. Nevertheless, the eastern section of Kurfürstendamm and Tauentzien was still the centre of culture and amenities in western Berlin. Residential areas in this environment experienced a new level of esteem. No other district was within a 10-minute S-Bahn ride from both Friedrichstrasse and the middle of the Grunewald. However, there is little room to increase the housing stock in the centre of the district, as most of the sites are already developed. Projects to develop offices, hotels, retail and public purposes often compete for the few undeveloped sites.

Vacancy almost unknown

Investors in existing property with long-term perspectives could profit considerably from the almost unavoidable shortage of space. Although entry prices are high, the market in this district is less subject to economic and cyclical variations than in other areas. Even around 2000, when the Berlin market ranked as oversupplied, vacancy was almost an alien concept here.

The western and southern parts of the district, outside the S-Bahn ring, together with the adjoining Zehlendorf, are in a league of their own. They have been the favourite residential area of the wealthy Berlin middle classes for around a hundred years. Although the majority are owner-occupied, there are frequently rented detached houses, urban villas and upmarket apartments in large complexes embedded in green surroundings.

Ranking next in terms of rental value, and the last parts of the district to reach or cross the threshold of €10 per square metre, are two areas in the east of the district: The Charlottenburg part of City West between Tauentzienstrasse and Lietzenburger Strasse (10789) and the laid-back urban quarter around Güntzelstrasse (10717).

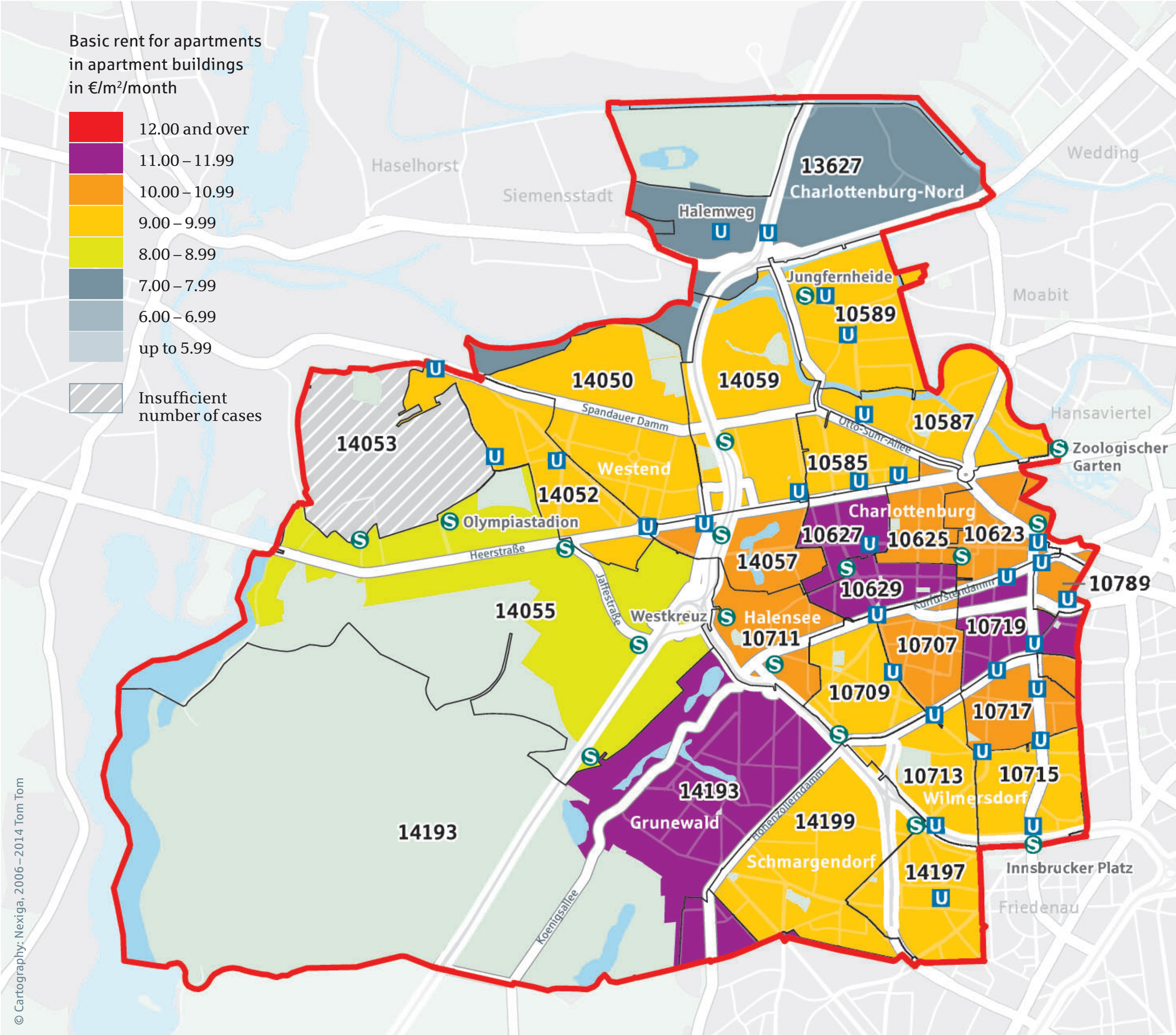
Upswing between the Schloss and the Oper

Some of the areas with median asking rents per square metre below the district average of €10 are on the edge of the district. For example, Westend West (14052) and the extremely high-purchasing-power Westend Northeast (14050) in Charlottenburg and, in Wilmersdorf, Volkspark East (10715), Volkspark West (10713), areas around Hochmeisterplatz close to Kurfürstendamm (10709); away from the city centre Rüdesheimer Platz (14197) and Schmargendorf-West (14199), which in the north is characterised by the green inter-war residential complexes and in the south merges into the villa quarter of Dahlem in Zehlendorf.

More central than these, but much lower ranking in terms of purchasing power of the areas around Charlottenburger Schloss (14059) and the Deutsche Oper (10585). In both these areas, however, the median asking rents have risen by above average amounts recently. The completion of the "Zillegärten" to the east of the opera house could also have contributed to this. The area around Mierendorffplatz (10589) is also inside the S-Bahn ring, although it is bordered by waterways, industrial areas, and the city motorway, making it therefore somewhat isolated. The median asking rent per square metre, which had risen to exactly €9 in 2014, was only slightly higher at €9.01 in 2015.

Housing market data									Housing cost							
Post-code	Number of rental offers	Basic rent in all market segments[1] in €/m²/month		Basic rent in bottom market segment[1] in €/m²/month		Basic rent in top market segment[1] in €/m²/month			Apartment size, average in m²		Total housing cost[2], average in €/month		Household purchasing power, average in €/month		Housing cost ratio[3] in %	
10585	275	**9.75**	(57)	6.34	(64)	16.96	(31)		72	(74)	907	(51)	2,938	(94)	30.9	(34)
10587	203	**9.99**	(51)	6.64	(43)	17.92	(21)		69	(95)	888	(55)	2,960	(91)	30.0	(42)
10589	222	**9.01**	(77)	6.51	(53)	15.24	(69)		62	(138)	740	(100)	2,754	(127)	26.9	(83)
10623	116	**10.86**	(24)	7.09	(17)	16.25	(48)		97	(7)	1,327	(7)	3,763	(19)	35.3	(15)
10625	218	**10.43**	(34)	6.79	(33)	16.13	(49)		85	(22)	1,123	(17)	3,126	(67)	35.9	(11)
10627	382	**11.61**	(10)	7.50	(5)	16.00	(54)		80	(37)	1,162	(16)	3,039	(77)	38.2	(5)
10629	304	**11.41**	(15)	7.23	(10)	16.67	(39)		101	(4)	1,432	(4)	3,699	(21)	38.7	(4)
10707	320	**10.60**	(30)	7.11	(16)	17.00	(30)		97	(8)	1,301	(8)	3,628	(26)	35.8	(12)
10709	164	**9.50**	(67)	6.78	(36)	14.00	(90)		77	(46)	956	(39)	3,192	(59)	29.9	(43)
10711	219	**10.67**	(26)	7.39	(9)	16.67	(39)		89	(15)	1,199	(14)	3,380	(41)	35.5	(13)
10713	160	**9.55**	(61)	6.39	(61)	16.00	(54)		74	(65)	914	(49)	3,021	(80)	30.2	(40)
10715	247	**9.42**	(69)	6.70	(39)	15.00	(73)		70	(92)	857	(60)	3,066	(68)	28.0	(64)
10717	290	**10.00**	(43)	7.62	(3)	15.00	(73)		78	(43)	1,005	(32)	3,216	(57)	31.2	(30)
10719	222	**11.43**	(14)	8.33	(1)	16.90	(33)		96	(9)	1,376	(5)	3,823	(16)	36.0	(10)
10789	71	**10.37**	(35)	6.94	(27)	18.52	(12)		81	(34)	1,068	(23)	3,794	(17)	28.2	(63)
13627	83	**7.69**	(133)	5.85	(118)	11.36	(132)		62	(140)	657	(152)	2,476	(178)	26.5	(89)
14050	169	**9.50**	(66)	6.95	(25)	14.88	(78)		99	(6)	1,222	(11)	3,313	(49)	36.9	(8)
14052	250	**9.79**	(56)	7.14	(12)	14.86	(79)		94	(10)	1,189	(15)	3,574	(27)	33.3	(23)
14053	3	**—**		—		—			—		—		3,182	(60)	—	
14055	142	**8.40**	(108)	6.25	(74)	13.18	(96)		86	(20)	961	(37)	3,954	(13)	24.3	(124)
14057	253	**10.55**	(32)	6.32	(68)	16.07	(51)		82	(30)	1,101	(21)	3,535	(30)	31.2	(31)
14059	305	**9.55**	(61)	6.08	(88)	16.07	(51)		58	(166)	721	(110)	2,733	(134)	26.4	(91)
14193	339	**11.61**	(9)	7.50	(5)	16.51	(45)		105	(1)	1,521	(2)	4,342	(6)	35.0	(16)
14197	257	**9.00**	(79)	6.35	(63)	12.56	(109)		75	(54)	890	(54)	2,978	(89)	29.9	(45)
14199	230	**9.83**	(55)	6.88	(30)	14.47	(84)		82	(32)	1,040	(27)	3,386	(40)	30.7	(36)
District[1]	5,444	10.00		6.71		16.00			83		1,064		3,267		32.6	
Berlin[1]	47,602	8.99		5.61		15.91			70		808		2,971		27.2	

1) median 2) includes operating costs (BBU 2013) 2.84 €/m² (western Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE



Only two areas of the district have median asking rents that are less than €9 per square metre. Eichkamp/Heerstrasse (14055) on the edge of Grunewald is in an exceptional position in this respect: it has the second-highest average household purchasing power in the district. However, this is concentrated in the numerous detached houses on both sides of Heerstrasse and along the Avus motorway. There are rental apartments in scattered urban villas and apartment complexes and in a few high-rise buildings near the Havel and the Olympic Stadium in the extreme west of the area. Although this area has a good address, it lacks luxurious amenities and the buildings are clearly evocative of the post-war ideal of rationalised mass construction.

More reasonably priced Charlottenburg North

On the bottom rank in the district is Charlottenburg North (13627). Before and after the Second World War, functional apartments were constructed, mostly by municipal undertakings, between the river Spree and the developing Tegel airport. The purchasing power in this area now ranks in 178th position of the 190 areas of Berlin. The median asking rent of €7.69 per square metre means that it is the only area of the district below the €8 mark.

Friedrichshain-Kreuzberg: Rent rises shifting eastwards

Dynamic: Due to areas of intensive development, vacant lots are becoming scarce in the district

Friedrichshain-Kreuzberg retained its peak position as the district of Berlin with the highest median asking rents per square metre in 2015. Growth in the last year, which was slightly above the Berlin average, was primarily concentrated in particular areas in the east of both parts of the district. In contrast, asking rents in a few areas distinguished by considerable rental growth in previous years have declined, in some cases appreciably. This indicates that landlords had previously overestimated prospective tenants' willingness and ability to pay. Supply and demand in the district are in balance, although still at a high level.

Luxury crisis on Görlitzer Park?

The decline in median asking rents was particularly drastic in some of the areas that had experienced particularly high increases in rent in the previous years, such as to the west and southwest of Görlitzer Park (postcode 10999). In these areas, the median asking rents per square metre, which had almost doubled between 2010 and 2014, declined by 1.8 per cent to €11.50 during the period under consideration. This may be not just a reaction to the previous overheating but also to the increasing problems of social integration in the area. This was particularly evident in the topmost market segment, which is particularly sensitive to influences of this nature. The median asking rent for the top decile of apartments on offer in the area, €20.16 per square metre, was the highest in Berlin in 2014. In 2015, this figure fell to €18.57. Nevertheless, it still ranks in 11th place in Berlin.
Overall, the ability to pay of the residents in this area has considerably increased. Whereas a few years ago the household purchasing power was one of the lowest in Berlin, it is now higher than the city average. This is also evident at the lower end of the market, where asking rents have risen more strongly than the overall local trend. In 2014, the median rent of the lowest-priced decile of apartments was still only €6.05. In 2015, notwithstanding the declines in the dearer segments, it rose to €6.39.

Declines even on Mehringdamm

Even sharper than around Görlitzer Park was the decline in the median asking rent per square metre around Mehringdamm (10965). This is the location of Bergmannstrasse, the attractive shopping and restaurant area. The quality of the residential environment is high, not just because of the amount of green space including the Viktoriapark and the new Park am Gleisdreieck. Despite that, the median asking rent per square metre fell by a perceptible 2.1 per cent between 2014 and 2015, from €11.21 to €10.98 per square metre. This is another instance of correction after previous overheating, although the median asking rent, almost €11, is still high by inner-city comparison. Overall, in terms of rental value Mehringdamm was in 23rd place of the 187 Berlin postcode areas with a statistically sufficient number of rental apartments on offer.

Ostkreuz and Ostbahnhof in demand

The median asking rents were unchanged in the area around Gneisenaustrasse (10961) adjoining immediately to the north of Mehringdamm, the part of Friedrichshain near the Volkspark and western Landsberger Allee (10249). The median asking rent around Gneisenaustrasse, which comes out at €11 per square metre, exactly equalled the average for the whole district of Friedrichshain-Kreuzberg. Here also there was a noticeable rise in the lowest segment, where the average of €6.90 per square metre has reached the peak level in Kreuzberg.
From the areas with the sharpest decline in rents, now to those with the most dynamic rises. Both are in the subdistrict of Friedrichshain. The median asking rents in the two areas around Ostbahnhof (10243) and around Ostkreuz (10245) each rose by 11.1 per cent to their present €11.11 per square metre. There are a range of development projects in the latter area, mainly on infill sites in the large area of older buildings between Warschauer Strasse/Petersburger Strasse and the S-Bahn ring. Although the major wave of refurbishment that began in the 1990s ebbed long ago, many buildings still have good potential for upgrading, of which their owners are taking advantage. Another factor is the high national and international profile gained by the area because of its attractive tourist locations. These include Boxhagener Platz, Simon-Dach-Strasse and the RAW site, an area for culture, sport and leisure facilities which also provides numerous café/restaurant operations, clubs and bars. Although the increasing turbulence in such areas also results in stresses and strains for residents, so far this has not had a discernible effect on the trend of rents. The previously robust segment of very reasonably priced apartments around Ostkreuz has almost vanished. The median asking rent for the lowest-priced decile of apartments is now €7.47 per square metre, the seventh-highest figure in Berlin.

Slab-construction blocks near Alexanderplatz

To the west of Ostkreuz, around the Ostbahnhof, the median asking rent in the lower segment of the market has almost reached the €7 threshold.

Parity between West and East

During the separation of Berlin, Friedrichshain was in the east of the city and Kreuzberg in the west, with the two parts of the district separated by the river Spree. As regards buildings, however, they have some similarities, while their social structures have become considerably more similar since the fall of the Wall, too. Both have large areas of older buildings in the south and west, which during the period of the Wall were left unmodernised, or only restrainedly refurbished. Many of these areas are now regarded as trendy. They are sought-after by tourists and popular with young people and the creative scene. This applies to the area around Bergmannstrasse in southwestern Kreuzberg as well as the district around Boxhagener Platz, in the east of Friedrichshain.

Nightlife on the upswing

Right on the interface between the two parts of the district, the Oberbaum Bridge that is its emblem, a lively – for some tastes all too lively – party and club scene has developed. The areas of older buildings in these surroundings, particularly on the Kreuzberg side, have experienced a turbulent rental trend. However, immigrants, particularly from Turkey, still make up a large proportion of the residents. There are also many people of student age, albeit not always with academic aspirations.
Other parts of both districts, in particular north-western Kreuzberg and Friedrichshain, are less in the public view. These areas were extensively destroyed during the war. The first to emerge from the ruins in Friedrichshain was the impressively Stalinist Karl-Marx-Allee. Typical of Kreuzberg were relatively low-density housing estates, similar to those on the edge of the city at that time. From the 1960s, the buildings began to be larger. Around Mehringplatz, on Böcklerpark and Kottbusser Tor, social housing was constructed, in sometimes-massive high-rise buildings.

Central and low priced

Similarly sized slab construction buildings were also constructed in Friedrichshain. In the GDR period they were very popular with many households, because of their convenience and proximity to the city centre. After the fall of the Wall, there were no problems of vacancy here, unlike those of the large edge-of-city estates. In Friedrichshain, as in Kreuzberg, these newly-developed areas are increasingly achieving the character of peripheral city areas, home to many salary-earners and officials who work in Berlin-Mitte. However, they are not developing into trendy or middle-class districts. The architecture is frequently too plain for this, the apartment layouts are too modest and the street life is not colourful enough. People on moderate incomes should be able to find sustainably affordable apartments in the large post-war estates.

That might sound remarkable, because this area is dominated by large numbers of Plattenbau apartments (slab construction blocks dating from GDR times) to the south of Karl-Marx-Allee. However, situated close to the city centre and Alexanderplatz, the majority have been modernised, so that they are no longer available as a low-priced haven. Nevertheless, in terms of purchasing power these two areas in Friedrichshain hold penultimate and fourth-from-last positions in the district. The proportion of single and two-person pensioner households in the small apartments built in GDR times may now be high.
Slightly below the rise in median asking rents in the district are the three subareas of Kreuzberg Prinzenstrasse (10969), Kreuzberg West (10963) and Wrangelstrasse (10997). Although all three immediately adjoin Berlin-Mitte in the north, they are differently structured. To the north of the Landwehr canal, Kreuzberg West has city-centre characteristics, with a corner of Potsdamer Platz, federal ministries, cultural facilities and numerous hotels. The area has the highest average household purchasing power in the district, €3,375, and is the only one among the upper quartile in Berlin. The section to the south of the Landwehr canal is mainly an Imperial era residential and mixed-use area. It has very recently experienced further upgrading; through the immediately adjoining Park am Gleisdreieck. This area features the largest apartments in the district, with an average 78 square metres.

Boom in post-war district of Kreuzberg

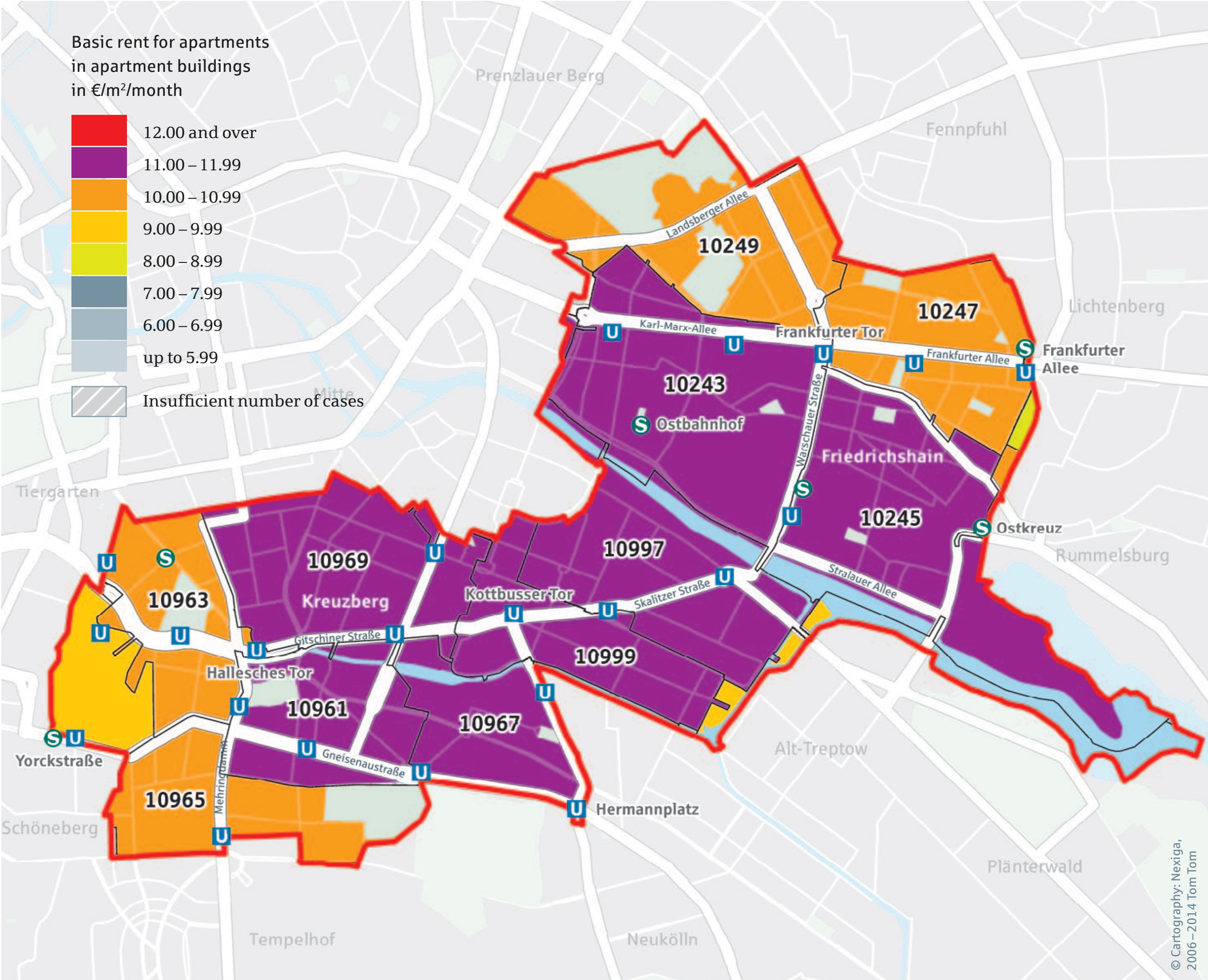
To the east of Kreuzberg West is the Prinzenstrasse postcode area. This area was almost completely destroyed at the end of the war. Later, the Wall separated it from the city centre. In the northwest of the area is the famous Checkpoint Charlie former frontier crossing point. The housing market in the area is dominated by estates dating from the 1950s to 1970s, with some estates having a large

Housing market data					Housing cost			
Post-code	Number of rental offers	Basic rent in all market segments[1] in €/m^2/month	Basic rent in bottom market segment[1] in €/m^2/month	Basic rent in top market segment[1] in €/m^2/month	Apartment size, average in m^2	Total housing cost[2], average in €/month	Household purchasing power, average in €/month	Housing cost ratio[3] in %
10243	454	**11.11** (18)	6.92 (28)	18.32 (15)	62 (139)	834 (66)	2,639 (146)	31.6 (27)
10245	787	**11.11** (16)	7.47 (7)	18.18 (16)	63 (130)	848 (61)	2,698 (140)	31.4 (28)
10247	977	**10.65** (28)	7.00 (21)	16.80 (38)	64 (124)	831 (68)	2,622 (149)	31.7 (26)
10249	584	**10.00** (43)	7.00 (21)	16.89 (34)	62 (144)	760 (89)	2,684 (142)	28.3 (62)
10961	306	**11.00** (22)	6.90 (29)	18.00 (18)	60 (157)	827 (71)	2,743 (131)	30.1 (41)
10963	179	**10.48** (33)	6.59 (46)	16.00 (54)	78 (44)	1,040 (28)	3,375 (42)	30.8 (35)
10965	267	**10.98** (23)	5.94 (108)	18.00 (18)	65 (122)	893 (53)	2,921 (97)	30.6 (37)
10967	271	**11.03** (21)	6.33 (65)	19.20 (4)	57 (175)	790 (80)	2,787 (121)	28.3 (60)
10969	293	**11.50** (11)	5.62 (137)	16.09 (50)	70 (90)	1,009 (31)	2,890 (103)	34.9 (17)
10997	319	**11.79** (8)	5.97 (106)	18.52 (12)	49 (187)	724 (107)	2,865 (107)	25.3 (111)
10999	396	**11.50** (11)	6.39 (60)	18.57 (11)	59 (160)	844 (64)	3,043 (75)	27.7 (66)
District[1]	4,833	11.00	6.67	18.00	63	847	2,802	30.2
Berlin[1]	47,602	8.99	5.61	15.91	70	808	2,971	27.2

1) median 2) includes operating costs (BBU 2013) 2.25 €/m^2 (eastern Berlin) and 2.84 €/m^2 (western Berlin) and 2.55 €/m^2 (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

"green" component and other, overspill-town-style high rise areas. Its proximity to the city centre is now dominant, however: the area now ranks in 11th place in the entire city for median asking rents per square metre. However, some of the post-war buildings are being offered at very moderate terms. The median rent for the lowest-priced decile, €5.62 per square metre, is the lowest in the Friedrichshain-Kreuzberg district.

The third area of Kreuzberg to experience appreciable rental growth is on both sides of Wrangelstrasse, in the east of the district. This adjoins the river Spree, large parts of the bank of which are not yet open to the public. The median asking rent of €11.79 per square metre here is the highest in the district and the eighth highest in Berlin as a whole, although the average household purchasing power is still below average.



There are still reasonably priced apartments on offer in unmodernised older buildings, such as the former urban renewal area near Bethanienplatz. The average for the lowest decile is €5.97 per square metre. The apartments on offer here, which average only 49 square metres, are now the smallest in the whole of Berlin. This results in relatively low total monthly costs, so that the housing cost ratio, i.e. the proportion of purchasing power spent on rent including service charges and heating, which is 25.3 per cent around Wrangelstrasse, is lower than anywhere else in the district.

Strong top segment on Graefestrasse

Between the Landwehr canal and Neukölln in the south of Kreuzberg is the area around Graefestrasse (10967). There is a particularly strong luxury segment here. The median asking rent for the top decile of apartments is €19.20 per square metre, the highest in the district and the fourth highest in Berlin as a whole. This area is popular because of its combination of urbanity, small-scale mixed developments and green space, with numerous older buildings, cafés, restaurants and shops. However, the average household purchasing power is lower than the Berlin average. Nevertheless, the very small apartments keep the housing cost ratio below the district average. In addition, there are still apartments available at relatively moderate conditions. At the lower end of the market, an average of €6.33 per square metre is being asked for the lowest decile.

Lichtenberg: Attractive areas – moderate rental growth

The market for rental apartments in Lichtenberg presents a very mixed picture. There are areas with lively development activities and corresponding rental growth; existing districts where the trend of rents is slightly above or below the Berlin average; but also areas where asking rents have recently been corrected downwards. Overall, the median asking rent per square metre has risen by an only slight 0.9 per cent. At €8.05, it is appreciably lower than the whole-city average of €8.99. In Lichtenberg, the extremes are considerably less pronounced than in many other parts of the city. The median asking rent for the lowest-priced decile of apartments is €0.17 per square metre higher than the corresponding figure for Berlin, while for the most expensive decile it is €3.34 cheaper.

Top values in Rummelsburg

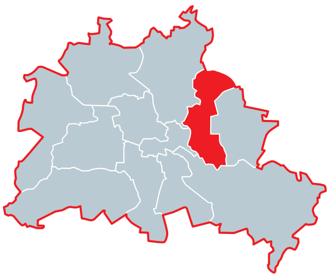
The front-runner in terms of both rental value and current rental growth is Rummelsburg (postcode 10317). The area includes attractive waterfront properties on the Rummelsburger Bucht as well as the mixed urban quarter to the south of Lichtenberg station. For apartment hunters looking for good amenities and connections to the city centre, it is just outside the S-Bahn ring, and is therefore an interesting alternative to the more expensive and cramped inner city. The lovingly refurbished Kaskelkiez is also part of this area, although in a somewhat isolated situation between railway lines. The growth in the median asking rent per square metre in the whole area, 17.8 per cent, was most recently the highest in the city. Nevertheless, the figure of €10 still ranks in 43rd place in Berlin. Rummelsburg is the only area of Lichtenberg with a recognisable high-end segment. The median asking rent for the most expensive decile of apartments on offer here is €16.04 per square metre.

In second place in terms of rental value in Lichtenberg is the area around the Stadtpark (10367). In previous years, it was the setting for new development projects, which have statistically increased the median asking rent without the rents of existing properties having to rise. Like Rummelsburg, the area adjoins the S-Bahn ring and therefore inner-city Berlin in the west. It includes numerous apartment blocks in landscaped surroundings, dating from the early and mid-20th century, as well as the Stadtpark and the remains of the historic centre of Lichtenberg on Möllendorffstrasse. The median asking rent, €8.96 per square metre, is slightly below the figure for the whole of Berlin. Most recently it has again risen, by a very strong 8.1 per cent.

Frankfurter Allee arrives

Ranking third equal in terms of rental value are Karlshorst (10318) and the area around Siegfriedstrasse (10365). Karlshorst is the southernmost area of the district and in earlier years occasionally boasted the highest median asking rents in Lichtenberg. The latest decline in median asking rents, 4.7 per cent, is among the sharpest in Berlin. The largest development project in Karlshorst, with more than 400 rental apartments, is to be transferred to the ownership of the municipal HOWOGE. The asking rents start at around €7 per square metre – considerably below both market rates and construction costs. Apart from this, the rental market in Karlshorst

All types of neighbourhoods in one district



Lichtenberg extends from the extreme northeast of Berlin to the southeast. It includes a varied mixture of almost all types of housing and neighbourhoods that Berlin has to offer. The most urban sections are in central Lichtenberg, on either side of the eponymous railway station. To the north of this there is an area of older buildings to the side of Frankfurter Allee, while the traditional Berlin perimeter block buildings dominate the area to the south of the station. Some of these date from before and some after the First World War. In Lichtenberg, they are mainly low-rise buildings with large inner courtyards in old districts.

Airy, bright, leafy

The extent to which the 20th century ideas of light, air and sunshine prevailed in urban development is now evident in many parts of Lichtenberg. Large numbers of, often idyllic, apartment blocks in landscaped surroundings were constructed between Alt-Lichtenberg and the river Spree, to the south of the large industrial and hospital area of Herzberge and also in Karlshorst and near Konrad-Wolf-Strasse in Hohenschönhausen. What are now the most attractive areas of villas and detached houses – one of them right in the south of Karlshorst, the other close to the three lakes in Alt-Hohenschönhausen – were developed in the same period.

is restrained by its situation so far from the city centre and its still somewhat circuitous S-Bahn connection because of the major building works at Ostkreuz.

Around Siegfriedstrasse, the median asking rent is also €8.40 per square metre. In the north of the area, there are large industrial sites, in which there are hardly any apartments on offer. The districts in the south, on either side of Frankfurter Allee, have however increased in attractiveness, as their connections to the inner city and the local amenities are very good. The area around Normannenstrasse is gradually losing the stigma it had as the location of the former Stasi headquarters. The part of the area to the south of Frankfurter Allee is closer to the city centre, although its large Plattenbau (slab construction) complexes make it less attractive.

High purchasing power in Hohenschönhausen

In fifth place in the district is the extensive and estate-structured Hohenschönhausen (13053), which has a very varied social mix. It includes the villa areas near to the Obersee and Orankesee, the well-maintained suburbs to the north of the centre of Hohenschönhausen, extensive areas of mainly small individual houses and finally the south-western part of the Neu-Hohenschönhausen Plattenbau estate, which dates from the 1980s. The mixture of all this leads to a median asking rent of €8.18 per square metre, which has risen by 1.8 per cent year-on-year. However, a somewhat limiting factor that must be mentioned is that the number of apartments on offer in the period of an investigation, just under 140, was very small. In contrast, it is striking that

Old meets new: Modernisations and new builds in close proximity

Boom in the GDR period

Lichtenberg experienced its largest construction boom in the 1970s and 1980s, when large estates of typical GDR Plattenbau buildings were erected. They now dominate many parts of the district. Coming from the city centre, they are first visible on the western edge of the district, near Fennpfuhl and Frankfurter Tor. They run along the two arterial roads: Landsberger Allee and the federal road B1/5. Particularly extensive residential development took place in Friedrichsfelde, near the zoo, during the GDR period and, shortly before reunification, in the Hohenschönhausen area.

All these areas experienced major changes in social structure after the fall of the Wall. Nowhere, however, was there such dramatic vacancy and extensive demolitions as took place in other, less favourably situated areas. Most of the Plattenbau buildings have now been refurbished, to provide mostly low-priced housing, albeit often in severe, anonymous complexes with little urban ambience.

New development projects

After German reunification, new buildings were erected in many areas of Lichtenberg, but rarely in very large, contiguous areas. Derelict sites were developed, infill construction took place and the density of spacious housing estates was increased. On Rummelsburger Bucht, a completely new urban district was constructed, on a highly attractive waterfront location. Expectations about the future growth of Berlin are, however, fostering plans to open up a large area for the development of single detached houses in the extreme north of the district – provided that this does not conflict with conservation of the landscape and nature.

this area has the highest average household purchasing power, €3,297, in the district. This is mainly a result of the villa and owner-occupied housing areas.
Most recently, the asking rent in Friedrichsfelde North (10315), in the neighbouring district of Marzahn-Hellersdorf, has risen more sharply, although in absolute terms it is still lower than the two areas mentioned. Friedrichsfelde North is dominated by Plattenbau buildings from the GDR period. Numerous pensioners now live there. Together with the adjoining area, Friedrichsfelde South (10319), the household purchasing power is the lowest in the whole district. Commensurate with the purchasing power is the still very prominent low-rent segment, which is largely concentrated along the arterial roads Alt-Friedrichsfelde and Am Tierpark. The median asking rent for the lowest-priced decile of apartments in Friedrichsfelde North is €5.71 per square metre.

Moderate rents on Landsberger Allee

Further to the north of Friedrichsfelde are two areas on Landsberger Allee that are very similar in terms of buildings and economic aspects. Around Fennpfuhl (10369) is an older GDR large-slab-construction area that includes some monumental buildings as well as idyllic spots on the Fennpfuhl Lake. To the east of this is the area around Konrad-Wolf-Strasse (13055). This is also dominated by large concrete slab apartment complexes, although these are somewhat younger and not concentrated around a single core but dotted along the arterial road, Landsberger Allee. Their median asking rents of €7.70 to 8 per square metre mean that these areas rank 128th (Konrad-Wolf-Strasse) and 132nd (Fennpfuhl) of the 187 Berlin postcode areas for which rental statistics were determinable. By citywide comparison, the corresponding figure for the lowest market segment around Konrad-Wolf-Strasse, €5.61, is even lower. The overall market in Fennpfuhl was too small for a reliable figure to be calculated. Median rents here declined, while around Konrad-Wolf-Strasse there was a considerable rise: 11.3 per cent. The development of the former confectionery factory on Konrad-Wolf-Strasse and Mittelstrasse, which is gradually coming onto the rental market, contributed to this.

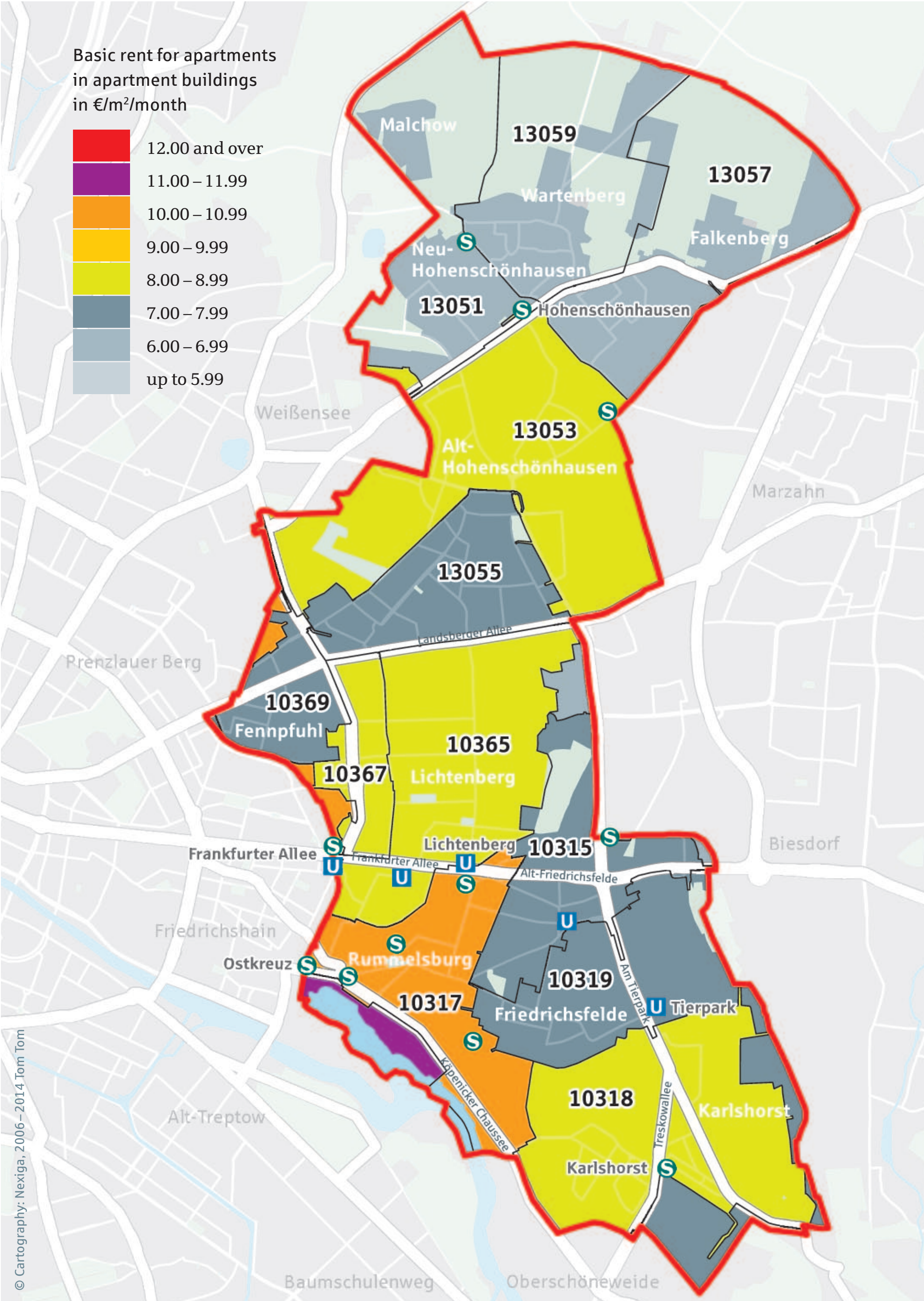
Low-priced housing on the north-eastern edge of the city

There are three more areas in the extreme north of the district: Falkenberg (13057), Malchow (13051) and Wartenberg (13059). All three include parts of the Neu-Hohenschönhausen slab-construction estates dating from the 1980s, while all three also have historic village centres, housing estates and extensive green areas. Few apartments on offer were registered in all three areas, as even the major local housing providers market many apartments directly, making the

Housing market data										Housing cost							
Postcode	Number of rental offers	Basic rent in all market segments[1] in €/m²/month		Basic rent in bottom market segment[1] in €/m²/month		Basic rent in top market segment[1] in €/m²/month		Apartment size, average in m²		Total housing cost[2], average in €/month		Household purchasing power, average in €/month		Housing cost ratio[3] in %	
10315	472	**7.98**	(127)	5.71	(132)	12.31	(111)	60	(154)	616	(169)	2,543	(169)	24.2	(126)
10317	329	**10.00**	(43)	6.19	(79)	16.04	(53)	64	(127)	786	(82)	2,573	(163)	30.5	(38)
10318	369	**8.40**	(106)	6.33	(65)	12.00	(115)	75	(56)	797	(77)	3,066	(69)	26.0	(98)
10319	155	**7.01**	(161)	5.64	(135)	11.64	(128)	59	(161)	545	(178)	2,500	(175)	21.8	(160)
10365	237	**8.40**	(106)	5.98	(105)	13.28	(95)	56	(177)	595	(172)	2,598	(156)	22.9	(146)
10367	201	**8.96**	(84)	6.25	(74)	12.61	(107)	73	(69)	814	(73)	2,620	(150)	31.1	(32)
10369	125	**7.72**	(132)	5.60	(139)	12.00	(115)	61	(150)	608	(170)	2,801	(118)	21.7	(161)
13051	109	**6.78**	(169)	5.00	(175)	9.97	(171)	58	(164)	528	(181)	2,980	(88)	17.7	(186)
13053	136	**8.18**	(118)	5.97	(106)	10.30	(160)	65	(117)	678	(136)	3,297	(51)	20.6	(171)
13055	330	**7.95**	(128)	5.61	(138)	11.50	(131)	66	(110)	677	(137)	2,901	(101)	23.3	(141)
13057	117	**6.67**	(173)	5.92	(111)	9.15	(179)	63	(136)	559	(176)	2,752	(128)	20.3	(173)
13059	38	**6.81**	(168)	5.06	(173)	9.00	(180)	59	(159)	538	(180)	2,793	(120)	19.3	(179)
District[1]	2,618	8.05		5.78		12.57		64		663		2,769		23.9	
Berlin[1]	47,602	8.99		5.61		15.91		70		808		2,971		27.2	

1) median 2) includes operating costs (BBU 2013) 2.25 €/m² (eastern Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

data difficult to collect for statistical purposes. The village and housing estate areas are predominantly owner-occupied, meaning that the rental market is correspondingly small. However, the data obtained show that the median level of rent is low, at up to €7 per square metre. The average household purchasing power in Wartenberg and Falkenberg is close to the district average, while in Malchow it is around €200 higher. The only areas of Lichtenberg to have higher purchasing power than Malchow are Alt-Hohenschönhausen and Karlshorst.



Marzahn-Hellersdorf: Low-priced housing even for the middle class

Marzahn-Hellersdorf, on the eastern edge of the city, still has the lowest asking rents per square metre of any district in Berlin. The average there has just passed the €6 threshold for the first time. In the bottom segment of the market, the lowest-priced decile of apartments on offer in the district are still available at just under €5 per square metre. Even the most expensive decile can be rented for an average of only €9.42 per square metre. Although this would appear to indicate a less wealthy district of the city, this is largely incorrect. The average household purchasing power is only €2 less than the corresponding figure for Berlin as a whole. Only four of the 11 other districts have higher average purchasing power. This is firstly because, contrary to popular perception, the district comprises not just Plattenbau (slab construction) buildings from the GDR period but also boasts some of the most extensive areas of detached houses in Berlin. Secondly, even in the high-rise areas, purchasing power is far from being the lowest in Berlin. These areas are home to many double-income and salaried households with very robust incomes.

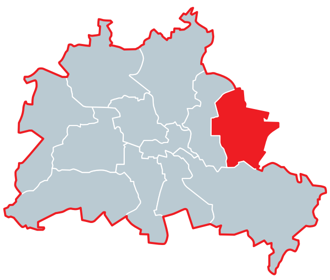
Purchasing power and housing costs

There is a third important factor: The apartments on offer here are relatively small. The average size of the apartments currently on offer is only 64 square metres. The only districts of Berlin with smaller apartments are Friedrichshain-Kreuzberg and Neukölln. The combination of low rents per square metre and small apartments results in particularly low total housing costs. On average these are €533 per month, including heating, compared with €808 in the city as a whole. Very low total rents, coupled with average purchasing power – the result is, by a wide margin, the lowest housing cost ratio in Berlin. On average, for apartments currently on offer households in the city would have to pay out 27.2 per cent of their purchasing power. In Marzahn-Hellersdorf, this figure is only 17.9 per cent. In addition, this ratio is barely increasing at the moment. In 2015, the median asking rent per square metre rose only by a below-average 2.4 per cent, while average purchasing power rose by 3.6 per cent. This means that the statistical housing cost ratio is even lower than in the previous year.
However, the trend is not the same throughout the district. In the – albeit rather small – Mahlsdorf (postcode 12623) market, the median asking rent per square metre increased by an impressive 11.7 per cent. Mahlsdorf has the highest median asking rents per square metre in the district and also the largest average rental apartments, 73 square metres, to come on to the market. These two factors result in a median rent (including heating) of €784 per month – €251 higher than the district average.

Sought-after green locations in the south

There are hardly any large areas of rental apartment blocks in Mahlsdorf or the neighbouring areas of Kaulsdorf (12621) and Biesdorf (12683). Instead, they mainly comprise estates of individual houses with only a few isolated areas of denser development, mostly near the S-Bahn and U-Bahn train stations. These three areas lead the field in

Surprisingly wide variety



Marzahn-Hellersdorf is nationally famous because of its eponymous apartment block estates dating from the 1970s and 1980s. These multiplied the population on the previously sparsely inhabited or even uninhabited fields on the eastern edge of Berlin. During the GDR period, Marzahn first became an independent district, then Hellersdorf. In 2001 they were merged. Since then, they have ranked as the largest urban Plattenbau municipality in Germany. Although that is true, on the other hand it distorts the image of the district. The majority of the residents live in these areas, although they only take up around a quarter of the space. They are also far from being as uniform as they appear from the Plattenbau structures that almost exclusively prevail.

Village centre and high-rise apartment blocks

Marzahn, which was first developed in the 1970s, is dominated by high-rise slabs, although they are interspersed by green corridors and estates of detached houses. The historic centre of the village of Marzahn is also situated there. Hellersdorf was built in the 1980s. The buildings are mostly not as high and were more commonly constructed as squares, rather than as terraces and separate high-rises. The U-Bahn runs through the centre of the district and there are several town squares, whereas in Marzahn the stations and shops are concentrated on the western edge.
Between the two areas is the Wuhletal valley, which is very

Affordable and practical: Renovated apartment buildings and a commercial building in one of the service centres of a GDR-era development in Marzahn-Hellersdorf

Marzahn-Hellersdorf in terms of median rent per square metre as well as in local household purchasing power. In this respect, Kaulsdorf is in the top decile of all the areas in Berlin. The relatively large apartments in comparatively small buildings found in these three areas are in considerably shorter supply, and more sought-after, than their alternatives, namely the small apartments in very large buildings that predominate in the Plattenbau estates. Apartments in green surroundings here are usually cheaper than in other peripheral areas, such as the villa and detached house areas of Steglitz-Zehlendorf, northern Reinickendorf and Pankow, and in southern Spandau.

secluded in parts, and a range of artificial hills created from the soil excavated from the two large development areas. The “Gardens of the World”, with numerous small themed gardens in Asiatic and European styles, attracts visitors from afar.

Owner-occupation boom

The areas of detached houses in the south and east of the district take up almost twice as much land as the areas dominated by apartment buildings. Biesdorf, Kaulsdorf and Mahlsdorf are traditional allotment gardens and estate areas. After the fall of the Wall, there was immense building activity here that went almost unnoticed outside. Many thousands of garden sheds, dilapidated old estate buildings, temporary post-war houses and modest private houses from the GDR period were demolished and replaced by larger, more comfortable detached houses. Hardly any new building areas were opened up for this purpose; existing structures were almost always used. A large proportion of all the owner-occupation aspirations of the Berliners after reunification were realised here. Purchasing power here is often remarkably high. On the main roads through these areas not infrequently smaller apartment buildings were constructed, often in the style of urban villas. These now complement the rental market. There are also smaller areas of detached houses on the western edge of the district, although industrial and commercial space is dominant here.

Transport connections are very important

There is a yawning gap in the asking rents per square metre between the three areas already mentioned and all the others in the district. The asking rents in the southern areas range between €7.80 to €8.52 per square metre, whereas in the predominantly Plattenbau areas the comparable figures are €5.75 to €6.77 per square metre. The asking rents in these are usually higher, the more attractive the residential environment and the better the transport connections from the area concerned to Berlin city centre. They are highest in Central Marzahn (12685) and around Bitterfelder Strasse (12681). Central Marzahn has the charming historic village centre and an average household purchasing power of €3,026 – well above the city average. The Bitterfelder Strasse area has more urban qualities. Springpfuhl railway station, the most important transport node in the district, is situated here, close to a district centre where the civic offices, dating from 1984, are already a listed building. The average size of the apartments on offer, 61 square metres, is the smallest in Marzahn-Hellersdorf. However, this need not be a disadvantage, because it results in low total monthly housing costs and the third-lowest housing cost ratio in the city.

Ranking in sixth place in the district is the area around Raoul-Wallenberg-Strasse (12679), the second most northerly of the six postcode areas that include parts of the Plattenbau district of Marzahn. However, this area also includes parts of the Wuhletal valley, on the edge of which there are attractive countryside views. The rents demanded by the landlords around Raoul-Wallenberg-Strasse average €6.08 per square metre, just above the €6 threshold. The housing cost ratio, 19.4 per cent, is in line with the district average but still well below the Berlin average.

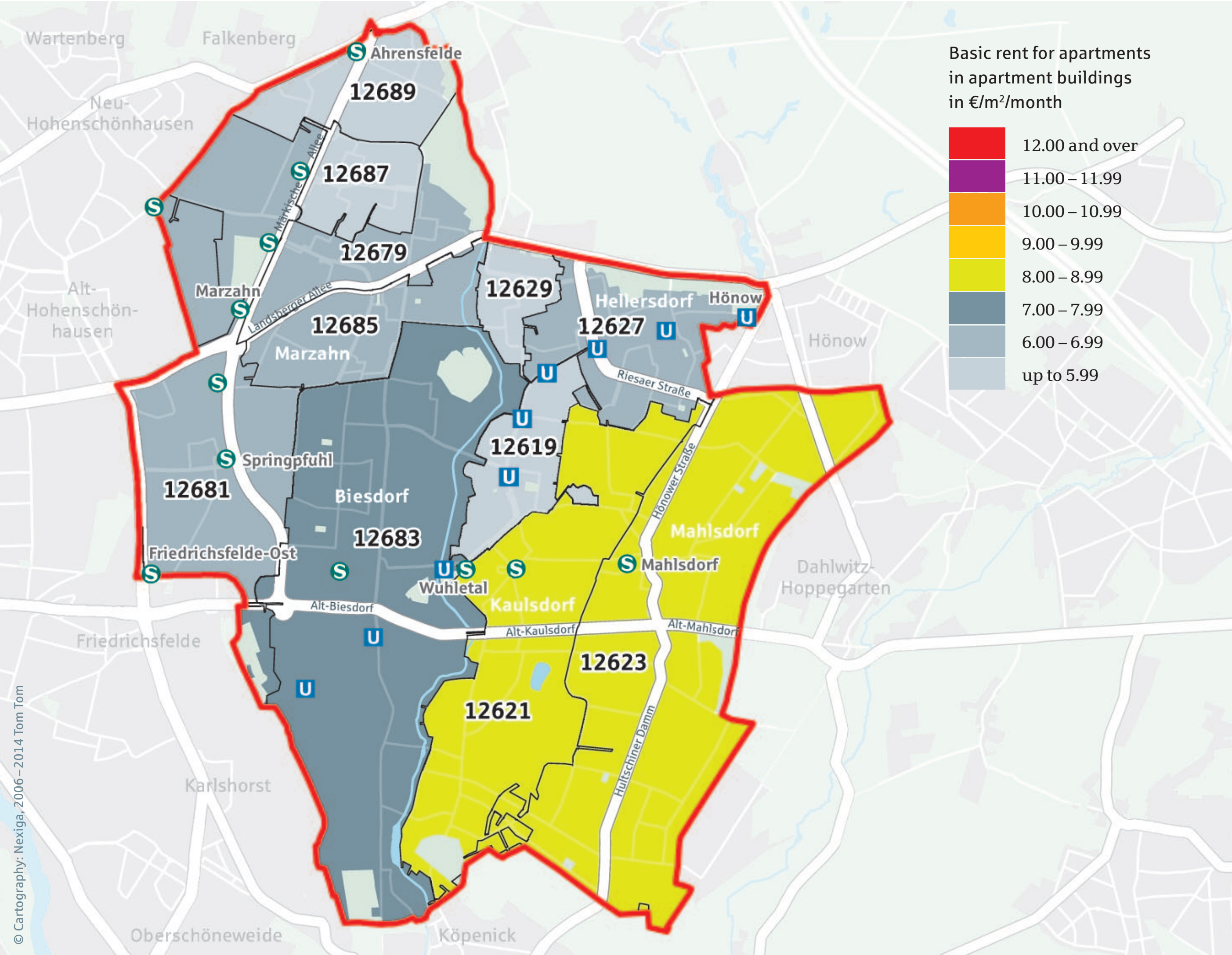
Last refuges under the €6 mark

The median asking rent in Hellersdorf North (12627) is exactly €6 per square metre, while around Mehrower Allee (12687) it is slightly lower. Both areas have direct S-Bahn or U-Bahn connections, although the journey time to the centre of Berlin is around half an hour. The apartments on offer in Hellersdorf North have an average floor area of 63 square metres, relatively large by Plattenbau standards. The average household income here, €2,623, is however slightly lower than almost everywhere else in Marzahn-Hellersdorf. This drives the housing cost ratio to 19.9 per cent – higher than in all the neighbouring areas but still considerably less than the average of all other Berlin districts.

The data from the three areas with the lowest asking rents in the district is also reasonably reliable. Together with Heerstrasse/Wilhelmstrasse in Spandau, they are the backmarkers in the entire city. The average rents here are under the €6 per square metre mark. Overall, four of the five postcode areas with asking rents under €6 are in Marzahn-Hellersdorf. The first is Kaulsdorf North (12619), with a median asking rent of €5.85 per square metre. It belongs to the suburban and sparsely developed Kaulsdorf only in name.

Housing market data																
									Housing cost							
Postcode	Number of rental offers	Basic rent in all market segments[1] in €/m²/month		Basic rent in bottom market segment[1] in €/m²/month		Basic rent in top market segment[1] in €/m²/month			Apartment size, average in m²		Total housing cost[2], average in €/month		Household purchasing power, average in €/month		Housing cost ratio[3] in %	
12619	344	**5.85**	(184)	4.80	(183)	8.87	(184)		62	(148)	499	(186)	2,609	(153)	19.1	(180)
12621	60	**8.30**	(110)	6.32	(69)	10.72	(152)		65	(118)	684	(132)	3,775	(18)	18.1	(184)
12623	96	**8.52**	(93)	6.01	(94)	13.13	(98)		73	(67)	784	(83)	3,695	(22)	21.2	(166)
12627	792	**6.00**	(182)	5.14	(171)	8.94	(183)		63	(132)	522	(182)	2,623	(148)	19.9	(176)
12629	205	**5.80**	(185)	5.00	(175)	9.17	(178)		62	(145)	498	(187)	2,616	(151)	19.0	(182)
12679	282	**6.08**	(180)	4.91	(180)	9.42	(175)		62	(143)	518	(184)	2,668	(145)	19.4	(178)
12681	146	**6.20**	(178)	4.83	(182)	9.00	(180)		61	(149)	517	(185)	2,864	(108)	18.0	(185)
12683	142	**7.80**	(131)	5.50	(151)	11.67	(127)		68	(101)	686	(130)	3,394	(38)	20.2	(174)
12685	206	**6.77**	(170)	4.91	(180)	8.50	(186)		66	(115)	592	(174)	3,026	(79)	19.6	(177)
12687	162	**5.94**	(183)	4.54	(186)	8.51	(185)		66	(114)	538	(179)	2,816	(116)	19.1	(181)
12689	312	**5.75**	(187)	4.79	(185)	7.94	(187)		65	(121)	518	(183)	2,749	(129)	18.8	(183)
District[1]	2,747	6.10		4.98		9.42			64		533		2,969		17.9	
Berlin[1]	47,602	8.99		5.61		15.91			70		808		2,971		27.2	

1) median 2) includes operating costs (BBU 2013) 2.25 €/m² (eastern Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE



Structurally, it is the southern part of the large 1980s Plattenbau area. With nearly 350 apartments on offer, it has the largest market of the four areas under the €6 threshold. At €2,609, the average household purchasing power is the lowest of any in Marzahn-Hellersdorf. However, in other districts there are still 37 areas with lower household purchasing power than this.

In last place despite reconfiguration

The area around Cottbusser Platz (12629) in northeastern Hellersdorf also includes some residential locations immediately adjoining the Wuhletal. Nevertheless, on the other side of these green locations the residential quality is of limited desireability. The best feature of the amenities in the area is its proximity to Kaufpark Eiche, just over the state boundary in Brandenburg. Overall, this only succeeds in bringing the median asking rent to €5.80 per square metre, the third lowest anywhere in Berlin. Finally, bottom place in the rental rankings in Marzahn-Hellersdorf, and in Berlin, is held by Ahrensfelde (12689), primarily because its location at the north end of Marzahn, far from the city centre, restricts demand. In the middle of the last decade, several storeys were removed from some of the Plattenbau buildings and their visual appearance was improved.

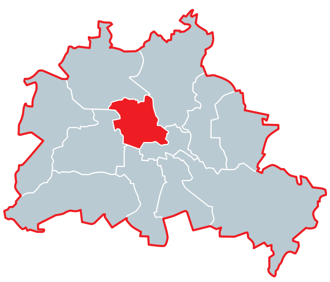
However, this has not resulted in much of an upward effect on rents. Ahrensfelde landlords are asking for an average of €5.75 per square metre for new lettings. The trend of rents is also still moderate. Although in the previous year the median asking rent had risen by 8.6 per cent, the current rate of growth is only 0.7 per cent. The average household purchasing power in Ahrensfelde, €2,749, is in the middle of the range in Marzahn-Hellersdorf, resulting in a likewise moderate housing cost ratio of 18.8 per cent.

Mitte:
Highest rents, sharpest growth, largest market

Lively: The area around the Hackesche Höfe (left) is popular with tourists and Berliners alike

The Mitte district holds peak position in the Berlin rental apartment market in three respects. It features the largest number of apartments on offer to rent registered in the city, while the increase in the median asking rent per square metre, 7 per cent, was the most dynamic in the whole of Berlin. Thirdly, nowhere else is the relationship between asking rents and average household purchasing power, the housing cost ratio, as high as in Mitte. On average, households have to lay out 34.8 per cent of their purchasing power in order to pay the statistically average rent (including service charges and heating) for an apartment in the district. In this central location, tenants take all this

Three sections that are gradually growing together



The Mitte district consists of three very different sections. The historic centre (Mitte) has the highest rents in the whole of Berlin. Unlike other city centres, it is not just a purely service, retail and office location. Extensive parts are very varied and there is a large stock of apartments. In the north of the subdistrict there are mainly older buildings, only a few of which were modernised during the GDR period and some of which were close to the Wall. These neighbourhoods are now among the most popular residential locations in the city, not only because of their central location but also because of an abundance of culture, cafés, restaurants, and local amenities.

Living in Berlin's heart

There are hardly any such features to the south of the historic centre. This section is more heavily dominated by tourism, culture, government, retail and offices. A larger proportion of apartments is in more recent buildings from the GDR period and the decades after the fall of the Wall. Residents here can walk to the theatre or the opera and can enjoy, every day, the features for which tourists travel long distances to Berlin. Even in this very central on board. However, the district holds yet another record – it has, by a wide margin, the liveliest development projects of new rental apartments.

Change at the top

The three areas with the highest median asking rents in Berlin are all in the historic centre. It is no coincidence that this has a growing forest of construction site cranes. However, there is a change in the pole position in 2015. This is now held by the area around Hackescher Markt (postcode 10178), which extends to behind Alexanderplatz. The median asking rent here is €13.70 per square metre, a year-on-year increase of an impressive 9.6 per cent, despite the low average household purchasing power. At €2,897 per month, this ranks only 102nd of the 190 postcode areas in Berlin. As the apartments on offer are large, with floor areas averaging 86 square metres, the total rents are particularly high and therefore result in Berlin's highest housing cost ratio. On average, households have to spend 47.3 per cent of their purchasing power to be able to rent an apartment on offer here. There may be households for whom the top location is valuable. However, it must be pointed out that the area is actually divided into two sections. The most attractive and therefore most extensive apartments on offer are concentrated in the bustling areas of older buildings in the area known as Spandauer Vorstadt. In contrast, the surroundings of Alexanderplatz are dominated by Plattenbau apartment blocks. Residents there live on relatively low incomes. The old and new areas actually form two separate markets.

Highest total costs in Unter den Linden

Pushed into second position is the long-term front-runner, the Unter den Linden (10117) area. However, the market there is far from being in crisis. During the current study period, the median asking rents rose by 3.7 per cent. It is only the greater dynamism at Hackescher Markt that has caused these two areas to swap their top rankings. However, the largest apartments in the district, by a wide margin, are on offer in Unter den Linden. They average 101 square metres. Taken together with the high rent per square metre, this leads to the highest total housing costs in the entire city. In statistical terms, an average apartment in this area costs €1,571 per month (including service charges and heating). However, as the household purchasing power, €3,572, is far higher than on Hackescher Markt, the housing cost ratio in Unter den Linden is somewhat lower: 44 per cent. However, in the high priced segment it holds joint first place with the Rosenthaler Platz (10119) area. An average of €20 per square metre is being asked for the most expensive decile of rental apartments on offer.
In third place for median asking rent is the area around Rosenthaler Platz in the north of the city centre, where rents rose by an average of 4.5 per cent. This cannot compare with the up-and-coming area around Potsdamer Platz, which is next in terms of rental value. There the increase was an impressive 15.6 per cent. For a long time, the area on and around the square developed in the 1990s was regarded as barren, while the section to the south of the Landwehr canal was not considered part of the city centre. Now, however, the quality of the location, between the centres of West and Mitte and close to the Tiergarten, is apparently attracting increasing numbers of wealthy apartment hunters. The average household purchasing power, €3,653, is the highest in the whole district. Among the six areas of the city with the highest location, there are still idyllic residential locations and places to relax, for example in and around the Monbijoupark and around Köllnischer Park.

Focus on Moabit

To the west of the historic centre, the Tiergarten subdistrict is undergoing major changes. This began to the south of the eponymous park, on Potsdamer Platz and in the adjoining diplomatic quarter. Its focus is now in the north of the district. Around the central station a completely new district is being built. Areas of the Moabit subdistrict that were previously in the lee of this development are now attracting attention because of their proximity to the centre and, in some cases, potential for conversion and extension. These changes are at their most dynamic near the station and on the River Spree. They are less evident in northern Moabit near the S-Bahn ring and Westhafen.

Upswing in Wedding

This applies, increasingly, to parts of the Wedding subdistrict in the north of Mitte. Here, asking rents are appreciably on the move, particularly in the immediate vicinity of the former Mitte district. Increasing numbers of artists are moving to Wedding, although in this early stage there are hardly any signs of gentrification. Investors here still need to be prepared to take risks. The most attractive prospects could be the areas immediately on the edge of the historic centre and in the west of the district. The north on the other side of Seestrasse and Osloer Strasse, is somewhat more challenging.

asking rents per square metre is another part of the Mitte subdistrict, the north-western centre around Chausseestrasse (10115), where the asking rent averages €11.99. The only other area in the historic centre is that around Jannowitzbrücke (10179), down in the southeast. However, its median asking rent of €11.06 per square metre and overall ranking in 20th place are considerably lower than the other districts mentioned.

Surroundings of the central station take off

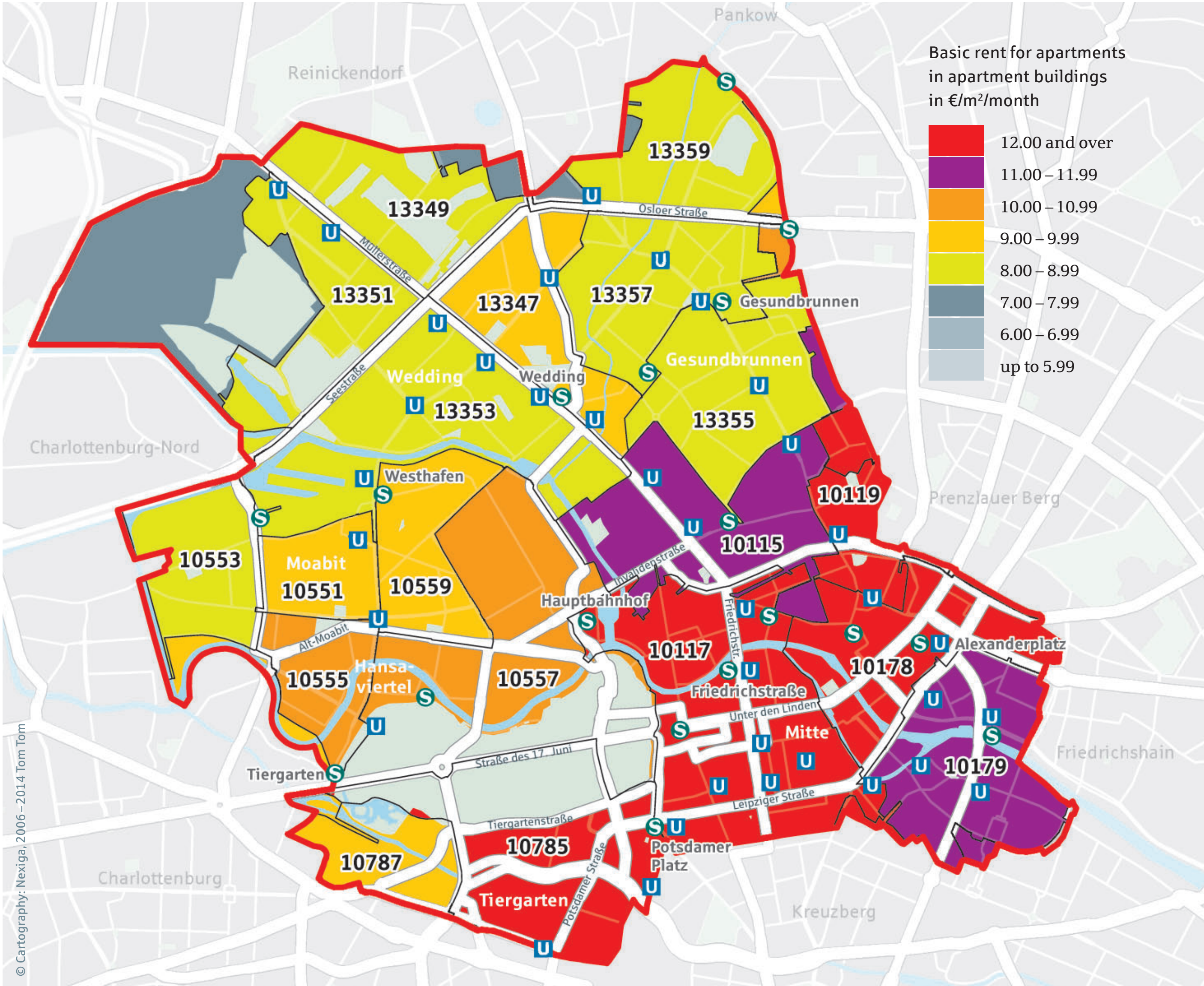
The next five areas, in the €9.31 to €10 rental bracket, are all in the former Tiergarten district, in the west of the present Mitte district. Moabit Southeast (10557) is the location of the Berlin central railway station, to the north of which it extends to Lehrter Strasse and the "Europacity" around Heidestrasse. Both areas are home to major development projects that will, however, only come onto the market in a few years' time. In contrast, Alt-Moabit West (10555) is an already densely developed area with attractive residential locations on the River Spree, as well as modest areas of older buildings further to the north. Special conditions prevail in the area around the Zoo (10787). Although it is situated in immediate proximity to City West and the Tiergarten and has extremely high household purchasing power, the average asking rent of €9.63 per square metre appears quite moderate.
Further to the north, in the former Tiergarten district, the area around Birkenstrasse (10551) almost exclusively includes only more modest locations. However, even here the median asking rent has now risen to €9.52 per square metre. The Stephanstrasse (10559) area has a similar structure, although it is the only area in the Mitte district to have experienced growth of less than 2 per cent in the median asking rent per square metre.

Considerable increase in Wedding

In the former Tiergarten district, median asking rents under €9 per square metre can only be found in the isolated area around Beusselstrasse (10553) in the northwest. However, they have recently risen sharply (+9.7 per cent), although this area has the smallest average size of apartments on offer in the district. Otherwise, apartments in this price bracket in the Mitte district are only found in the northern subdistrict of Wedding. In

Housing market data										Housing cost							
Post-code	Number of rental offers	Basic rent in all market segments[1] in €/m²/month		Basic rent in bottom market segment[1] in €/m²/month		Basic rent in top market segment[1] in €/m²/month				Apartment size, average in m²		Total housing cost[2], average in €/month		Household purchasing power, average in €/month		Housing cost ratio[3] in %	
10115	769	**11.99**	(6)	7.06	(19)	17.44	(25)			78	(42)	1,116	(19)	2,935	(95)	38.0	(6)
10117	874	**13.38**	(2)	7.08	(18)	20.00	(1)			101	(5)	1,571	(1)	3,572	(28)	44.0	(2)
10119	479	**13.06**	(3)	7.60	(4)	20.00	(1)			79	(39)	1,212	(12)	2,982	(85)	40.7	(3)
10178	453	**13.70**	(1)	7.14	(12)	19.20	(4)			86	(18)	1,370	(6)	2,897	(102)	47.3	(1)
10179	252	**11.06**	(20)	5.88	(115)	18.89	(7)			74	(60)	990	(34)	2,853	(109)	34.7	(18)
10551	314	**9.52**	(64)	6.55	(50)	16.67	(39)			55	(179)	676	(138)	2,567	(165)	26.3	(94)
10553	192	**8.94**	(85)	6.02	(93)	15.60	(65)			54	(181)	639	(161)	2,473	(179)	25.8	(100)
10555	276	**10.00**	(43)	6.65	(42)	16.82	(36)			66	(113)	845	(62)	2,727	(136)	31.0	(33)
10557	217	**10.00**	(43)	6.12	(84)	16.52	(43)			64	(129)	816	(72)	2,947	(93)	27.7	(69)
10559	290	**9.31**	(71)	6.33	(65)	17.08	(29)			58	(168)	703	(120)	2,602	(155)	27.0	(80)
10785	319	**13.01**	(4)	6.97	(24)	18.00	(18)			76	(51)	1,204	(13)	3,653	(24)	32.9	(24)
10787	148	**9.63**	(59)	6.84	(32)	15.00	(73)			74	(62)	926	(46)	3,457	(31)	26.8	(85)
13347	455	**9.09**	(75)	5.89	(114)	15.91	(61)			58	(172)	686	(129)	2,589	(159)	26.5	(90)
13349	186	**8.24**	(113)	5.56	(147)	14.55	(82)			58	(167)	641	(159)	2,381	(187)	26.9	(81)
13351	226	**8.50**	(94)	5.99	(103)	15.00	(73)			56	(176)	634	(163)	2,411	(185)	26.3	(95)
13353	408	**8.83**	(89)	6.22	(78)	16.52	(43)			55	(178)	639	(160)	2,357	(189)	27.1	(78)
13355	163	**8.00**	(123)	5.00	(175)	14.80	(80)			62	(142)	676	(139)	2,512	(173)	26.9	(82)
13357	372	**8.86**	(88)	5.85	(118)	16.00	(54)			57	(174)	667	(142)	2,587	(160)	25.8	(101)
13359	391	**8.20**	(114)	5.74	(129)	15.24	(69)			58	(163)	646	(158)	2,379	(188)	27.1	(77)
District[1]	6,784	10.70		6.11		18.00				71		940		2,701		34.8	
Berlin[1]	47,602	8.99		5.61		15.91				70		808		2,971		27.2	

1) median 2) includes operating costs (BBU 2013) 2.25 €/m² (eastern Berlin) and 2.84 €/m² (western Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE



previous years, rental growth here was mostly subdued but now the overall percentage increase is larger than the average for the whole city. The strongest growth in Wedding is currently in the central area around Nauener Platz (13347), where rents have risen by 12.5 per cent, followed by the areas around Gesundbrunnen (13357) and Westhafen (13353). The latter has Berlin's second lowest average household purchasing power, €2,357, although the small size of the apartments on offer means that the housing cost ratio is only 27.1 per cent. The purchasing power is only slightly higher in the three northern areas of Wedding that are relatively far from the city centre: Rehberge (13351), Soldiner Strasse (13359) and on the Schillerpark (13349). Whereas the first two areas saw growth of around 6.5 per cent in the median asking rent per square metre, on Schillerpark it roses by as much as 13.4 per cent.

Major difference on Humboldthain

In terms of rental growth, the front-runner in the district is the area on Humboldthain, with an increase of 14.9 per cent. Although it adjoins the historic centre and the Prenzlauer Berg subdistrict, it is dominated by redevelopment areas from the Berlin Wall era, with many apartments still in municipal ownership. Despite this increase, there are still major differences. The median rent here is exactly €8 per square metre, while in the Kollwitzplatz area that adjoins in the southeast the average is €12.01. This difference in rents between two immediately neighbouring areas is still the widest anywhere in Berlin.

Neukölln:
Stagnation in the north, upturn in the south

Following years of growth, the rents in a few areas of Neukölln are now stagnating. The median asking rent for the whole district rose by 3.3 per cent, to €8.78 per square metre during the survey period. In the two previous years, rents had increased by 9.7 per cent (2014) and 10.7 per cent (2013). There is no uniform trend. In the inner-city north of the district, there are areas of strong rental growth and others where rents are stagnating. In contrast, in the "green" south, where things had been quiet, median rents are now rising, in some cases sharply.
However, this has not radically changed the league table of rents. The most expensive areas are still in the north of the district. Maybachufer (postcode 12047), the front-runner in previous years, is still among the dearest, at €10.64 per square metre. Only Sonnenallee North (12045) has asking rents that are higher: €10.67 per square metre. However, in both areas the apartments are very small, putting into perspective the total rental cost burden. The apartments on offer average between 51 and 52 square metres of residential accommodation. Only on Hermannstrasse West (12049) are the apartments even smaller, averaging only 50 square metres.

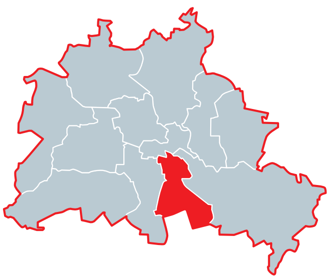
Upward trend on Rollbergstrasse

Ranking third in rental values in the district is the area around Rollbergstrasse (12053), at €10.37 per square metre. It has the highest average household purchasing power in northern Neukölln: €2,705. Rental growth on Rollbergstrasse was 11.3 per cent, the highest of the 16 postcode areas in Neukölln. Rents around the €10 per square metre mark are being asked in the Rathaus Neukölln (12043), Hermannstrasse West (12049) and Richardplatz (12055) areas. Because of its location along the former Tempelhof airport, Herrmannstrasse West with the Schillerpromenade was forecast to have a particularly dynamic rental trend, as occurred in previous years. At the moment, however, rents are stagnating. The median asking rent per square metre is almost unchanged, having gone up only 0.2 per cent on the previous year. As well as relativisation of the sharp increases in the previous years, the reason for this may be property owners' more realistic expectations in relation to purchasing power. Although the area is subject to gentrification, its average household purchasing power, €2,394, is still at the lower end of Neukölln.

Low purchasing power confronts high rents

The median asking rents on Weigandufer (12059) and in Hermannstrasse South (12051) are around €9.50 per square metre, still appreciably higher than the district average of €8.78 per square metre. Both areas experienced similar rental growth, just under 6 per cent. On Weigandufer, an area in the north of Neukölln that does not stand out, although it includes canal-side locations, the relatively high rents are confronted by a very low level of prosperity. In terms of household purchasing power, the area ranks in 184th place of 190 postcodes areas in Berlin. It therefore has the highest housing cost ratio in Neukölln and is the only area where the average rent (including heating)

Trendy in the north, green and peaceful in the south



The historic working-class neighbourhoods in the north of Neukölln have largely been retained. During the Berlin Wall era, they were remote from the city centre and, for a long period, were regarded as a socially challenged area. However, around five years ago they suddenly came into heavy demand from apartment hunters. Kreuzberg, adjoining to the north, was always expensive, and the former Tempelhof airport site to the west was opened as an extensive recreational area. However, it was not so much well-heeled people that moved there but rather students, artists and other, mostly young, people in search of new adventures in Berlin. For years, there was considerable rental growth, although there were much smaller increases in the residents' household purchasing power. High earners did not displace lower earners, but rather the existing social strata with low purchasing power were complemented by incomers. The latter were not put off by the sometimes rather austere residential environment, with little green space, or the particularly small rear yards of the former workers' neighbourhoods, or even the small sizes of many of the apartments on offer. On the contrary, this is exactly what made North Neukölln attractive for these potential tenants, because it meant low total costs for the apartments on offer.

No sign of middle classes

All these factors explain the boom in the last few years – and at the same time, why this boom has come to a stop of the apartments on offer exceeds the threshold of 29 per cent of the local average household purchasing power.

Sonnenallee South a special case

All the areas in the north of Neukölln have therefore been covered, with the exception of Sonnenallee South (12057), which is a mainly commercial area rather than having older buildings, has just been strained by the construction of an urban motorway. It is also rather remotely situated. The median asking rent here, €6.74 per square metre, is around a third less than in the other areas of Neukölln North. The area therefore has an exceptional situation in the north. The housing cost burden here is also considerably different from the neighbouring areas. Whereas the households in all the other northern postcode areas have to spend an average of 25.7 to 29.4 per cent of their monthly purchasing power on rent (including heating) for new lettings, in Sonnenallee South the figure is only 22.2 per cent.

Rudow waiting for the airport

Apart from the exception mentioned, landlords in northern Neukölln are now all asking more than €9.40 per square metre for new lettings. In contrast, the highest asking rents in the more southerly areas are almost €2 less than in the north of the district. There is a difference of more than €5 per square metre between the cheapest and most expensive postcode areas in Neukölln. The very modest highest median asking rent in the south, €7.62 per square metre, is in Britz West (12347).

Increasingly in demand: The area around the district city hall in northern Neukölln is a densely developed urban neighbourhood where small apartments dominate

In the north, this area extends almost to the S-Bahn ring that marks the boundary between inner and outer Berlin. Next most expensive are the two southernmost areas of the district, Rudow East (12357) and Rudow South (12355), where average rents are between €7.50 and €7.60 per square metre. These figures represent year-on-

for the time being. The present apartment hunters can no longer afford this area, while there is still hardly any demand from wealthier and more sophisticated potential tenants. North Neukölln was never a middle-class area and, in the present state of affairs, will not become one in the next few years. However, there are individual locations with development prospects, primarily right in the north, on Maybachufer, and close to the former Tempelhof airport. These areas will not be developed in the short term but, with increasing pressure on the Berlin market, this situation could change in a few years.

Gropiusstadt newly in view

The other parts of Neukölln have appreciable structural differences from the North. Britz, in the centre of the district, is a very mixed subdistrict, with castle, park and village centre. However, there are also less attractive areas, in which housing, commerce and arterial roads lie in close proximity. Extending from Britz across Buckow to Rudow is the Gropiusstadt, one of the largest areas of 1960s and 1970s rental housing in Berlin. Although having a bad reputation at times, it has now become more popular. Around Buckow and Rudow there are large areas of smaller apartment blocks and many, often very modest, individual houses. A few years ago, there was hardly any trace of the growing demand and shortages of supply in the inner city. There is now considerably more interest in these areas, because of the lower-priced apartments they have on offer.

year increases of 5.7 per cent (Rudow East) and 7.1 per cent (Rudow South) – both well above average for the district. However, Rudow East has the fewest apartments on offer of any of the submarkets in Neukölln, putting the trend of rents somewhat into perspective. The general shortage of supply in the Berlin market is now increasing demand even on the southern periphery. Particularly in Rudow, this could increase even faster when the new airport is eventually opened. The airport is almost within sight of the area but not within earshot, as the runways run transversely to it. In both areas, the average household purchasing power is already higher than those everywhere else in the district.

Living in Rudow is easy on the budget

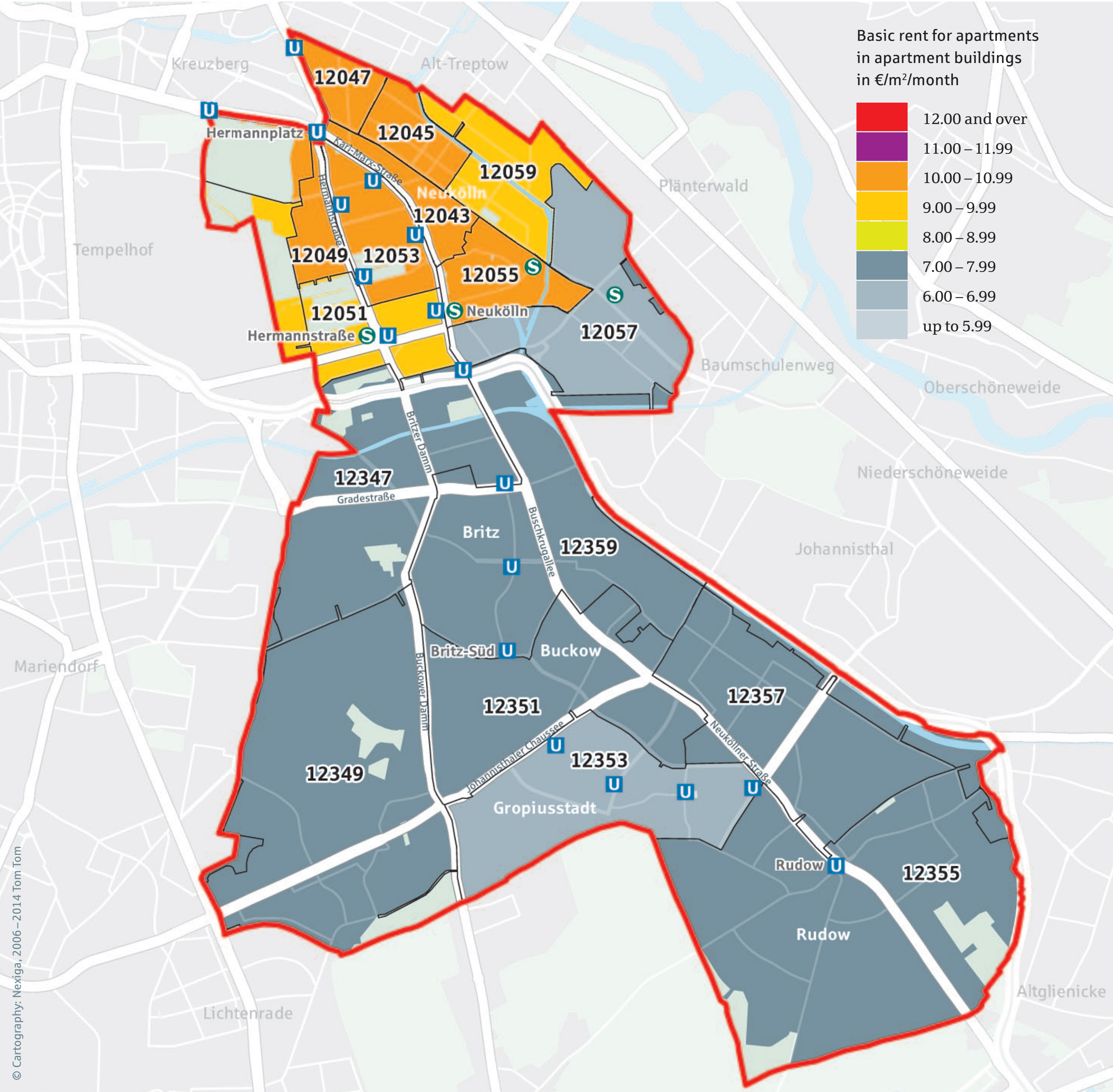
Purchasing power is generally exactly opposite to the pattern of asking rents. All the higher-ranking areas in the district are in the south; all the lower positions are in the north. The front-runner is Rudow east, where the average household purchasing power is €3,695. It is therefore in 23rd place of all 190 Berlin postcode areas. In contrast, the average purchasing power on Hermannstrasse West is €1,300 lower. Rudow East therefore has the lowest housing cost ratio in the district. Households here only have to spend 17.5 per cent of their average purchasing power in order to finance an average apartment on offer, including service charges and heating. The figure in Rudow South, 21.4 per cent, is a good bit higher because this area, together with Buckow East (12353), has the largest apartments on offer anywhere in the district. They average 70 square metres. Rents on a par with those in the areas of Rudow, €7.50 per square metre, are also being asked in the area around Johannisthaler Chaussee (12351) and the eastern part of Britz, around Buschkrugallee (12359). This also includes the well-known 1920s Hufeisensiedlung ("Horseshoe Estate"), which is a UNESCO world heritage site. Residents of this area mainly live in low-rise buildings. The western section has good U-Bahn connections to the remainder of the city.

Housing market data									Housing cost							
Post-code	Number of rental offers	Basic rent in all market segments[1] in €/m²/month		Basic rent in bottom market segment[1] in €/m²/month		Basic rent in top market segment[1] in €/m²/month			Apartment size, average in m²		Total housing cost[2], average in €/month		Household purchasing power, average in €/month		Housing cost ratio[3] in %	
12043	238	**10.04**	(41)	5.50	(151)	16.82	(36)		58	(171)	742	(99)	2,586	(161)	28.7	(53)
12045	241	**10.67**	(26)	6.67	(40)	18.60	(10)		52	(184)	706	(116)	2,470	(180)	28.6	(54)
12047	223	**10.64**	(29)	6.17	(80)	18.52	(12)		51	(185)	690	(127)	2,538	(171)	27.2	(76)
12049	250	**10.01**	(42)	6.50	(54)	18.75	(8)		50	(186)	638	(162)	2,394	(186)	26.7	(87)
12051	398	**9.45**	(68)	5.99	(103)	16.30	(47)		54	(182)	657	(150)	2,556	(166)	25.7	(103)
12053	203	**10.37**	(35)	5.48	(159)	17.40	(26)		55	(180)	720	(111)	2,705	(138)	26.6	(88)
12055	216	**10.00**	(43)	6.40	(59)	17.39	(27)		52	(183)	673	(140)	2,570	(164)	26.2	(97)
12057	100	**6.74**	(171)	5.26	(166)	14.40	(86)		60	(155)	574	(175)	2,590	(158)	22.2	(155)
12059	260	**9.53**	(63)	6.00	(96)	18.18	(16)		57	(173)	710	(114)	2,413	(184)	29.4	(50)
12347	205	**7.62**	(135)	5.76	(125)	11.93	(121)		63	(135)	657	(153)	2,760	(124)	23.8	(133)
12349	173	**7.00**	(162)	5.80	(123)	10.00	(164)		67	(109)	655	(154)	3,149	(63)	20.8	(168)
12351	127	**7.50**	(140)	4.80	(183)	10.80	(149)		68	(103)	701	(121)	2,980	(87)	23.5	(136)
12353	143	**6.50**	(176)	5.21	(168)	10.00	(164)		70	(88)	658	(149)	3,037	(78)	21.6	(162)
12355	232	**7.50**	(140)	5.38	(160)	10.11	(162)		70	(85)	729	(105)	3,410	(35)	21.4	(165)
12357	85	**7.56**	(138)	5.75	(127)	12.67	(106)		62	(141)	648	(157)	3,695	(23)	17.5	(187)
12359	203	**7.50**	(140)	5.77	(124)	10.86	(148)		60	(152)	626	(167)	2,757	(125)	22.7	(148)
District[1]	3,297	8.78		5.71		16.36			58		676		2,799		24.1	
Berlin[1]	47,602	8.99		5.61		15.91			70		808		2,971		27.2	

1) median 2) includes operating costs (BBU 2013) 2.84 €/m² (western Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

Low asking rents in the Gropiusstadt

In the southwest of Neukölln are the Buckow West (12349) and Buckow East submarkets. Buckow East also includes parts of the Gropiusstadt, a large estate built in the 1960s and early 1970s. Its sometimes poor reputation has now improved. The Gropiusstadt is now regarded as a practical, leafy and, not least, value-for-money area that is situated near the edge of the city but nevertheless has good U-Bahn connections. Most of it is still in municipal ownership. The median asking rents in Buckow range between €6.50 and €7 per square metre, putting them at the lower end of the district scale. With an average household purchasing power of more than €3,000, the households in both areas have a housing cost ratio that is lower than the district average. In statistical terms, households have to spend around 21 to 22 per cent of their budgets for new lettings, including heating. The average for Neukölln is 24.2 per cent.



Pankow: Large supply and weaker rental growth

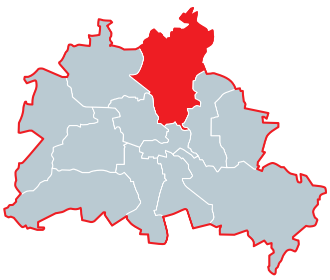
Central: Pankow's most desireable and most expensive areas are in Prenzlauer Berg – for example, near the historic water tower, now converted for residential use

Second only to Berlin Mitte, Pankow has the largest supply of rental apartments of all the districts: Almost 6,000 apartments on offer were recorded during the first three quarters of 2015. During the period under investigation, the median asking rent per square metre increased by 4.9 per cent, compared with the Berlin average of 5.1 per cent. However, the median rent in Pankow, €9.47, is appreciably higher than the city average and ranks in fourth place behind Friedrichshain-Kreuzberg, Mitte, and Charlottenburg-Wilmersdorf. Nevertheless, the district has very clearly differentiated parts. There are numerous area types, ranging from upmarket older buildings near the city centre to village-like settlements on the periphery, as well as a few large areas of residential estates in Buch, on the extreme edge of the district. Although Pankow has experienced the most growth of any Berlin district since the fall of the Wall, development has mainly been on infill and brownfield sites, and in high-density areas. Completely new subdistricts on green field sites, such as took place in Karow-Nord and Französisch Buchholz in the 1990s, are the exception. However, another may soon be added. The Berlin Senate plans to develop the Elisabethaue, another extensive green field site between Blankenfelde and Französisch Buchholz in the north of the district.

Housing on the expensive Kollwitzplatz

The front runner in median asking rent per square metre in Pankow has, for years, been the area around the popular Kollwitzplatz (postcode 10435), which directly adjoins Berlin Mitte. Its average of €12.01 per square metre ranks in fifth place in the whole of Berlin. Since 2011, this area has always been one of the six most expensive postcode areas in Berlin. Most recently, the asking rents on Kollwitzplatz have risen by 3 per cent, less than the comparable averages for the district and the city. However, it must be kept in mind that the absolute level of the asking rents already reached makes high growth rates difficult. In the lower and upper market segments, apartment-hunting households with a preference for this area are also having to dig deeper in their

City centre and periphery in one district



The south of Pankow has highly sought-after residential areas immediately adjoining the city centre, while in the north there are still wide expanses of undeveloped meadows and arable land. Nowhere else in Berlin are the city centre and the periphery so close to each other. With so many areas of undeveloped land, Pankow has the largest growth potential in Berlin. However, these potential sites are situated not only on the periphery but also in former rail freight and allotment garden areas, extensive car parks, and in sparsely-populated village-like subdistricts.

Development going north

In contrast, the development potential of the subdistricts near to the centre has largely been exhausted. A good proportion of the once numerous derelict and infill sites have now been built on, while those that remain are often problematic in terms of location or shape. For quite some time, developers and cooperative building associations have gone beyond the S-Bahn ring and are active around the centre of Pankow and in Weissensee. However, each of these areas has its drawbacks. In Pankow this is still the noise from planes landing and taking off at Tegel. The mediocre local public transport connections in Weissensee are a chronic problem. There are no pockets. The lowest decile of the apartments on offer costs an average of €7.46 per square metre, putting it in eighth place in the city. At €19.35, the most expensive segment, Kollwitzplatz, is actually in third place of all the areas of Berlin investigated. The housing cost ratio is the third highest in the district at 33.8 per cent. Household purchasing power here only ranks 76th of the 190 areas in Berlin.

To the east, around Prenzlauer Allee (10405), the median rent has increased more sharply and, at €11.80, is the second highest in the district. Average purchasing power and the housing cost ratio are similar to those in Kollwitzplatz. This area had the most apartments advertised, at more than 700. Nearby Helmholtzplatz (10437) had only slightly fewer: 660 advertisements. The median rent here ranks in third place in the district, although the household purchasing power is perceptibly lower than in the neighbouring areas. Nevertheless, even the bottom segment is expensive here: €7.14 per square metre is now being asked for the lowest decile of apartments.

Wide range of rents in Danziger Strasse

The averages in the Bötzowviertel and the adjoining neighbourhoods in the Danziger Strasse (10407) area and around Arnimplatz (10439) range between €10 and €11 per square metre. Danziger Strasse has the widest range of rents in the district. One of its extremes is the expensive upmarket segment. The median asking rent for the most expensive decile of apartments on offer here is €17.71 per square metre. At the other end of the scale, in the lowest decile, the figure is €5.76. Whereas the median rent on Danziger Strasse increased by 5.7 per cent, on Arnimplatz there was virtual stagnation, with an increase of only 1.1 per cent. The average household purchasing power there, €2,491, is lower than in all other parts of the Prenzlauer Berg inside the S-Bahn ring. However, the low-priced segment is only poorly represented: The cheapest apartments on offer now cost an average of €7.21 per square metre.

The area around Ostsee Strasse (10409) has the lowest average household purchasing power in the whole city, at €2,342 per month. The average size of the apartments on offer, 58 square metres, is the smallest in the district. The majority of the apartments date from the inter-war and GDR periods. The proportions of older and younger small households is particularly high here, which is one factor likely contributing to the low household purchasing power. Nevertheless, the median asking rent of €9.24 per square metre is high for an area with such low purchasing power. However, because of the small size of the apartments, the housing cost ratio is only 28.3 per cent, ranking 61st in Berlin. The landlords are also aware of the economic limits. This area is the only one in the Pankow district in which the median asking rent per square metre has actually slightly fallen (down by 0.2 per cent) year on year. The city planners and investors in new-build properties have shown interest in the enormous car park areas around Michelangelostrasse.

High housing cost ratios in central Pankow

Two areas in the central part of the district have caught up in terms of median asking rents, both now have figures around €9 per square me-

U-Bahn or S-Bahn connections anywhere in the subdistrict, and no prospect of any in the foreseeable future.

Totally new suburbs

The largest development project in the district in the next few years could be the development of the former railway goods station in Heinersdorf. However, there are objections and heated debates. Controversy aside, the over-40,000 square metre site harbours good potential for both commercial and residential development. Additionally, it benefits from good transport connections. Further to the north, in the estate areas like Niederschönhausen and Rosenthal, there are still sparsely-occupied or even undeveloped sites that could be individually developed. Not least, in anticipation of strong growth, a return to the 1990s strategy of developing entire new suburbs “at a stroke” appears to be looming. However, so far they lack good links to the city centre. This would also be a serious problem for other potential development sites away from the few S-Bahn lines. Building housing estates with only road access is no longer in line with contemporary standards. If the costs and the planning tally though, in the next few years the development areas of Pankow could attract several thousand new residents to the district.

tre. In Central Pankow (13187) the increase in the median rent, 0.7 per cent, has recently been only weak. In contrast, to the east around Neumannstrasse (13189) there has been a considerable increase, 6.1 per cent. The housing cost ratio is high in both areas, 30.5 per cent in Central Pankow and 29.6 per cent around Neumannstrasse, not least due to the low household purchasing power. Central Pankow ranks 135th among the 190 areas of Berlin, while Neumannstrasse is down in 182nd place.

The adjoining areas are very suburban in character, which is reflected in the median asking rents. Around Pistoriusstrasse (13086) in western Weissensee they are €8.94 and in Niederschönhausen (13156) €8.50 per square metre. The apartments on offer there average 74 square metres in floor area – the third largest in the district. Niederschönhausen is thus well above the €8 per square metre mark in terms of the median asking rent. It has many leafy areas with low density development and includes Schloss Niederschönhausen. Eastern Weissensee, around Buschallee (13088) is in the same price class, although the median asking rents per square metre have recently risen very strongly in both areas. In Niederschönhausen the increase was 6 per cent, while Buschallee actually recorded 10.2 per cent. There was also appreciable (5.7 per cent) growth in Rosenthal (13158) in the northwest of the district, where the average has now risen to €8.15 per square metre.

Shortage of supply on the periphery

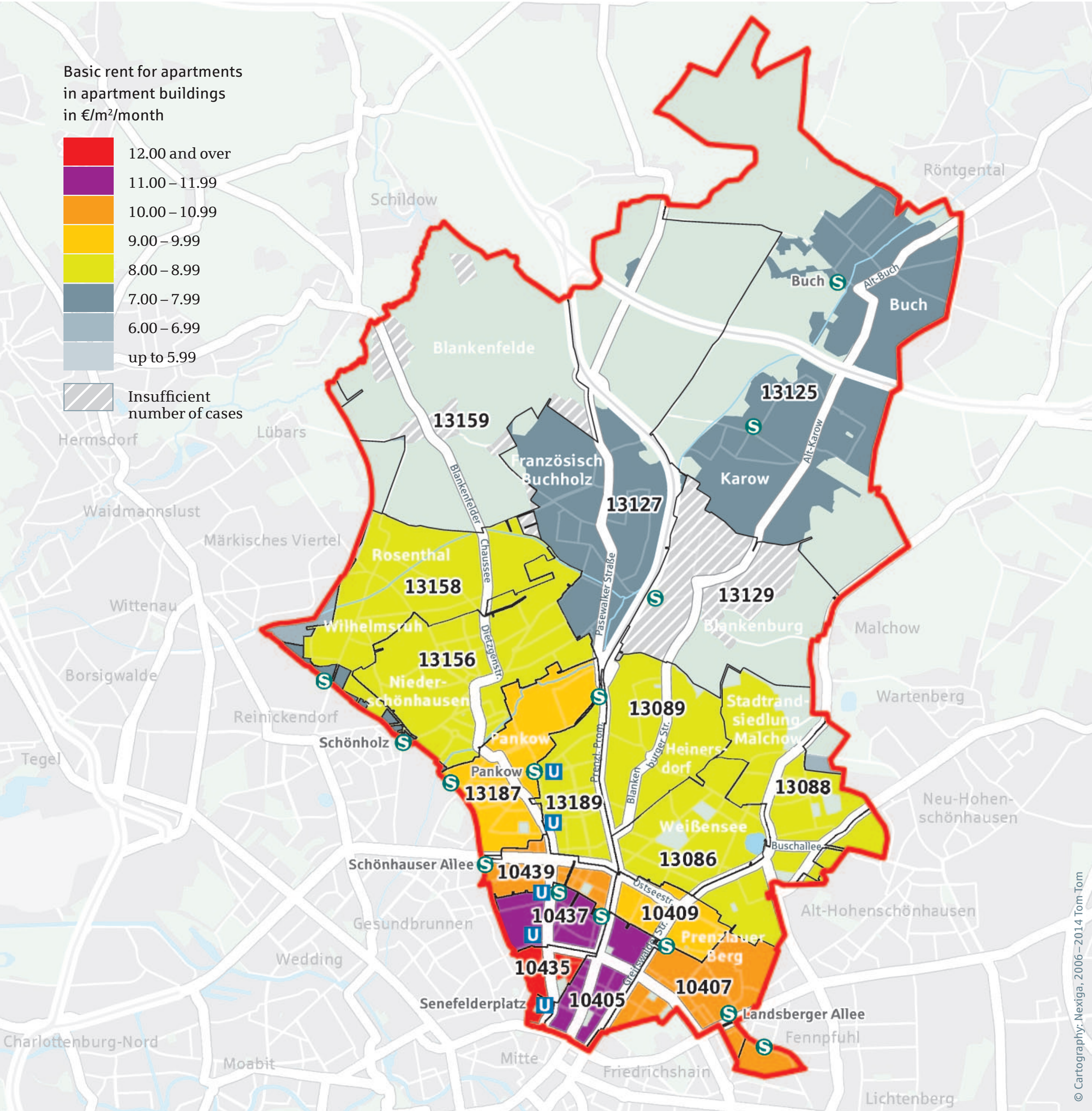
At the lower end of the scale of average rental values are, finally, Buchholz (13127) and the extensive Karow/Buch (13125) in the extreme northeast of the district. Buchholz has the cheapest apartments in the entire district. The median asking rent for the lowest-price apartments on offer is €5.58 per square metre. However Karow/Buch, at €5.59, also has comparatively low asking rents. This is despite the average household purchasing power in both these areas, around €3,200 to €3,300, being above average for Berlin. The housing cost ratio in Karow/Buch, 20.8 per cent, is the lowest in Pankow. Apartment hunters in Karow/Buch benefit from favourable conditions, even by comparison with the rest of the city. The housing cost burden in this postcode area ranked in 169th place of the 187 areas studied.

Two areas of the district have housing markets that, during the study period, were too small to allow reliable conclusions about asking rents and

Housing market data														
Post-code	Number of rental offers	Basic rent in all market segments[1] in €/m²/month		Basic rent in bottom market segment[1] in €/m²/month		Basic rent in top market segment[1] in €/m²/month		Housing cost: Apartment size, average in m²		Total housing cost[2], average in €/month		Household purchasing power, average in €/month		Housing cost ratio[3] in %
10405	719	**11.80**	(7)	6.63	(44)	17.39	(27)	72	(71)	1,018	(30)	2,990	(82)	34.0 (20)
10407	356	**10.57**	(31)	5.76	(125)	17.71	(23)	65	(119)	831	(69)	2,785	(122)	29.8 (46)
10409	218	**9.24**	(73)	5.75	(127)	15.80	(64)	58	(170)	663	(144)	2,342	(190)	28.3 (61)
10435	352	**12.01**	(5)	7.46	(8)	19.35	(3)	72	(72)	1,030	(29)	3,042	(76)	33.8 (21)
10437	664	**11.11**	(16)	7.14	(12)	17.73	(22)	70	(87)	941	(45)	2,735	(133)	34.4 (19)
10439	678	**10.12**	(37)	7.21	(11)	16.88	(35)	60	(153)	745	(97)	2,491	(176)	29.9 (44)
13086	434	**8.94**	(86)	6.67	(40)	13.04	(99)	68	(104)	757	(90)	2,613	(152)	29.0 (51)
13088	370	**8.46**	(104)	5.93	(110)	13.18	(96)	67	(105)	722	(108)	2,737	(132)	26.4 (92)
13089	34	**8.19**	(116)	6.31	(70)	10.00	(164)	69	(99)	716	(112)	3,270	(54)	21.9 (157)
13125	452	**7.08**	(156)	5.59	(142)	10.00	(164)	71	(84)	658	(148)	3,165	(62)	20.8 (169)
13127	287	**7.69**	(133)	5.58	(144)	10.66	(154)	76	(50)	755	(91)	3,274	(53)	23.1 (144)
13129	7	**—**		—		—		—		—		3,318	(46)	—
13156	446	**8.50**	(94)	6.63	(44)	12.08	(114)	74	(59)	801	(76)	3,174	(61)	25.2 (112)
13158	139	**8.15**	(119)	6.50	(54)	10.74	(151)	75	(57)	776	(86)	3,306	(50)	23.5 (138)
13159	6	**—**		—		—		—		—		2,958	(92)	—
13187	498	**9.00**	(79)	6.57	(47)	15.24	(69)	74	(64)	831	(67)	2,728	(135)	30.5 (39)
13189	280	**8.90**	(87)	6.10	(86)	14.91	(77)	65	(120)	721	(109)	2,435	(182)	29.6 (48)
District[1]	5,940	9.47		6.14		16.00		69		810		2,836		28.6
Berlin[1]	47,602	8.99		5.61		15.91		70		808		2,971		27.2

1) median 2) includes operating costs (BBU 2013) 2.25 €/m² (eastern Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

apartment sizes to be made. These are Blankenburg (13129) and the village-like area of Blankenfelde (13159). The latter two areas feature a high proportion of owner-occupied houses. There are hardly any rented apartments or offers of properties to let. In the face of Berlin's continued growth, city planners and investors are increasingly looking at the relatively sparsely-populated northeast region, where there is more room for property development than in other districts. In any event, the financial power of the residents is interesting. The average household purchasing power in Blankenburg, €3,318, is the highest in the whole district. Buchholz and Heinersdorf also enjoy purchasing power well above the average for Pankow.



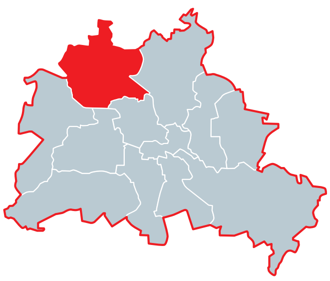
Reinickendorf: Up and coming, yet still reasonably priced

For a long period, the trend of the housing market in Reinickendorf was much calmer than in the city as a whole. Events in the city centre either had no or very little effect on this area, which is right on the north-western periphery. To some extent, the trend has now reversed. Whereas the rise in median asking rents per square metre has quietened in other districts, the average increase in Reinickendorf, 5.9 per cent, is higher than the 5.1 per cent average for the whole of Berlin. Nevertheless, the median asking rent in the district, €7.50 per square metre, is the third lowest in Berlin. The rise in the upper market segment, the most expensive decile of apartments on offer, is particularly striking. Although the Reinickendorf average of €11.67 per square metre is still the third-lowest in the city, it has recently increased by 11.1 per cent, faster than in all the other districts. However, the district is still far from being a true luxury market. This is found in the owner-occupier sector instead, with numerous villas, houses and condominium apartments in the most attractive woodland and waterfront locations. At the same time, Reinickendorf has something to offer for every budget. The lowest priced decile of the apartments on offer costs an average of €5.51 per square metre. This is also the third lowest figure in the city.

Highest rents on the periphery of the city

Unlike the other districts of Berlin, the rule that applies in Reinickendorf is: The further a subdistrict is from the city centre, the higher its rental values. The highest rents in the district are all being asked in the green landscape of lakes and rivers in the north and northwest. First place has been claimed by Konradshöhe (postcode 13505). By Berlin standards it is isolated, accessible only by traversing forests or by ferry across the water. Many residents of this sprawling area are able to enjoy living on or near the River Havel. However, the total market is small. The number of rental apartments recently offered on the market was the lowest in all the areas of Reinickendorf, putting the findings concerning rental values somewhat into perspective.
In second place are Hermsdorf (13467) and Frohnau (13465) in the north of the district. In Hermsdorf, the median asking rent has risen by a sprightly 6.9 per cent, to its current €8.50 per square metre. Despite this, the median asking rent in the area is still €0.49 less than the whole-city average of €8.99. The popularity of the area can be explained by its attractive location on the Tegeler Fliess (river) and the wooded Tegeler Forst; its generally upmarket villa character; and its good S-Bahn connection to the city centre. Frohnau, which adjoins Hermsdorf to the north, is the wealthiest area in Reinickendorf. Its average household purchasing power, €4,420, ranks third in Berlin as a whole. People with such good incomes can also easily afford what are, by district standards, high rents. Residents of Frohnau only have to spend 21.6 per cent of their average purchasing power to pay for an average apartment on offer, including operating costs. This is the lowest figure in the district, by a wide margin. As well as the subdistricts of Hermsdorf, Frohnau and Konradshöhe already mentioned, Heiligensee (13503) in the extreme northwest of Berlin is also one of the

Mixed-use area – satellite towns – suburbs dominated by villas



The district of Reinickendorf can be divided into three sections, in accordance with its structure of development. The southeast is dominated by mixed-use and small-scale structures. Large, separate residential areas are the exception. Instead, there are inevitably mixtures of commercial, retail and amenities of the most widely differing types. The rental apartment buildings date from every period since the Imperial era. They are of all types, from duplex houses with granny flats through to high-rise social housing. Currently, the south of Reinickendorf is suffering a double whammy. It is not only situated under the flight paths of Tegel airport, but since the 1990s it has also suffered from shrinking industrial areas that formally employed many people from the neighbourhood. The announced closure of Tegel airport and its conversion to a residential, working and, when possible, research location should mean that the subdistrict will benefit from greater peace in the skies and new, dynamic neighbours on the ground.
However, this also inevitably means that the largest employer in the district will be moving. Around 10,000 people work directly for the company that operates Tegel airport, with a similar number employed by other firms related to the airport.

11 wealthiest areas in the city. The median asking rent there is €8.48 per square metre. In all these areas, the average household purchasing power exceeds €4,000.

Closer to the centre – lower rents

In fifth place in the league table of rents in the district is Alt-Tegel (13507). It is situated somewhat closer to the city centre, and is more urban than the areas so far mentioned. Its median asking rent is €8.07 per square metre. There are attractive residential areas on the Tegeler Lake and on the Tegel Harbour. Although the average household purchasing power in the area, €3,138, is considerably less than in the other areas mentioned, it is still higher than the averages for Reinickendorf and the whole of Berlin. All the areas in the southeast and south of Reinickendorf have median asking rents ranging between €7.06 and €7.50 per square metre. The largest and relatively most expensive market during the period under consideration for this report is in Borsigwalde (13509), an area of medium-density estates to the east of Tegel village centre. Its postcode area includes a large commercial area in the south and, in the north, a district of detached houses and the "Freie Scholle" estate on both sides of the Waidmannsluster Damm. Next is the area around Residenzstrasse (13409) and the residential and industrial area of Eichborndamm (13403), the southernmost tip of which is badly affected by aircraft noise from Tegel airport. On the other hand, the lowest decile of the apartments on offer there is reasonably priced, at an average of €5.58 per square metre per month.

Suburban comfort: Parts of Reinickendorf offer a relaxed urban feel on the city outskirts, often with good transportation connections to central Berlin

Central locations around the town hall

Alt-Wittenau (13437) also has a mixed structure, albeit with heavy concentration on the residential segment. It also includes central amenities such as the Reinickendorf town hall. The median asking rent is €7.26 per square metre. The average household purchasing power, €2,913, is the highest in the southeast of Reinickendorf. Adjoining Alt-Wittenau is Alt-Reinickendorf (13407), where

High-rise satellite town

Reinickendorf has a second type of settlement that is a predominant feature of the district: Satellite towns dating from the 1970s. The Märkische Viertel must be mentioned first. With its 17,000 apartments, it is the second-largest estate of this type in the federal republic and in western Berlin. The formerly poor reputation of the Märkische Viertel, which is home to around 50,000 people, has at last improved. It is now regarded as a decent, if not particularly glamorous, suburb. During the last few years, the residential buildings here have been extensively thermally insulated, in the largest single project of this type to take place in Germany. The Rollberg estate in the eastern part of Waidmannslust (Schwarzwald estate) is a smaller, less well-known satellite town that non-locals sometimes regard as part of the Märkische Viertel. Its highlight is a 22-storey tower block, designed by the Philharmonic architect Hans Scharoun.

Scenic countryside

Areas which feature villas and detached homes comprise the third most common type of settlement in the district, and are found in the north and northwest of Reinickendorf: Frohnau, Heiligensee and Konradshöhe. They are known for the scenic qualities of their locations. Residents are never far from a river, lake, meadow. or forest. However, longer travel times to the city centre are the downside. Even if the property is close to an S-Bahn or U-Bahn station, journey time of around half an hour to the centre of Berlin must be taken into account.

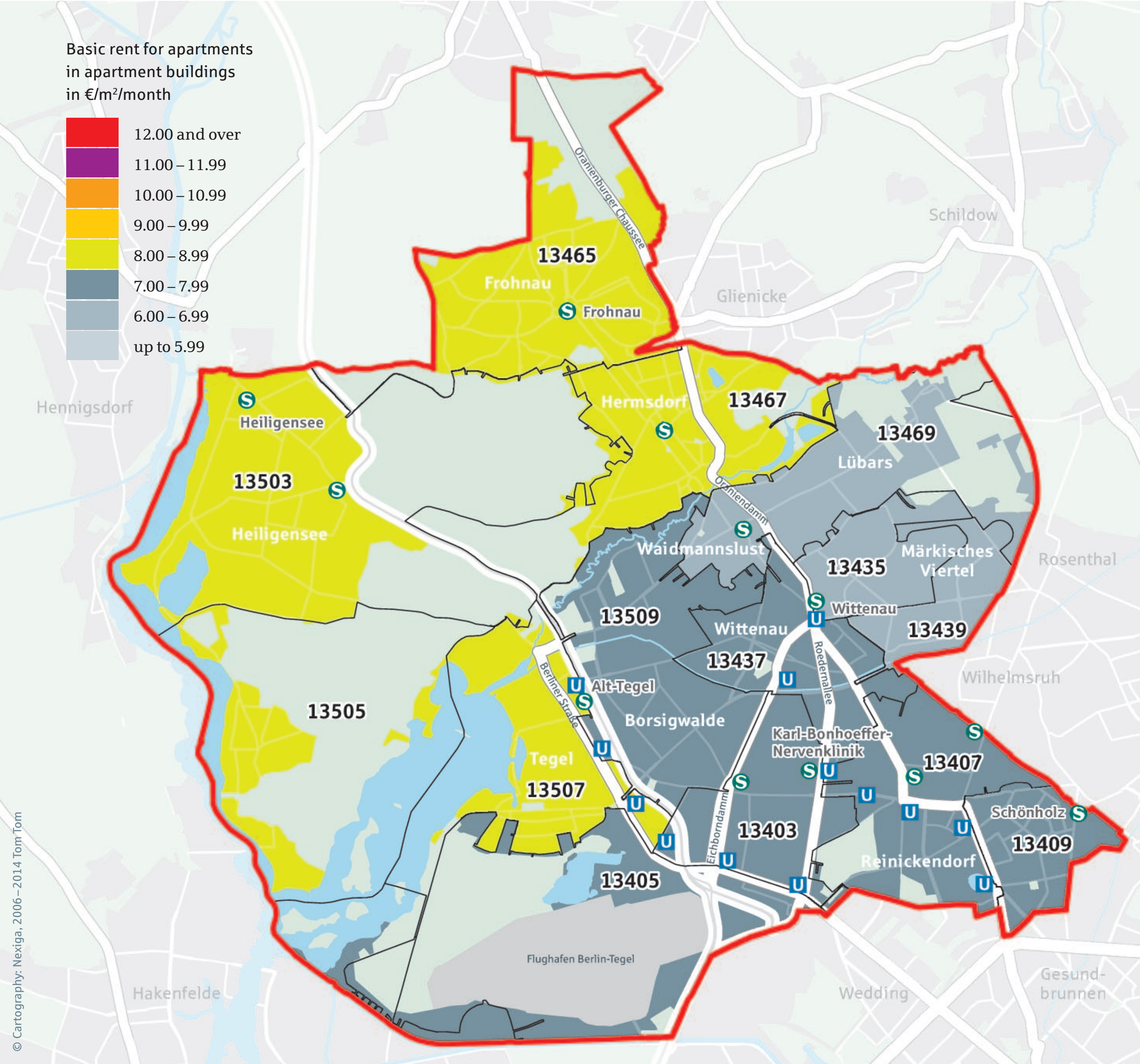
the median asking rent is €7.14 per square metre. It is particularly badly exposed to aircraft noise. Furthermore, local features do not compensate for this – neither the Schäfersee Lake nor the historic Dorfaue, nor the 1930's "Weisse Stadt" that, together with five other estates built in the same half of the 20th century, has been recognised as a UNESCO world cultural heritage site. Many single households, particularly pensioners, however contribute to the low average household purchasing power, which is only €2,432. This is the lowest figure in Reinickendorf and the eighth lowest in Berlin. Relatively small apartments are on offer here: The average floor area is 60 square metres. Asking rents in the last postcode area in Reinickendorf, the area around the Kurt-Schumacher-Damm (13405), are in excess of the €7 mark. It includes Tegel Airport and the small residential and mixed-use area to the east of it, as well as a barracks area. The median asking rent for the apartments on offer here is €7.06 per square metre. However, because of the large proportion of non-residential areas, the number of apartments recorded was small.

Housing market data									Housing cost							
Post-code	Number of rental offers	Basic rent in all market segments[1] in €/m²/month		Basic rent in bottom market segment[1] in €/m²/month		Basic rent in top market segment[1] in €/m²/month			Apartment size, average in m²		Total housing cost[2], average in €/month		Household purchasing power, average in €/month		Housing cost ratio[3] in %	
13403	311	**7.40**	(148)	5.58	(144)	11.54	(129)		64	(126)	657	(151)	2,540	(170)	25.9	(99)
13405	87	**7.06**	(157)	5.15	(170)	13.57	(93)		89	(14)	879	(56)	2,804	(117)	31.3	(29)
13407	329	**7.14**	(152)	5.60	(139)	11.00	(140)		60	(158)	596	(171)	2,432	(183)	24.5	(117)
13409	431	**7.49**	(146)	5.59	(142)	11.21	(137)		61	(151)	628	(166)	2,506	(174)	25.0	(113)
13435	83	**6.07**	(181)	5.52	(150)	10.71	(153)		78	(41)	699	(126)	3,046	(73)	22.9	(145)
13437	98	**7.26**	(149)	5.91	(112)	11.04	(139)		70	(94)	704	(118)	2,913	(99)	24.2	(128)
13439	69	**6.12**	(179)	5.53	(149)	12.00	(115)		78	(45)	699	(125)	3,010	(81)	23.2	(142)
13465	155	**8.50**	(94)	6.25	(74)	12.00	(115)		84	(27)	954	(41)	4,420	(3)	21.6	(163)
13467	145	**8.50**	(94)	6.56	(48)	13.00	(101)		84	(26)	954	(40)	4,065	(11)	23.5	(137)
13469	186	**6.51**	(175)	4.95	(179)	11.80	(123)		81	(35)	753	(92)	3,396	(37)	22.2	(154)
13503	72	**8.48**	(103)	6.48	(57)	10.78	(150)		84	(29)	947	(44)	4,193	(9)	22.6	(149)
13505	48	**8.53**	(92)	6.16	(82)	12.90	(102)		85	(21)	967	(35)	4,262	(7)	22.7	(147)
13507	219	**8.07**	(121)	5.10	(172)	12.00	(115)		69	(98)	749	(95)	3,138	(65)	23.9	(132)
13509	155	**7.50**	(140)	6.01	(94)	10.47	(155)		63	(131)	655	(155)	2,700	(139)	24.3	(125)
District[1]	2,388	7.50		5.51		11.67			70		725		3,112		23.3	
Berlin[1]	47,602	8.99		5.61		15.91			70		808		2,971		27.2	

1) median 2) includes operating costs (BBU 2013) 2.84 €/m² (western Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

Large increase in Waidmannslust

Finally, the district also has three satellite town areas. Of these, Waidmannslust (13469) has a few special features. The housing market here is divided between, on the one hand, villas and detached houses and, on the other hand, the high-rise blocks in the Rollberg estate. The wealthier areas predominate in this subdistrict – also in terms of household purchasing power, which averages €3,396 per month. Waidmannslust is ultimately the front-runner in the district in terms of the increase in asking rents. They have risen by 14.5 per cent, the largest rise in the whole of Berlin. It is possible that letting activities in the satellite town were subdued compared with the previous year, whereas in the villa areas, where there are also rental apartments, the rental market was livelier. Nevertheless, apartment-hunting households in Waidmannslust can still find reasonably priced offers. Despite the strong growth, landlords are asking an average of only €6.51 per square metre for new lettings here. The area is therefore among the 15 lowest priced in Berlin.



High purchasing power in the Märkische Viertel

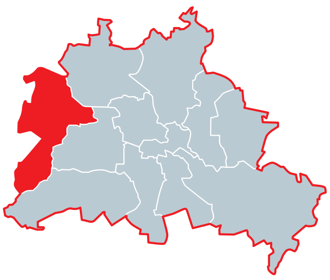
At the bottom of the rental league table for the district is the largest residential complex in Reinickendorf, the Märkische Viertel. This area is so extensive that it is divided into two post-code areas: Märkische Viertel East (13439) and Märkische Viertel West (13435). The median asking rents in the two areas are almost identical, coming in at €6.12 and €6.07 per square metre respectively. Both “Viertel” are therefore among the 10 lowest-priced subdistricts in all of Berlin’s 190 postcode areas. Only in parts of Spandau and Marzahn-Hellersdorf will apartment hunters find lower asking rents. During the period under consideration for this report, not many apartments were advertised in either part of the Märkische Viertel. Instead, quite a few are marketed locally or passed on to family and friends as follow-on tenants. The relatively small number of apartments that are offered publicly on the official rental market points to this being the case. The residents in these areas have household incomes that are above the Berlin average: €3,010 and €3,046 respectively.

Spandau: Greater demand for modest apartments than those of higher quality

Spandau has only followed the general trend on the Berlin housing market to a limited extent. Although the median asking rent has risen by 3.7 per cent here, this is less than the city average. The median asking rent in Spandau is now exactly €7 per square metre, €1.99 less than that for Berlin as a whole. The current rises in the lowest and highest segments of the market in Spandau are, however, much more considerable. The median asking rent in the lowest-priced decile has increased by 8.4 per cent, more than in all other districts. The sharp increase means that it is now easier to find tenants for modest apartments that had previously been difficult to market. The median rent in the lower-priced segment, €5.28, is however still the next-to-lowest in Berlin. The only district with a lower comparable figure is Marzahn-Hellersdorf (€4.98). The increase in the average rent in the topmost segment, the most expensive decile of the apartments on offer, is also striking. The 8 per cent increase here was only slightly exceeded by the figure in Reinickendorf. However, even in this segment Spandau still ranks next-to-lowest in Berlin as a whole. The median asking rent of €10.54 for this decile means that it can hardly be described as a distinct luxury segment.

Waterside living: Spandau offers many attractive residential locations on both sides of the Havel

A distinct industrial city



The westernmost district of Berlin is separated from the rest of the city by the River Havel and the heavily industrial Spree lowland. It has the typical structures of an independent industrial city. The core is the historic centre, with its medieval street network and the still recognisable former city wall ramparts. Around it are residential and commercial areas dating from the Imperial period, interspersed with numerous buildings that are more recent.The amenities, shopping, services and transport connections that include an ICE (high-speed train) station are, by a wide margin, the best in the district. Despite that, the asking rents in the historic centre and its surroundings are below the average for the whole district, because the noise and pollution from traffic and commercial activities can be high and the residential environments less than attractive. No tendency towards gentrification has so far been identifiable here. Spandau is almost 15 km from the centre of Berlin and the high-income middle classes are largely absent there.

Banks of the Havel

All the areas of the district to the east of the River Havel are dominated by large industrial areas, where housing is often only an ancillary function or

Low rents in high-rise blocks from GDR period

We begin our analysis of the individual areas in Spandau with the areas with the lowest asking rents, as these are the most dynamic at the moment. On Heerstrasse/Wilhelmstrasse (postcode 13593), the median rent per square metre has risen by 8.1 per cent. The increase in Falkenhagener Feld (13589) was even greater, at 9.0 per cent. Apparently, for reasons of price, apartment hunters who would previously have avoided this area are now turning to Spandau. The median asking rents of €5.76 per square metre in Heerstrasse/Wilhelmstrasse and €6.40 in Falkenhagener Feld are, however, still the lowest in the district, by a wide margin. Here as well, high-rise blocks from the period around 1970 dominate the local market. For suburban areas the amenities are reasonable, with green space fairly close by. However, the distances to the rest of Berlin are lengthy. For this reason, particularly in the Heerstrasse/Wilhelmstrasse area, some of the apartments are still only marketable at very low rents. Nevertheless, these areas are not poor: The average household purchasing power on Heerstrasse/Wilhelmstrasse is €2,908 and in Falkenhagener Feld €2,990. That is close to both the average for the whole of Spandau (€2,953) and the average household purchasing power in Berlin, which is €2,971. Correspondingly, the housing cost ratios in both areas are the lowest in the district. On Heerstrasse/Wilhelmstrasse, in statistical terms households have to spend an average of 20.4 per cent of their monthly purchasing power on housing. In Falkenhagener Feld the figure is 21.9 per cent. The average housing cost ratio for the whole district, 23.4 per cent, is considerably higher.

Homogenous rents around the historic centre

The median asking rent in the Altstadt/Stresow (13597) area, €6.68 per square metre, is somewhat higher. It has declined by 1.9 per cent since the previous year. Although the historic centre has an attractive location between the River Havel and the station, the majority of the residential accommodation is in relatively modest post-war buildings. To the east of the Havel, industry, large-scale retail and commercial premises predominate. Small groups of residential buildings are interspersed, albeit resulting in an only weak urban context. They are often affected by noise. The southern tip of area, the Tiefwerder peninsular with its many small watercourses, has a very attractive landscape. However, rental apartments are very seldom available there.
Moving up the rental league table are four neighbouring areas of Altstadt and Stresow, where the median asking rents are around €7 per square metre: To the west of the Altstadt is the area around Zeppelinstrasse (13583), to the north of it is Neustadt (13585), to the south Wilhelmstadt East (13595), while on the other bank of the Havel, north of Stresow, is Haselhorst (13599).
The latest increase in the median asking rent in Neustadt, 4.9 per cent, was the highest of these. Neustadt is the most urban of the four areas. It mainly comprises modest blocks dating from the Wilhelminian period, complemented here and there by post-war buildings. The U-Bahn station on the edge of the old town of Spandau is within walking distance of parts of the area and there are a few pleasant residential locations directly on the River Havel. These explain the relatively high level of asking rents in the topmost segment, which average €11.26 per square metre.

barely even possible. However, there are two concentrations of inter-war and post-war estates: Haselhorst and Siemensstadt. In both, the once-popular terraced format of development predominates, although Siemensstadt is considerably better connected to the rest of Berlin. In the 1990s, the city began an ambitious project to convert the commercial areas on the northern banks of the River Havel into residential and recreational areas. However, the growth projections at that time proved to be excessive, and some parts of the area are still waiting for planned changes. At the moment, this is also being hampered by the delay in the closure of Tegel airport, which has flight paths crossing the north of Spandau.

Coveted green outskirts

The large residential estates built around 1970 are closer to the core of Spandau than in comparable independent cities. Only 3 to 4 km separate the historic centre from Falkenhagener Feld and the high-rise agglomerations in Staaken, on either side of Heerstrasse. Both of these areas are at the bottom of the district league table of rents, because they have no direct rail connections to Berlin, rather unattractive architecture and social problems in some areas.

By district standards, high rents are being asked in the green areas in the extreme south, west and north of Spandau. The housing in these areas is mostly found in peaceful, green and well-maintained environments, although its residents have to accept that the journey into central Berlin can take up to an hour, whether by bus, leisurely S-Bahn or by car on the often traffic-clogged arterial roads.

However, the average household purchasing power in Neustadt, €2,520, is the lowest in Spandau. In addition, the apartments on offer are not particularly small, measuring 70 square metres on average. Moderate purchasing power, coupled with mid-range rents and very large apartments results in the highest housing cost ratio in the district. In Neustadt, this amounts to 27.3 per cent. Nevertheless, there is also a prominent lower end of the market. The cheapest decile of the apartments are on offer at only €5.05 per square metre.

Low-priced housing around Zeppelinstrasse

The average household purchasing power in the area around Zeppelinstrasse is only €29 per month higher than in Neustadt. The structure of the buildings is, however, very different. It comprises almost exclusively terraces dating from the inter-war and post-war periods. In those days the layouts were particularly parsimonious and the floor areas small, so that the apartments now on offer in this area, averaging 64 square metres, are the smallest in Spandau. The housing cost ratio is therefore quite a bit lower, at 24.2 per cent. Nevertheless, it is not easy to switch to very low-priced apartments, because in this area the median asking rent for the lowest segment, €5.71 per square metre, is higher than in the surrounding areas. The average household purchasing power is somewhat higher in the other two areas, where the median asking rents are around €7 per square metre. In Haselhorst it is €2,744, while households in Wilhelmstadt, to the east, have an average purchasing power of as much as €2,850 per month. This includes the area dating pre-

Housing market data						Housing cost			
Postcode	Number of rental offers	Basic rent in all market segments[1] in €/m²/month		Basic rent in bottom market segment[1] in €/m²/month	Basic rent in top market segment[1] in €/m²/month	Apartment size, average in m²	Total housing cost[2], average in €/month	Household purchasing power, average in €/month	Housing cost ratio[3] in %
13581	230	**7.11** (154)		5.29 (163)	10.89 (147)	70 (86)	701 (122)	2,869 (106)	24.4 (119)
13583	288	**6.81** (167)		5.71 (132)	9.00 (180)	64 (128)	616 (168)	2,549 (168)	24.2 (127)
13585	390	**7.00** (162)		5.05 (174)	11.26 (135)	70 (91)	688 (128)	2,520 (172)	27.3 (73)
13587	272	**7.04** (158)		5.90 (113)	9.32 (176)	69 (97)	679 (135)	2,756 (126)	24.6 (115)
13589	218	**6.40** (177)		5.20 (169)	9.26 (177)	71 (81)	654 (156)	2,990 (83)	21.9 (158)
13591	165	**7.11** (153)		5.27 (165)	10.37 (157)	74 (61)	739 (101)	3,315 (47)	22.3 (152)
13593	183	**5.76** (186)		4.42 (187)	10.00 (164)	69 (96)	594 (173)	2,908 (100)	20.4 (172)
13595	377	**7.00** (162)		5.50 (151)	10.17 (161)	67 (107)	661 (146)	2,850 (110)	23.2 (143)
13597	150	**6.68** (172)		5.00 (175)	11.70 (126)	72 (75)	683 (133)	2,798 (119)	24.4 (120)
13599	160	**7.03** (160)		5.73 (131)	10.09 (163)	67 (108)	662 (145)	2,744 (130)	24.1 (129)
13629	156	**7.87** (129)		5.50 (151)	13.64 (92)	66 (112)	705 (117)	2,675 (143)	26.4 (93)
14089	168	**8.72** (90)		6.00 (96)	12.78 (103)	92 (11)	1,066 (24)	4,418 (4)	24.1 (130)
District[1]	2,757	7.00		5.28	10.54	70	690	2,953	23.4
Berlin[1]	47,602	8.99		5.61	15.91	70	808	2,971	27.2

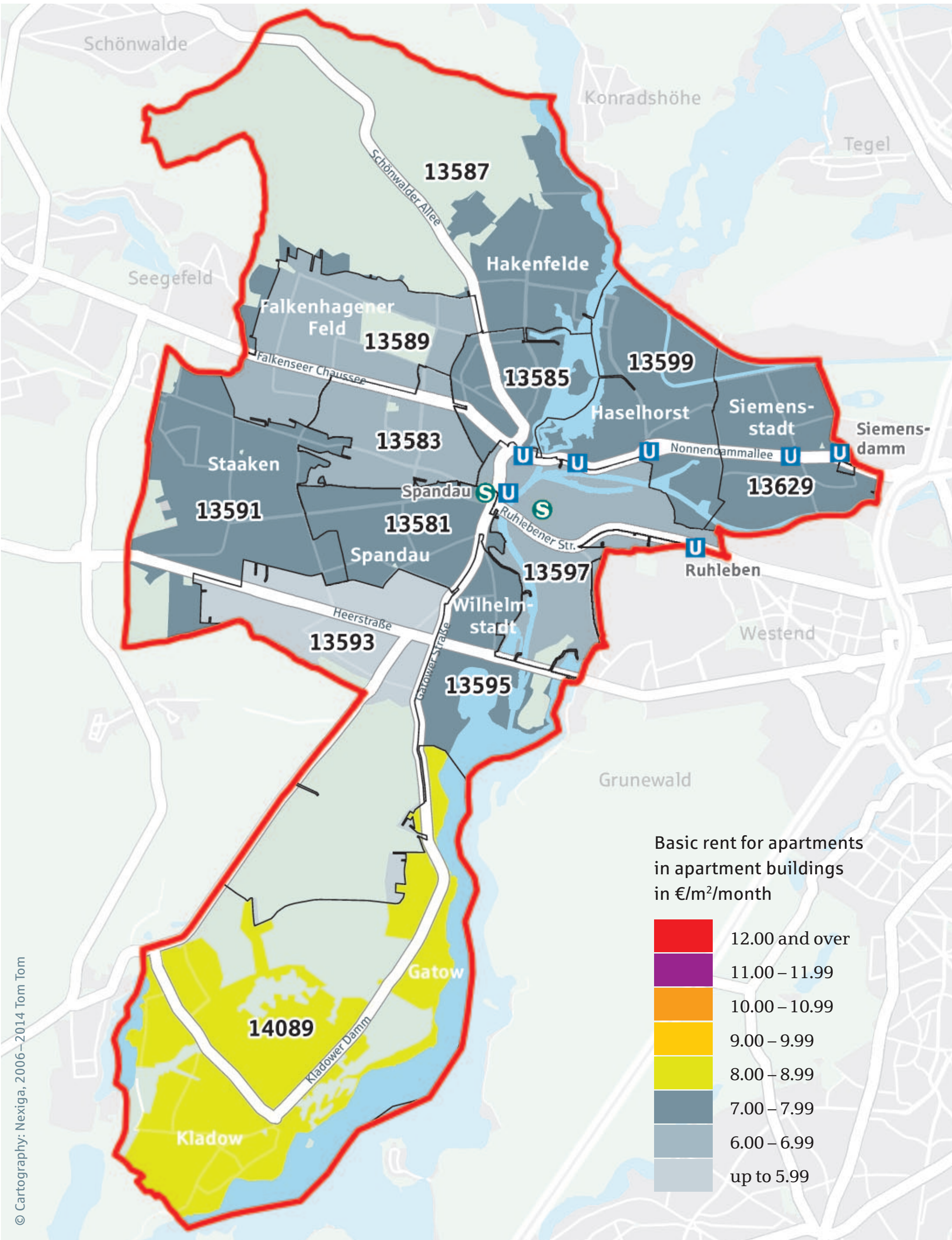
1) median 2) includes operating costs (BBU 2013) 2.84 €/m² (western Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

dominantly from the Imperial era to the south of central Spandau, the apartment complexes near Heerstrasse, and leafy Weinmeisterhöhe and Pichelsdorf, close to the waterfront. The very uniform terraces of the early 1930's "Reichsforschungssiedlung" (Imperial research estate), which is now a listed monument, form the core of Haselhorst. Rental growth in this area is modest: The latest annual increase in the median asking rent was only 0.6 per cent. In Wilhelmstadt East the increase was 1.3 per cent.

Highest rents on the edges of the district

Two outer areas and one central part of Spandau have rents slightly above the €7 mark: Hakenfelde (13587) right in the north, with €7.04 per square metre of apartments on offer; Staaken (13591) in the extreme west, at €7.11; and Klosterfelde (13581), to the southwest of the historic centre, also with €7.11. Staaken has the second-highest average purchasing power in the district, €3,315, while the housing cost ratio there is correspondingly low, at 22.3 per cent.

The ratio for tenants in this area may well be higher, though, because there is a large proportion of wealthy owner-occupiers.
Siemensstadt (13629), where the median asking rent has increased by 10.7 per cent to €7.87 in only one year, is already approaching the €8 mark. It is the easternmost area of the district and therefore the closest to the city centre, putting it firmly in the sights of apartment hunters from the more central subdistricts. A special case in a number of respects is Gatow/Kladow (14089), the most expensive area in Spandau. The median rent there, €8.72 per square metre, has recently risen by 8.3 per cent. Gatow/Kladow is in an isolated location in the extreme south of the district, surrounded by lakes, rivers and extensive areas of fields. It has a high proportion of detached houses. These features explain why this area of Spandau has the fourth-highest average household purchasing power in Berlin: €4,418 per month.



Steglitz-Zehlendorf: Moderate rents in a district dominated by owner-occupiers

Busy high street: With its four shopping centers, Schlossstraße in Steglitz is one of the most popular shopping areas in Berlin. Apartments in the side-streets are valued for their good location and transport connections

Although the most south-westerly district of Berlin has the highest average household purchasing power, the median asking rent, €8.92 per square metre, is slightly below the city average and ranks only fifth of all the districts in the city. Compared with the city as a whole, the 4.0 per cent rental growth in the study period was also below average. One reason for this moderate trend is clear. All the four districts with higher rental values are either totally or partly in the inner city, where housing is generally more in demand than in the peripheral areas. If only the latter are considered, Steglitz-Zehlendorf has the highest median rent of all the peripheral districts.

Another factor is that higher income earners, in particular, prefer to live in owner-occupied housing, so that the average purchasing power of the tenants in the area may well be lower. This also explains why the average rent in the top segment of this district ranks in only seventh place in the city and is appreciably less than the overall average. The latest median asking rent for the most expensive decile of rental apartments on offer is €13.48 per square metre, i.e. €2.43 lower than the average in the same decile for the whole city. Steglitz-Zehlendorf is home to some of the city's more expensive and even luxurious housing, although in this district it is mainly in the form of individual owner-occupied rather than rental apartments.

No high-priced market in the posh area

The undisputedly most expensive part of the district is the "villa" area of Dahlem (postcode 14195).

More than exclusive villas

Steglitz-Zehlendorf is the most extensive leafy residential area in the city. Part of Europe's largest contiguous exclusive residential area extends through its northwest. This stretches from the Grunewald subdistrict of Wilmersdorf out to Potsdam. Although the so-called "villa" area is predominantly owner occupied, there is also a rental market. Some formerly upper-class houses have been converted to apartments, while elsewhere urban villas with apartments have been constructed on large sites. However, Zehlendorf also includes a large area of apartment blocks, primarily in interwar estates, and the former American military quarters.

There are other areas of rental housing close to the B1 federal road and in the south of Zehlendorf. However, most of the buildings have no more than three or four storeys.

Overall, the district has a wide variety of buildings and social structures. It is a long way from being the homogenous suburb that its image suggests. There is a sharp decline in purchasing power and rents from west to east. All the areas with higher values are in the Zehlendorf subdistrict, while rents in many parts of Steglitz are in line with, or even less than, the Berlin average. There are also upper class and owner-occupied areas in Steglitz, although they make up a smaller portion of the housing stock.

Country house areas

Steglitz includes the upper-class and historic country house area of Lichterfelde. Although they appear to be

Its average household purchasing power is €5,060, the highest in Berlin, although the median asking rent of €11.50 ranks only in 11th place in the city. The growth rate of 3.5 per cent is slightly less than the average of the whole district and below the average rate of increase for all of Berlin. The average size of the apartments on offer here, 105 square metres, is among the largest in the district. This results in the total housing costs averaging €1,503 per month – 29.7 per cent of household purchasing power. Dahlem therefore has the highest housing cost ratio of any area of the district. However, this is not an indication of any kind of social problem but rather is freely accepted, as it leaves enough capacity for other expenditure in the large total budget. The most expensive decile of the apartments in Dahlem are on offer at an median rent of €12.49 per square metre. This is the fourth-highest figure in the district, although it is considerably less than the asking rents in this segment in the top Berlin locations.

Zehlendorf Southeast (14167) almost reaches a double-digit median asking rent. Following an increase of 6.1 per cent, the median asking rent here is now €9.97 per square metre. Rental apartments are concentrated in the northernmost area around the Sundgauer Strasse S-Bahn station; on Teltower Damm in the southwest; and on the former US military site in the south. The front-runner in the €9 to €10 per square metre bracket is the Clayallee South (14169) area. Its relatively high ranking is not just due to its lush greenery but also its centrality in the subdistrict and its good transport connections, which include two S-Bahn stations and a U-Bahn station. Although its average household purchasing power of €3,632 ranks 25th in Berlin as a whole, it is the next-to-lowest in the Zehlendorf subdistrict.

A price peak in urban Steglitz

Ranking in fourth place in the rental league table of the district is Lichterfelde West (12205). Part of Steglitz, it has an abundance of upmarket houses, and an average household purchasing power in excess of €4,000. Schildhornstrasse (12163) is also situated in the northernmost part of Steglitz. This includes the Schlossstrasse shopping street and densely developed residential areas. Its disadvantage is its proximity to the very noisy motorway feeder road. Nevertheless, the area has the fifth-highest median asking rent for apartments in the district: €9.25 per square metre. This is due to the excellent amenities in the area, the attractive residential environment in some of the side streets, and the proximity to the city centre of the whole of Steglitz-Zehlendorf. The journey time to Kurfürstendamm is only 10 minutes by U-Bahn, while the Brandenburg Gate is only a 15-minute S-Bahn ride away.

Next in the rental league table are two areas in Zehlendorf. First, with an median asking rent of €9.09 per square metre is Nikolassee/Schlachtensee (14129), an area with top upmarket housing locations on the lakeshore of the Schlachtensee and around the Rehwiese park. This area shares with Dahlem the record-largest apartments in Berlin. The apartments on offer have an average floor area of 105 square metres. However, as

somewhat more modest than the large upper-class area in Zehlendorf, they are still very stylish. The areas of detached houses are not as extensive as in Zehlendorf and are more frequently interspersed by apartment block areas, allotment gardens and sometimes even by commercial properties and areas. By city standards, however, they are among the particularly sparsely developed and affluent areas. The further east that one goes in Steglitz, the more urban the development structure becomes. In the north and in the centre of Lichterfelde there are extensive stretches where there are only apartment blocks. Although these are nearly all in leafy surroundings, the apartments are often very small. The level of comfort, particularly in the older buildings, is typical of the date when they were built.

Urban density in Steglitz

The core of Steglitz is metropolitan, with densely developed old buildings, a highly concentrated shopping centre on Schlossstrasse, office buildings, and major transport hubs. To the east of these are older districts with many small, modest apartments, low rents and tenants with partly low purchasing power. Lankwitz and Lichterfelde South are districts like those found in many other places outside the centre of Berlin and on the periphery. They include modest pre- and post-war estates, a large power station and a small satellite town dating from around 1970. There are also still large undeveloped areas, where apartments will be built in future.

the median rent per square metre is only in 75th place in the city, the total monthly cost of a statistically average apartment is not excessively high. The housing cost ratio is 28.3 per cent, which is lower than the equivalent in Dahlem. The second area is Central Zehlendorf (14163), which has an median asking rent of €9.01. It stretches from the lakeshore of the Krumme Lanke to the southern boundary of the city in Düppel.

High purchasing power, inexpensive periphery

The Wannsee (14109) area, in the extreme western end of the district, has a similar level of rents to the last two mentioned: €9 exactly. It has pleasant waterside locations, many attractive residential buildings and Berlin's fifth-highest average household purchasing power. However, because of its peripheral location, the rents are in line with the overall average for Berlin. The area around Fichtenberg (12165) is in the bracket that is just under €9. It has attractive villas on the eponymous hill, but also apartments near the Steglitzer Kreisel that are badly affected by noise and pollution, and densely developed blocks near to the Rathaus Steglitz S-and U-Bahn station. Only a small number of apartments have been on offer recently, which puts the absolute level of rents determined into perspective. This is even lower, at €8.60, in Unter den Eichen (12203), despite its proximity to the centre of Steglitz. Here, however, the apartments advertised are much smaller than those on Wannsee and the household purchasing power is lower. The median asking rents of €8.50 in the attractive area of older buildings around the Stadtpark (12167), which extends almost to the centre of Steglitz, are slightly lower. Only parts of its eastern section, on Steglitzer Damm and on Halskestrasse, are unappealing because of heavy traffic. Property owners in Zehlendorf Southwest (14165) are also asking €8.50 per square metre. This area has the highest concentration of apartment blocks anywhere in Zehlendorf and has the lowest-ranking purchasing power in the subdistrict. Admittedly, Zehlendorf Southwest, with its average household purchasing power of €3,368, is still one of the 25 per cent of the most affluent areas in Berlin.

Lowest rents in the far southeast

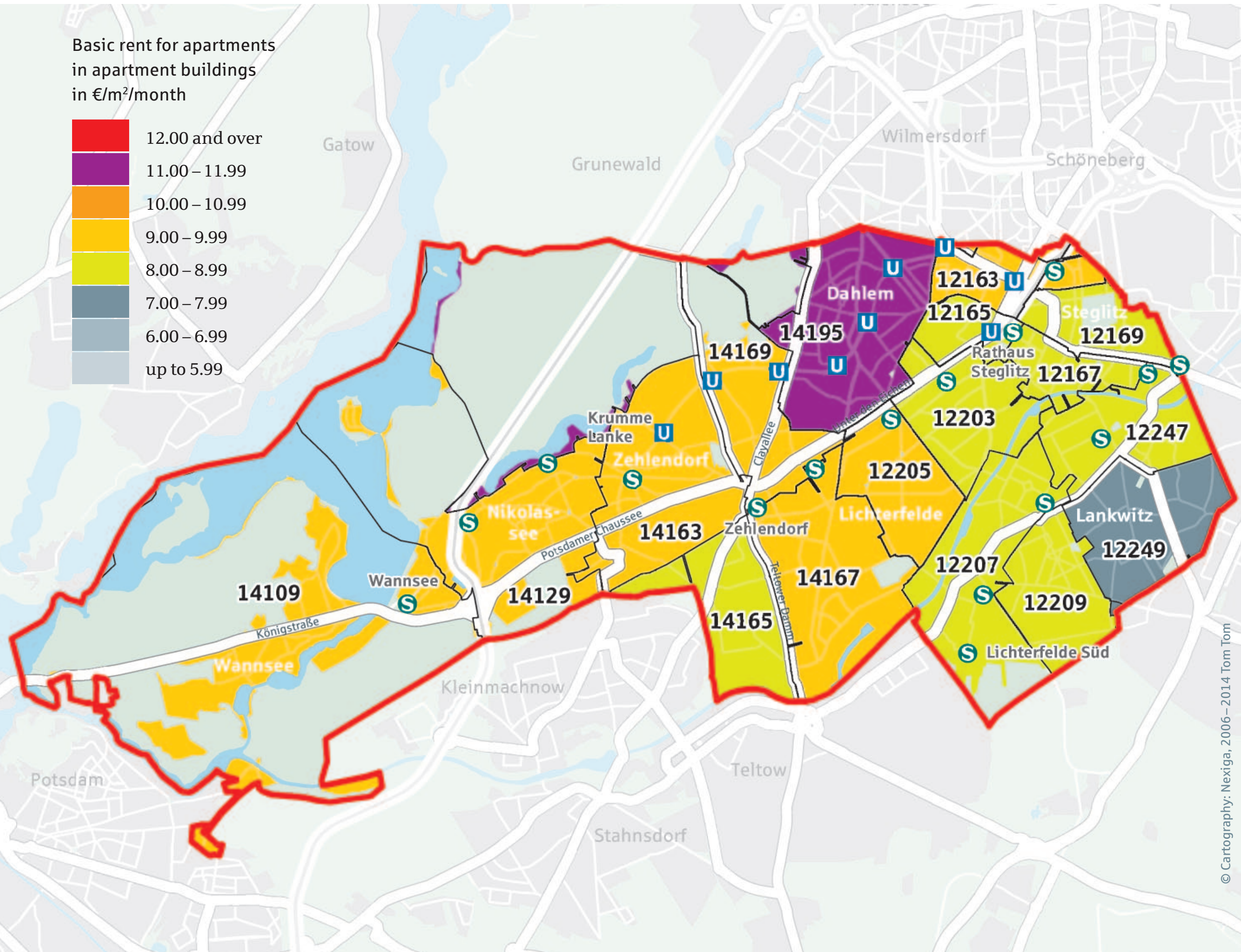
All the areas with median asking rents below €8.50 per square metre are in the Steglitz subdistrict. In the extreme northeast of Steglitz is the area around Albrechtstrasse and Bergstrasse (12169). This features a great deal of plain and

Housing market data					Housing cost			
Post-code	Number of rental offers	Basic rent in all market segments[1] in €/m^2/month	Basic rent in bottom market segment[1] in €/m^2/month	Basic rent in top market segment[1] in €/m^2/month	Apartment size, average in m^2	Total housing cost[2], average in €/month	Household purchasing power, average in €/month	Housing cost ratio[3] in %
12163	239	**9.25** (72)	6.52 (52)	16.00 (54)	70 (93)	845 (63)	2,981 (86)	28.4 (58)
12165	66	**8.99** (83)	6.49 (56)	15.38 (66)	76 (52)	895 (52)	3,314 (48)	27.0 (79)
12167	269	**8.50** (94)	5.94 (108)	13.02 (100)	71 (79)	806 (75)	2,918 (98)	27.6 (71)
12169	200	**8.25** (112)	6.05 (91)	12.53 (110)	62 (146)	685 (131)	2,816 (115)	24.3 (123)
12203	303	**8.60** (91)	6.00 (96)	11.81 (122)	73 (70)	830 (70)	3,365 (44)	24.7 (114)
12205	227	**9.34** (70)	5.60 (139)	14.12 (88)	79 (40)	960 (38)	4,039 (12)	23.8 (134)
12207	246	**8.00** (123)	5.57 (146)	10.99 (145)	84 (25)	913 (50)	3,202 (58)	28.5 (55)
12209	152	**8.19** (115)	6.00 (96)	11.17 (138)	86 (17)	952 (43)	3,878 (14)	24.6 (116)
12247	222	**8.08** (120)	6.12 (84)	12.18 (113)	73 (66)	797 (78)	3,131 (66)	25.5 (109)
12249	246	**7.50** (140)	5.83 (120)	10.98 (146)	64 (125)	665 (143)	3,050 (72)	21.8 (159)
14109	120	**9.00** (79)	6.09 (87)	12.68 (105)	90 (13)	1,060 (25)	4,349 (5)	24.4 (122)
14129	129	**9.09** (75)	6.42 (58)	12.72 (104)	105 (2)	1,255 (9)	4,430 (2)	28.3 (59)
14163	144	**9.01** (77)	6.28 (73)	13.57 (93)	84 (23)	1,000 (33)	4,220 (8)	23.7 (135)
14165	185	**8.50** (94)	5.74 (129)	12.29 (112)	76 (49)	863 (59)	3,368 (43)	25.6 (105)
14167	248	**9.97** (52)	6.75 (38)	14.02 (89)	87 (16)	1,117 (18)	4,101 (10)	27.2 (74)
14169	180	**9.51** (65)	7.13 (15)	15.30 (68)	77 (47)	953 (42)	3,632 (25)	26.2 (96)
14195	319	**11.50** (11)	8.00 (2)	14.29 (87)	105 (3)	1,503 (3)	5,060 (1)	29.7 (47)
District[1]	3,495	8.92	6.06	13.48	80	937	3,545	26.4
Berlin[1]	47,602	8.99	5.61	15.91	70	808	2,971	27.2

1) median 2) includes operating costs (BBU 2013) 2.84 €/m^2 (western Berlin) and 2.55 €/m^2 (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

simple architecture dating from the inter-war period. The apartments on offer here are, by a wide margin, the smallest in Steglitz-Zehlendorf. They average only 62 square metres. The average household purchasing power is also the lowest in the district. Lichterfelde Southeast (12209) is an idyllic subdistrict, although situated a long distance from urban activities and lacking an abundance of amenities.

Three areas in the extreme southeast have the lowest median asking rents in the district. The median asking rents in Lankwitz North (12247)



and on Ostpreussendamm (12207) have just reached or slightly surpassed the €8 per square metre mark. Lankwitz North has many modest older buildings, as well as rental apartments in the leafy area to the west of the Lankwitz S-Bahn station. The Ostpreussendamm area includes the Thermometersiedlung, so called because of its roads named after Celsius, Reaumur and Fahrenheit. It is a typical large estate suburb of the period around 1970, dominated by high-rise buildings and with a sparsely frequented subdistrict centre. Apart from that, it includes areas of medium to low density development on either side of the Teltow canal. At the bottom of the district league table, with an median asking rent of €7.50 per square metre, is Lankwitz South (12249), where there are many rental apartments on a large estate dating from the early post-war period.

Tempelhof-Schöneberg: Between peak central rents and low-priced periphery

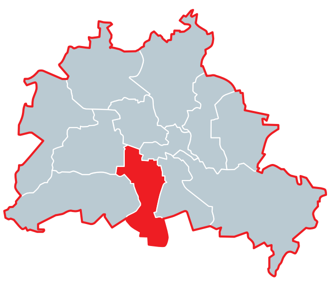
Varied styles: Schöneberg's Eisenacher Strasse is in the popular north

In purely statistical terms, Tempelhof-Schöneberg almost exactly correlates with the Berlin average. The median asking rent per square metre is only €0.08 lower, while its growth in the study period was 0.1 percentage points higher. The average household purchasing power, €3,051, is only slightly higher than the Berlin average. However, these are all overall averages that give no indication of the differentiated internal structure of the district. The most important influence on rental value is proximity to the city centre. It is no coincidence that, for years, the area around Viktoria-Luise-Platz (postcode 10777) has been the front-runner in median asking rents in the district. The rent there has just risen by 6.8 per cent, to €11.07 per square metre. This area has the highest average household purchasing power in the Schöneberg subdistrict, although not in the district as a whole. However, nowhere else in Tempelhof-Schöneberg do total housing costs absorb such a great proportion of purchasing power. The housing cost ratio is 37.3 per cent, making it the seventh-highest in Berlin. This is due, not least, to the generous proportions of the residential accommodation. This area holds first place in the district for the size of the apartments on offer, which average 90 square metres of floor area.

Attractive areas in the northwest

Next in the rental league table comes the area with the smallest apartments on offer in the district, Alt-Schöneberg (10823), where the average floor area is only 58 square metres. It is an attractive area of older buildings, including the "Akazienkiez" with its numerous cafés and

Multiple north-south divides



The housing rental market in Tempelhof-Schöneberg is clearly bifurcated. All the areas of Schöneberg have average asking rents in excess of €9 per square metre; while all but one of the areas of Tempelhof are below this threshold. Schöneberg mainly comprises areas that were developed during the Imperial era and are still dominated by older buildings. In turn, it has an internal rental boundary that almost exactly aligns with the S-Bahn ring. Inside, the average asking rent in all the areas is €10 or above. Outside the ring, in the Friedenau subdistrict of southern Schöneberg, it is between €9 and €10 per square metre. Although Friedenau has leafy and quieter streets and the buildings have fewer storeys than in northerly Schöneberg, the location of the latter, closer to the city centre, is more important. This is demonstrated in particular by the peak values in the wider surroundings of Tauentzienstrasse, the eastern continuation of Kurfürstendamm.

Diverse Tempelhof

Within Tempelhof, there is also a tendency for a north-south divide, albeit without such a clear boundary. The most expensive, typically enough, is its only residential area inside the S-Bahn restaurants. The average household purchasing power is over €500 less than that in Viktoria-Luise-Platz, although, because of the smaller apartments, the housing cost ratio is also far less. Between these areas – in terms of geography as well as apartment sizes and household purchasing power – is the area around Bayerischer Platz (10779). The median asking rent there is slightly lower. However, its latest rental growth rate, 11.5 per cent, is one of the highest in Schöneberg. The attractive areas close to the city centre also include the vicinity of Winterfeldtplatz (10781). Like the surroundings of Bayerischer Platz, it has an median asking rent of €10.07, though here there was only a slight increase: 0.7 per cent.

An island finds a connection

Three areas have median asking rents of exactly or only slightly above €10 per square metre: Rathaus Schöneberg (10825), Crellestrasse (10827) and the Schöneberger Insel (10829). The asking rents there have risen by 4.5 to 5.3 per cent recently. Whereas the average household purchasing power in the first two areas is close to the Berlin average, it is almost €400 lower on the Schöneberger Insel. The offered apartments are also more modest in size, averaging 58 square metres. The former working-class area is an "island" because of the railway tracks that surround it, although parks and green corridors are now being constructed nearby. The Südkreuz ICE (high-speed train) station and the Energy Forum have also increased the attractiveness of the area.
In the south and east of the subdistrict are the sections of Schöneberg where asking rents range between €9 and €10: Breslauer Platz (12159); Friedrich-Wilhelm-Platz (12161); and Grazer Damm (12157) are together designated as the Friedenau subdistrict, outside the S-Bahn ring, in effect a lower-density version of the typical older neighbourhoods of Berlin.
The Bülowbogen (10783), which has an median asking rent around €0.30 lower than those of Breslauer Platz and Friedrich-Wilhelm-Platz, is a socially-challenged former urban improvement area, badly affected by traffic, in the north of Schöneberg. Nevertheless, with the opening of the Park am Gleisdreieck immediately opposite, the environmental quality has sharply improved, and journey times to the city centre are shorter.

The only terraced housing in the inner city

Tempelhof North (12101) is special for three reasons. It is the only part of Tempelhof to be inside the S-Bahn ring, the only area in which the median asking rent has reached the €9 mark, and the only part of the inner city to have mainly terraced houses rather than apartment blocks. This is the only part of Berlin in which an owner-occupied home with garden can be just a 10-minute U-Bahn ride from Friedrichstrasse. Better still, directly to the east, instead of the old Tempelhof airport with its aircraft noise, there is now undeveloped land with leisure and sports facilities on the former airport site.
The areas with median asking rents ranging between €8 and €8.55 per square metre are outside the inner city and nearly all are in the northern half of Tempelhof. Tempelhof West (12103) is the closest to the city centre. It has Tempelhofer Damm as a lively shopping street and very attractive residential areas with small ring. At the other end of the league table are the areas on the southern city boundary, in Lichtenrade and Marienfelde.
Tempelhof is an extremely mixed subdistrict, in which older and newer residential areas, high-rise blocks and areas with detached houses, commercial and infrastructure space and parks and allotment gardens are often cheek by jowl. The north, closer to the city centre, generally tends to be more densely developed, although it also has estates of detached houses. Conversely, in the south there are densely developed subdistrict centres and housing estates.

Widening of Kreuzberg?

Since 2014, the area with the greatest development potential has been the site of the former Tempelhof airport, in the extreme northeast of the district. In the wake of a popular vote, however, it is subject to complete development freeze. Not even new cycle paths may be created.
In the next few years, no one will want to upset the political situation here. However, with continuing development pressure and lessening enthusiasm for the open space, this could change. In the long term, it is possible that development could take place on an even more intensive scale than that planned for a few of the peripheral areas before 2014. If housing in the inner city is still as popular then as it is now, the former airfield could become a type of southern extension of the adjoining Kreuzberg, combining the urban qualities of the 19th and 21st centuries.

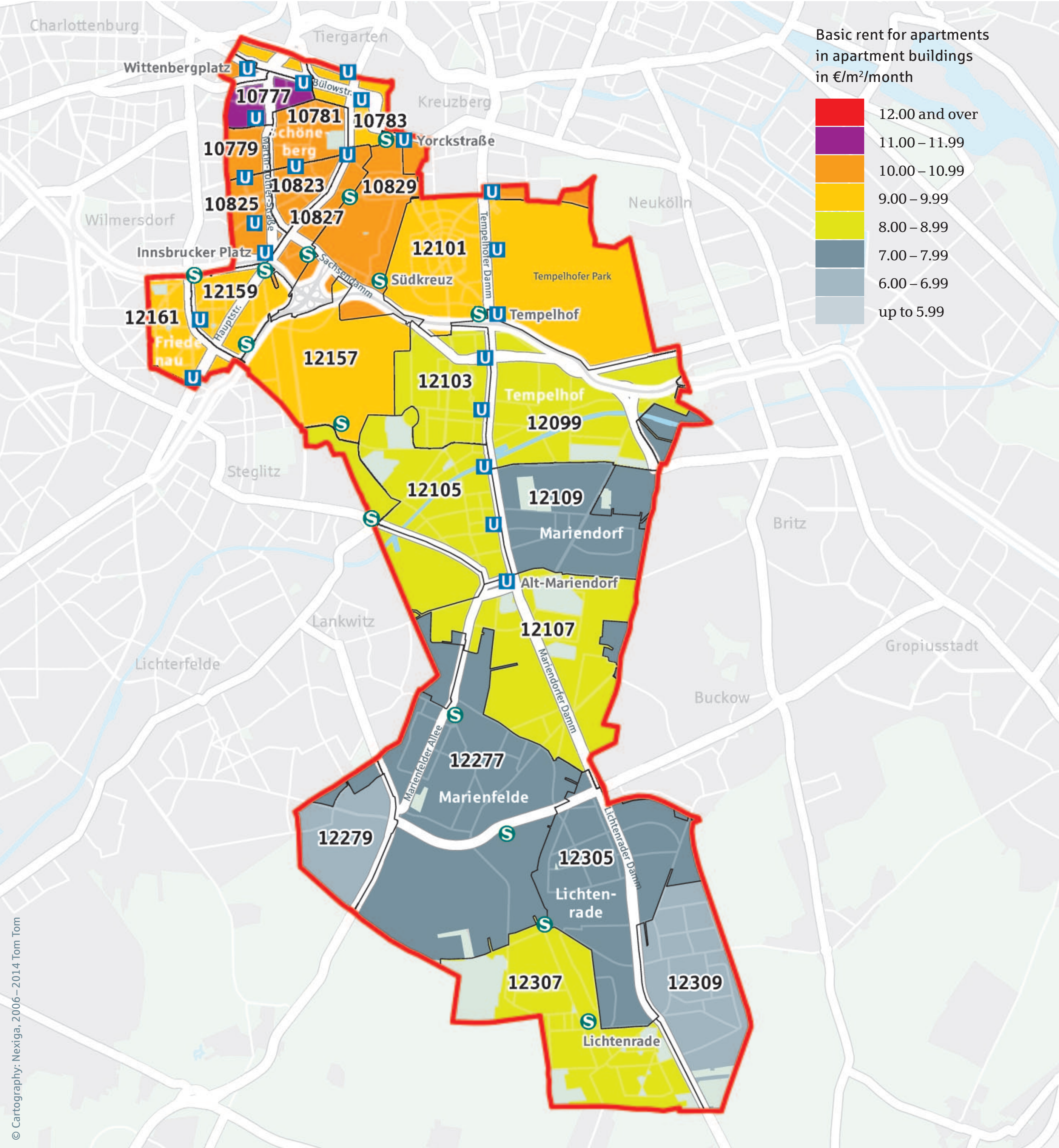
lakes and parks nearby. In contrast, the only residential sections of Tempelhof East (12099) are on the edges of the area, which otherwise comprises mainly industrial property with a few areas of allotment gardens. Its average household purchasing power, €2,553, is the lowest in the entire district. Nevertheless, because of its proximity to the city centre, the median asking rent is only €0.05 per sq m lower than in the adjoining area. Situated in the extreme south of the district is Lichtenrade West (12307). It is a leafy, in parts very tranquil area, immediately adjoining the boundary of the federal state of Brandenburg. The average household purchasing power, €3,833, is the highest in the district. It is matched by the sizes of the apartments on offer here. Averaging 84 square metres, they are the most spacious in Tempelhof. The rental market is concentrated on the area around Rieflerstrasse and Rhinstrasse.

Mariendorf in the statistical centre

At the bottom of the rental league table, at exactly €8 per square metre, are the areas closer to the city centre: Alt-Mariendorf (12107) and Mariendorf-West (12105). The former is a mixed but very leafy area, in the wider surroundings of the historic centre of Mariendorf. The latter is an area of estates with relatively widely spaced apartment blocks, dating from the early and middle 20th century. The Rixdorfer Strasse (12109) area of Mariendorf is very similarly structured. It is situated to the large industrial area of Tempelhof. The median asking rent of €7.53 per square metre is considerably less than those in the adjoining areas. There remain four areas in the extreme south of the district, with varied common features: Alt-Marienfelde (12277), Lichtenrade Northeast (12305), Lichtenrade Southeast (12309) and Marienfelde West (12279). In all of them, the median asking rents are below the €7.50 per square metre

Housing market data					Housing cost			
Post-code	Number of rental offers	Basic rent in all market segments[1] in €/m²/month	Basic rent in bottom market segment[1] in €/m²/month	Basic rent in top market segment[1] in €/m²/month	Apartment size, average in m²	Total housing cost[2], average in €/month	Household purchasing power, average in €/month	Housing cost ratio[3] in %
10777	252	**11.07** (19)	6.88 (30)	16.92 (32)	90 (12)	1,253 (10)	3,357 (45)	37.3 (7)
10779	96	**10.07** (38)	6.05 (91)	16.00 (54)	86 (19)	1,105 (20)	3,044 (74)	36.3 (9)
10781	182	**10.07** (38)	6.95 (25)	16.00 (54)	71 (77)	920 (47)	2,831 (114)	32.5 (25)
10783	157	**9.62** (60)	5.86 (117)	18.75 (8)	58 (162)	729 (106)	2,848 (111)	25.6 (106)
10823	91	**10.77** (25)	6.76 (37)	16.50 (46)	58 (169)	787 (81)	2,843 (113)	27.7 (68)
10825	166	**10.00** (43)	6.56 (48)	15.91 (61)	82 (33)	1,053 (26)	2,974 (90)	35.4 (14)
10827	216	**10.00** (43)	6.79 (33)	16.67 (39)	62 (147)	793 (79)	2,889 (104)	27.4 (72)
10829	181	**10.04** (40)	6.79 (33)	17.50 (24)	58 (165)	750 (93)	2,590 (157)	29.0 (52)
12099	244	**8.45** (105)	5.83 (120)	15.32 (67)	63 (133)	712 (113)	2,553 (167)	27.9 (65)
12101	107	**9.00** (79)	6.30 (71)	19.09 (6)	66 (111)	783 (84)	3,063 (70)	25.6 (107)
12103	219	**8.50** (94)	6.25 (74)	13.97 (91)	65 (116)	738 (102)	2,672 (144)	27.6 (70)
12105	161	**8.00** (123)	6.15 (83)	14.43 (85)	65 (123)	699 (124)	2,712 (137)	25.8 (102)
12107	170	**8.00** (123)	5.49 (158)	11.00 (140)	71 (82)	767 (88)	3,284 (52)	23.4 (140)
12109	156	**7.53** (139)	5.50 (151)	11.75 (125)	68 (102)	704 (119)	2,881 (105)	24.4 (118)
12157	213	**9.23** (74)	6.53 (51)	15.15 (72)	67 (106)	811 (74)	2,846 (112)	28.5 (56)
12159	151	**9.91** (54)	7.04 (20)	14.55 (82)	84 (24)	1,076 (22)	3,221 (56)	33.4 (22)
12161	252	**9.93** (53)	6.98 (23)	15.91 (61)	75 (53)	963 (36)	3,267 (55)	29.5 (49)
12277	109	**7.48** (147)	6.00 (96)	9.87 (172)	71 (80)	732 (104)	3,420 (34)	21.4 (164)
12279	172	**6.60** (174)	5.25 (167)	9.51 (174)	72 (73)	681 (134)	3,061 (71)	22.2 (153)
12305	162	**7.22** (151)	5.63 (136)	9.54 (173)	74 (63)	747 (96)	3,554 (29)	21.0 (167)
12307	91	**8.07** (121)	6.36 (62)	11.25 (136)	84 (28)	915 (48)	3,833 (15)	23.9 (131)
12309	149	**6.97** (166)	5.31 (162)	10.00 (164)	76 (48)	750 (94)	3,389 (39)	22.1 (156)
District[1]	3,697	8.91	5.98	15.66	71	835	3,051	27.4
Berlin[1]	47,602	8.99	5.61	15.91	70	808	2,971	27.2

1) median 2) includes operating costs (BBU 2013) 2.84 €/m² (western Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE



mark but, at €6.60, they are lowest, by a wide margin, in Marienfelde West. The average household purchasing power in all these areas is above the €3,000 mark. This results in low housing cost ratios. Households in these four areas have to spend, on average, only 21 to 22.2 per cent of their purchasing power on the rent (including service charges and heating) of the apartments on offer. This is lower than in any other part of the Tempelhof-Schöneberg district.

Treptow-Köpenick: Low rental values and high quality of life

All the housing statistics for Treptow-Köpenick are slightly less than the overall Berlin averages. The largest difference is evident in the median asking rents per square metre. The city average is €8.99, whereas Treptow-Köpenick, with €7.77, is only in ninth place of the 12 districts. The latest increase, 4.9 per cent, was also slightly lower than the overall Berlin average of 5.1 per cent. The average household purchasing power in Treptow-Köpenick is €2,883 per month, compared with the Berlin average of €2,971. The apartments are also very slightly below the average floor area: The average apartment in the district measures 69 square metres, compared with 70 in the whole city. This means that Treptow-Köpenick, with Pankow, together have the most spacious apartments on offer of all the districts that once entirely belonged to East Berlin. The housing cost ratio is another figure that falls below the city average. Households in Treptow-Köpenick have to spend, on average, 24.1 per cent of their average purchasing power on the rent (including service charges and heating) of the apartments on offer there. Lower housing cost ratios are typical of outer and peripheral areas.

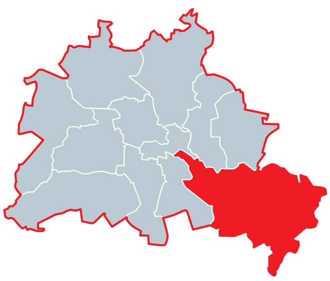
Housing close to the trendy areas

A review of the individual areas starts with the most urbane and expensive area on Treptower Park (postcode 12435). It is the only area of the district with a small section extending over the S-Bahn ring into inner-city Berlin. It is the front-runner, by a wide margin, in terms of median asking rents in Treptow-Köpenick. During the period of investigation, these were €9.65 per square metre. The latest rise, 10.2 per cent, is also well above the overall average for the district. On one side, the area adjoins the trendy subdistricts of Kreuzberg and Neukölln, on the other Treptower Park and the Plänterwald. The residential area is dominated by Imperial era buildings in the north and by more recent blocks and terraces in the south. Its average household purchasing power, €2,625, is relatively low. However, the apartments on offer here, which average only 63 square metres, are among the smallest in the district. The housing cost ratio of 28.4 per cent is therefore well above the district average and even higher than that of the city as a whole.

Low purchasing power, plenty of greenery

Adjoining immediately to the southeast is the Baumschulenweg (12437) area. The apartments on offer here have an average floor area that is as small as those on Treptower Park, while the household purchasing power, €2,459, is the lowest in the district. It therefore ranks 181st of the 190 areas in Berlin. Appropriately, the median asking rent, €7.82 per square metre, is also considerably lower. Thanks to this, and despite the low purchasing power, the housing cost ratio of 25.7 per cent is also well under that on Treptower Park. The area includes large green spaces: the southern section of the Plänterwald and around half of the Königsheide. The green northwestern tip of Johannisthal is also part of the postcode area, although it has little relevance to the apartment rental market.

Forests, lakes, rivers and varied development



In Treptow-Köpenick, the individual quality of each residential area is more important than its location in Berlin as a whole. Whereas in most other districts, the maxim "the closer to the city centre, the more expensive" applies, here the requirements are primarily local. These are often highly differentiated. Quite a few subdistricts of Köpenick are mixed-use areas, with residential and commercial properties and large areas occupied by transport infrastructure. Most areas have a common feature though: They are nearly all close to green areas, lakes or rivers. In Treptow, parks and forest areas start right on the edge of the city centre. They include Johannistal, Königsheide and the old airport. In Köpenick there is the Wuhlheide, while the southeast of the district, they take up far more space than the scattered areas of development.

Many waterside locations

Treptow-Köpenick also has an abundance of waterways. There are two rivers, the Spree and the Dahme, several canals and the Müggelsee, which is Berlin's largest lake. Accordingly, many residential areas are close to water. However, these vary widely. In Schöneweide, for example, they are often loft buildings or new housing on old industrial sites. The core of Köpenick combines the charming aspects of a historic small town with those of an island. Schmöckwitz is almost village-like, while in Rahnsdorf an area with many canals has been nicknamed "New Venice".

The extensive main section of Johannisthal (12487) was developed as an area of estates, mainly in various periods of the 20th century. The median asking rent, €7.58 per square metre, is typical of suburban locations. However, its latest increase, 7.1 per cent, was quite marked. Somewhat problematic is the combination of the relatively large apartments on offer, averaging 75 square metres, and the only moderate household purchasing power, €2,690 per month. This results in the third-highest housing cost ratio in the district, 27.2 per cent. Although this is very high for Treptow-Köpenick, it exactly parallels the Berlin average.

Students and artists in Schöneweide

Further to the northeast are two areas with even lower rental values: Niederschöneweide (12439) has an median asking rent of €7.10 per square metre, while the €7.03 asked in Oberschöneweide (12459) is the next-to-lowest in the district. However, the latest increases, 3.3 and 6.5 per cent respectively, show that these areas are at last beginning to recover from the lasting effects of industrial closures. Students and artists have moved in and are continuing to enjoy the favourable conditions. Buildings in waterside locations, for those with higher aspirations, complement the offer, although not enough for consistent gentrification. The average local purchasing power, €2,580 in Niederschöneweide and €2,476 in Oberschöneweide, is still rather moderate. Finally, the average size of the apartments on offer in Oberschöneweide – 60 square metres – is the smallest in Treptow-Köpenick.
To the south of this area is Adlershof (12489), well known for its science park. The larger, northeastern section is however a rather ordinary and unspectacu-

Attractive view: The Schlosstor (castle gate) in Köpenick's historic centre, idyllically situated on an island between the Dahme and Spree rivers

Airport – hopes and fears

Treptow-Köpenick has very mixed expectations for the opening of the new Berlin international airport, the actual timing of which is still uncertain. Schöneweide, Adlershof and Altglienicke expect to gain impetus for commercial and residential property from the proximity of the airport, without adverse effects in their location. In contrast, Grünau, Wendenschloss, Müggelheim, Rahnsdorf and Friedrichshagen are anxious about drastic increases in aircraft noise pollution. These expectations have not yet significantly percolated through to asking rents. Many of the hopes and fears may be put in perspective after the airport actually opens.

The appeal of seclusion

Taking a longer view, Treptow-Köpenick could retain its varied structure, even the social mixture of the areas, which now offer something for any budget and all residential concepts. They range from modest areas of older buildings on the edge of the city centre and Plattenbau estates in the forest, through to areas of upmarket housing remote from the city centre. There is still plenty of scope for new construction in areas that are undeveloped or only sparsely developed. However, no rapid development is in progress. Many parts of the district are too far from the city centre for this, and many lack good transport links to it. Nevertheless, a degree of seclusion is exactly what makes living in Treptow-Köpenick so attractive for many of its residents.

lar suburban residential area, with many blocks and terraces from the inter-war and early post-war periods. The median asking rent, €7.59 per square metre, is slightly below the average for the whole district, while the floor area of the average apartment on offer (71 square metres) is slightly higher than the district average. The average household purchasing power, €2,608, is however very low. Together, these result in a housing cost ratio of 26.8 per cent – higher than in most of the neighbouring areas. Development projects in Adlershof should primarily tackle the chronic shortage of apartments for students and younger scientists.

Upswing in the core of Köpenick

To the northeast of Adlershof is the start of the core of Köpenick (12555). Theoretically, the heart

Housing market data										Housing cost							
Post-code	Number of rental offers	Basic rent in all market segments[1] in €/m²/month		Basic rent in bottom market segment[1] in €/m²/month		Basic rent in top market segment[1] in €/m²/month		Apartment size, average in m²		Total housing cost[2], average in €/month		Household purchasing power, average in €/month		Housing cost ratio[3] in %			
12435	244	**9.65**	(58)	5.83	(120)	14.80	(80)	63	(137)	745	(98)	2,625	(147)	28.4	(57)		
12437	310	**7.82**	(130)	6.08	(88)	11.52	(130)	63	(134)	632	(165)	2,459	(181)	25.7	(104)		
12439	163	**7.10**	(155)	5.56	(147)	10.32	(158)	70	(89)	658	(147)	2,580	(162)	25.5	(108)		
12459	473	**7.03**	(159)	5.38	(160)	11.77	(124)	60	(156)	556	(177)	2,476	(177)	22.4	(151)		
12487	214	**7.58**	(137)	5.71	(132)	11.00	(140)	75	(58)	732	(103)	2,690	(141)	27.2	(75)		
12489	323	**7.59**	(136)	6.00	(96)	10.32	(158)	71	(78)	700	(123)	2,608	(154)	26.8	(84)		
12524	285	**7.50**	(140)	6.17	(80)	10.42	(156)	73	(68)	709	(115)	3,432	(33)	20.7	(170)		
12526	42	**8.50**	(94)	5.50	(151)	10.00	(164)	81	(36)	866	(58)	3,404	(36)	25.4	(110)		
12527	158	**8.30**	(110)	6.07	(90)	12.00	(115)	80	(38)	842	(65)	3,456	(32)	24.4	(121)		
12555	630	**8.50**	(94)	6.00	(96)	11.00	(140)	71	(76)	767	(87)	2,772	(123)	27.7	(67)		
12557	345	**7.24**	(150)	5.29	(163)	11.00	(140)	71	(83)	671	(141)	2,984	(84)	22.5	(150)		
12559	157	**7.00**	(162)	5.50	(151)	11.27	(134)	68	(100)	633	(164)	3,148	(64)	20.1	(175)		
12587	195	**8.18**	(117)	6.29	(72)	11.30	(133)	75	(55)	782	(85)	2,930	(96)	26.7	(86)		
12589	63	**8.39**	(109)	5.88	(115)	12.61	(107)	82	(31)	875	(57)	3,729	(20)	23.5	(139)		
District[1]	3,602	7.77		5.65		11.67		69		695		2,883		24.1			
Berlin[1]	47,602	8.99		5.61		15.91		70		808		2,971		27.2			

1) median 2) includes operating costs (BBU 2013) 2.25 €/m² (eastern Berlin) and 2.55 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power
( ) rank among the 190 postcodes with rental data
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

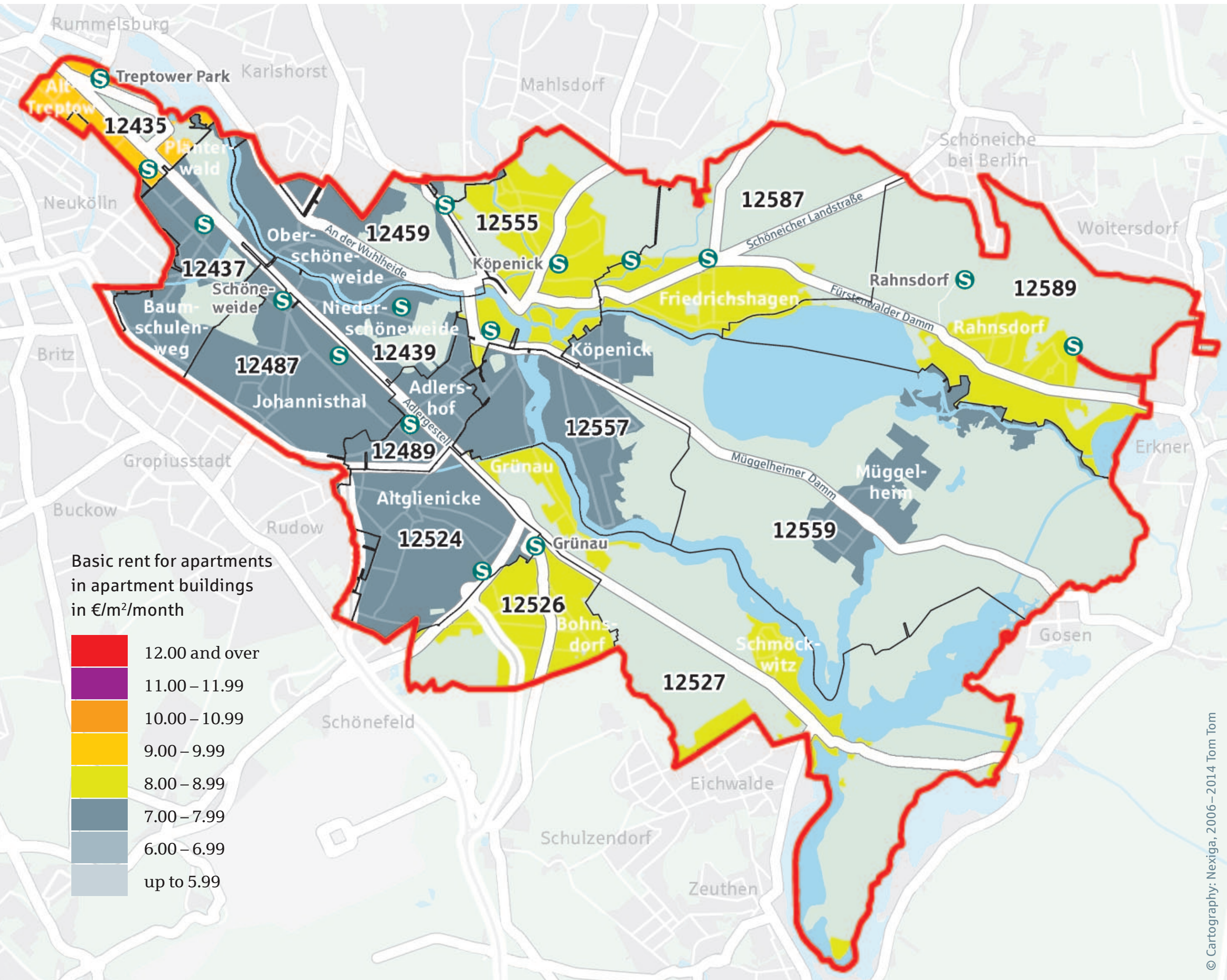
is in the historic centre. However, the focus of residential, retail and services is to the north of this, in the wider surroundings of Köpenick S-Bahn station. During the period studied, 630 apartments offered for rent in Köpenick were registered, making it the largest market in the district, by a wide margin. The median asking rent of €8.50 per square metre is the second most expensive (equal with Bohnsdorf (12526), where however the small number of apartments on offer make a definitive figure difficult to assess). The core of Köpenick is distinguished by the quality of its location between forest and waterfront, the wide range of retail and service facilities in Bahnhofstrasse, the historic centre with its appealing waterside promenade, and the castle, which houses a museum of arts and crafts. The apartments on offer are medium-sized, at 71 square metres, while the household purchasing power, €2,772, is rather low. Together, these two factors lead to the second highest housing cost ratio in the district: 27.7 per cent.

The southern section of central Köpenick is part of the Wendenschloss (12557) postcode area. It is not far from woodland and the Müggelsee, although the transport connections are not as good as in the north of Köpenick and the local amenities are less well developed. The median asking rent, €7.24 per square metre, is comparatively low. In addition, this area has the largest stock of low-priced housing in the entire district. The median asking rent of the lowest-priced decile of apartments on offer in the area is only €5.29. On the other hand, the average purchasing power, €2,984, is considerably higher than in the core of Köpenick. This may be due to the area including a large part of the Wendenschloss upmarket housing area, situated in the southern tip of the area between the river Dahme and the wooded Müggelbergen hills.

Friedrichshagen (12587), on the northern shore of the Müggelsee and the river Spree, has considerable cultural flair, which is not reflected in the rental statistics, however. The median asking rent here is €8.18 per square metre, putting it in sixth position in Treptow-Köpenick and 117th in Berlin. The household purchasing power is slightly higher than the district average.

Periphery: High purchasing power, low rents

Finally, to the southeastern periphery of Berlin. Although only a very small market, Rahnsdorf (12589) has the highest average household purchasing power in Treptow-Köpenick, at €3,729. The Müggelheim postcode area (12559) includes not only the eponymous housing estate in the forest but also, far to the west of it, the Salvador-Allende-Viertel, a major estate dating from the GDR period, as well as the adjoining section of Köpenick. Purchasing power in Grünau (12527) is extremely high at €3,456. Its postcode area extends down to Schmöckwitz. The comparatively moderate asking rents, €8.30 per square metre, together with the high purchasing power result in a housing cost ratio that is only minimally above the district average and considerably lower than the average for the whole of Berlin.



Rental value map: Berlin's price levels and location profiles at a glance

The map shows the levels of asking rents in the 190 postcode areas in Berlin, illustrating the differences between the city centre and the periphery. However, distance from the centre is not the only criterion affecting rents. In fact, many areas of Berlin can rather be classified in specific types, with characteristic levels of rent, types of property and environmental qualities.

The centre of Berlin **[A]** is, by a wide margin, at the peak of the rental scale. What counts here are the famous addresses, fast and easy access to important political, economic and cultural institutions, and excellent transport links.

City West **[B]** around Kurfürstendamm is a focus of shopping and services, situated close to the Tiergarten park and with good links to the city centre. Some parts are affected by traffic though, or dominated by post-war buildings.

Middle-class inner city areas **[C]** predominantly have generously sized, lavishly refurbished Imperial era buildings. Some of them are more expensive than City West. The residential environment is lively but also well maintained.

Modest inner-city areas **[D]** are dominated by basic older and post-war buildings. Some of them are badly affected by traffic and industry. Because of the central location, the rents per square metre are no longer low but the apartments are often small, which limits the total housing cost.

The subdistrict centres **[E]** are akin to the centres of smaller cities. They have good local amenities and transport connections and are very densely developed in parts, although they are often close to green recreational areas.

In mixed areas outside the inner city **[F]**, residential and commercial/industrial properties are often interspersed. The surroundings are sometimes austere but some residents enjoy living close to their places of work and the calm at weekends.

Upmarket peripheral areas **[G]** mainly comprise "villas" and detached houses, although there are also properties to rent close to forests, rivers and lakes. Those with no objection to living a long distance from the centre can enjoy a very high quality of life at moderate cost.

Modest peripheral locations **[H]** comprise high-rise buildings from the decades after the war. Some of them have less than adequate transport connections and local amenities. For these reasons, the housing cost burden is the lowest in Berlin.

Examples of locations and rent levels

[A] City

	Area	District	Asking rent[1]
10178	Hackescher Markt	Mitte	13.70
10117	Unter den Linden	Mitte	13.38
10785	Potsdamer Platz	Mitte	13.01

[B] City West

10719	Ludwigkirchplatz	Charlottenburg-Wilmersd.	11.43
10777	Viktoria-Luise-Platz	Tempelhof-Schöneberg	11.07
10787	Zoo	Mitte	9.63

[C] Middle-class inner city areas

10435	Kollwitzplatz	Pankow	12.01
10623	Savignyplatz	Charlottenburg-Wilmersd.	10.86
10779	Bayerischer Platz	Tempelhof-Schöneberg	10.07

[D] Modest inner-city areas

10783	Bülowbogen	Tempelhof-Schöneberg	9.62
12051	Hermannstraße South	Neukölln	9.45
10553	Beusselstraße	Mitte	8.94

[E] Subdistrict centres

12163	Schildhornstraße	Steglitz-Zehlendorf	9.25
12555	Köpenick	Treptow-Köpenick	8.50
13507	Alt-Tegel	Reinickendorf	8.07

[F] Mixed residential/commercial areas

13597	Altstadt/Stresow	Spandau	6.68
12057	Sonnenallee South	Neukölln	6.74
12681	Bitterfelder Straße	Marzahn-Hellersdorf	6.20

[G] Upmarket peripheral locations

14109	Wannsee	Steglitz-Zehlendorf	9.00
13465	Frohnau	Reinickendorf	8.50
12589	Rahnsdorf	Treptow-Köpenick	8.39

[H] Modest peripheral locations

13439	Märkisches Viertel East	Reinickendorf	6.12
13593	Heerstr./Wilhelmstr.	Spandau	5.76
12689	Ahrensfelde	Marzahn-Hellersdorf	5.75

1) median asking rent excl. utilities, all market segments in €/m²/month

Berlin's exceptional residential areas

The biggest apartments

Post-code	District	Area	Apartment size[1] in m²
14193	Charlottenburg-Wilmersdorf	Grunewald	105
14129	Steglitz-Zehlendorf	Nikolassee/Schlach.	105
14195	Steglitz-Zehlendorf	Dahlem	105
10629	Charlottenburg-Wilmersdorf	Sybelstrasse	101
10117	Mitte	Unter den Linden	101

1) average of offers

The smallest apartments

Post-code	District	Area	Apartment size[1] in m²
10997	Friedrichshain-Kreuzberg	Wrangelstrasse	49
12049	Neukölln	Hermannstr. West	50
12047	Neukölln	Maybachufer	51
12045	Neukölln	Sonnenallee North	52
12055	Neukölln	Richardplatz	52

Source: CBRE based on data from empirica-systeme

The highest average rents (net, excl. utilities)

Post-code	District	Area	Basic rent[1] in €/m²/month
10178	Mitte	Hackescher Markt	13.70
10117	Mitte	Unter den Linden	13.38
10119	Mitte	Rosenthaler Platz	13.06
10785	Mitte	Potsdamer Platz	13.01
10435	Pankow	Kollwitzplatz	12.01

1) median of offers

The lowest average rents (net, excl. utilities)

Post-code	District	Area	Basic rent[1] in €/m²/month
12689	Marzahn-Hellersdorf	Ahrensfelde	5.75
13593	Spandau	Heerstr./Wilhelmstr.	5.76
12629	Marzahn-Hellersdorf	Cottbusser Platz	5.80
12619	Marzahn-Hellersdorf	Kaulsdorf North	5.85
12687	Marzahn-Hellersdorf	Mehrower Allee	5.94

Source: CBRE based on data from empirica-systeme

The biggest rent increases

Post-code	District	Area	Change[1] from 2014 in %
10317	Lichtenberg	Rummelsburg	+17.8
10785	Mitte	Potsdamer Platz	+15.6
13355	Mitte	Humboldthain	+14.9
13469	Reinickendorf	Waidmannslust	+14.5
13349	Mitte	Schillerpark	+13.4

1) Rent excl. utilities, only when more than 100 cases in both years

The biggest rent decreases

Post-code	District	Area	Change[1] from 2014 in %
12559	Treptow-Köpenick	Müggelheim	–6.3
12279	Tempelhof-Schöneberg	Marienfelde West	–5.4
10707	Charlottenburg-Wilmersdorf	Olivaer Platz	–4.8
14109	Steglitz-Zehlendorf	Wannsee	–4.7
10318	Lichtenberg	Karlshorst	–4.7

Source: CBRE based on data from empirica-systeme

The highest purchasing power

Post-code	District	Area	Purchasing power[1] in €
14195	Steglitz-Zehlendorf	Dahlem	5,060
14129	Steglitz-Zehlendorf	Nikolassee/Schlach.	4,430
13465	Reinickendorf	Frohnau	4,420
14089	Spandau	Gatow/Kladow	4,418
14109	Steglitz-Zehlendorf	Wannsee	4,349

1) per household and month

The lowest purchasing power

Post-code	District	Area	Purchasing power[1] in €
10409	Pankow	Ostseestrasse	2,342
13353	Mitte	Westhafen	2,357
13359	Mitte	Soldiner Strasse	2,379
13349	Mitte	Schillerpark	2,381
12049	Neukölln	Hermannstr. West	2,394

Source: Michael Bauer Research; compiled by CBRE

The highest housing cost ratio

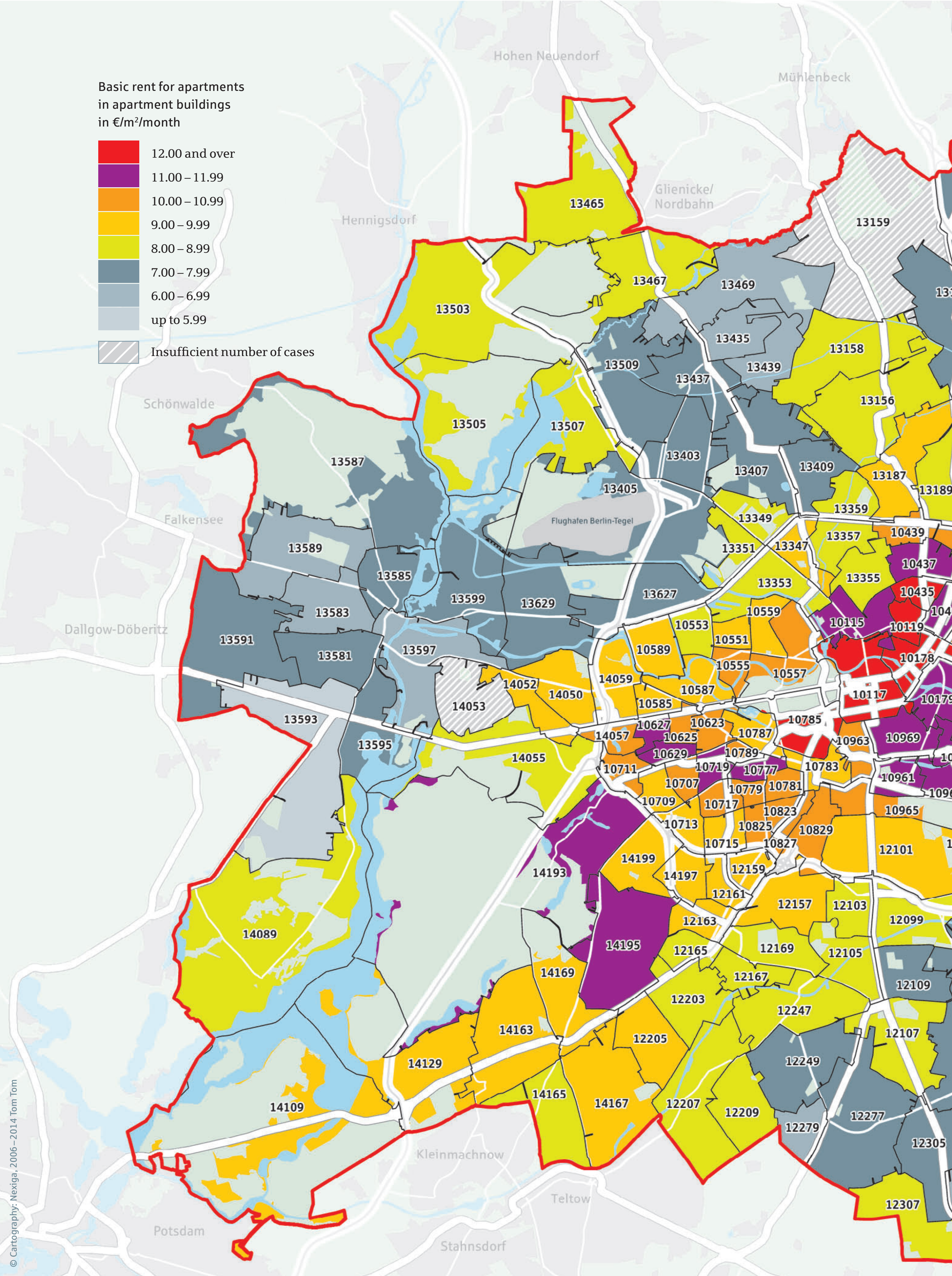
Post-code	District	Area	Housing cost ratio[1] in %
10178	Mitte	Hackescher Markt	47.3
10117	Mitte	Unter den Linden	44.0
10119	Mitte	Rosenthaler Platz	40.7
10629	Charlottenburg-Wilmersdorf	Sybelstraße	38.7
10627	Charlottenburg-Wilmersdorf	Western Kantstrasse	38.2

1) average asking rent (incl. utilities) in relation to household purchasing power

The lowest housing cost ratio

Post-code	District	Area	Housing cost ratio[1] in %
12357	Neukölln	Rudow-Ost	17.5
13051	Lichtenberg	Malchow	17.7
12681	Marzahn-Hellersdorf	Bitterfelder Strasse	18.0
12621	Marzahn-Hellersdorf	Kaulsdorf	18.1
12689	Marzahn-Hellersdorf	Ahrensfelde	18.8

Source: CBRE


Basic rent for apartments
in apartment buildings
in €/m²/month
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11.00 – 11.99
10.00 – 10.99
9.00 – 9.99
8.00 – 8.99
7.00 – 7.99
6.00 – 6.99
up to 5.99
Insufficient number of cases
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Mühlenbeck
Glienicke/
Nordbahn
Hennigsdorf
Schönwalde
Falkensee
Dallgow-Döberitz
Flughafen Berlin-Tegel
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Teltow
Potsdam
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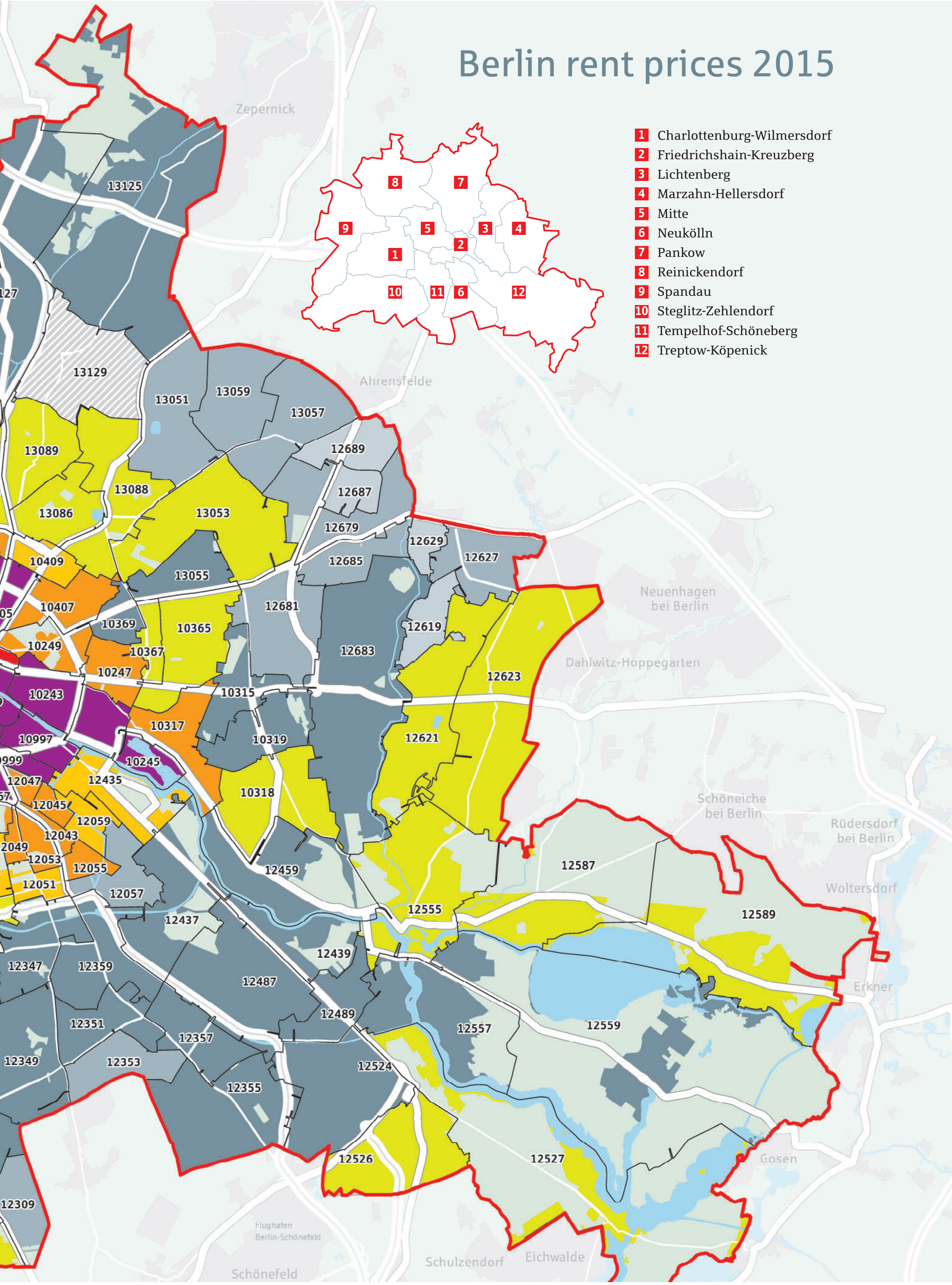
Berlin rent prices 2015



Masthead

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Publisher:
CBRE GmbH
Hausvogteiplatz 10, 10117 Berlin
Tel. +49 (0)30 7261540
Fax +49 (0)30 726154100

Berlin Hyp AG
Budapester Strasse 1, 10787 Berlin
Tel. +49 (0)30 259990
Fax +49 (0)30 25999131

Market data:
Dr. Henrik Baumunk, Kristina Rüther, Michael Schlatterer MRICS
Residential Valuation, CBRE GmbH

Editor:
Roland Stimpel

Graphics/Layout:
Storkan Informationsdesign

Project management:
Kristina Rüther, CBRE GmbH
Nicole Hanke, Berlin Hyp AG

Responsible under German press law:
Dr. Henrik Baumunk, CBRE GmbH
Gero Bergmann, Berlin Hyp AG

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