



Housing Market Report Berlin 2017

with Housing Cost Atlas



Gero Bergmann, Dr. Henrik Baumunk

Berlin: Strong growth, continued diversity, more development projects

Berlin is still growing rapidly, while its housing markets are developing just as dynamically. Rents and prices are rising and there are ever-increasing numbers of ever-larger new development projects. The development scene in Berlin has become very diverse. It ranges from major projects by public housing corporations and private developers through privately initiated cooperative projects, to exclusive offers in the centre for more international buyers. Geographically, development activity is concentrated in the administrative districts in the city centre and to the east, including Friedrichshain and Lichtenberg. New development therefore forms a central element of the 2017 Berlin Housing Market Report. Around 250 projects, with over 32,000 residential units, were analysed – to this extent, it is a unique survey.

Two acknowledged experts in the real estate sector give their views on the development activity and many other topics relating to the local housing market. They are Jörg Franzen, Chairman of the Board of Management of the state-owned housing corporation GESOBAU AG, and Andreas Segal, CFO and deputy CEO of the BUWOG Group, one of the largest private developers in Berlin.

The report also examines the market for furnished housing. The extent to which this segment is present in the housing market was investigated, as well as its development over a three-year period. Can any conclusions about the introduction of the Mietpreisbremse (capping of rents on re-letting) be drawn from this?

The report shows that many of the stereotypes about the Berlin housing market are incorrect. The only direction for asking rents is not upwards, nor are they consistently high in the inner city. Even here, there are still many areas, even in Prenzlauer Berg, in which households have low to middling purchasing power. And here as well, there are still segments of the market with low asking rents that such households can afford. This can be seen from the detailed analysis of the 190 Berlin postcodes in the Housing Market Report Berlin 2017.

Assessments of the investment and financing markets, as well as the future trend of the housing markets in the city, by Dr. Ahlfeldt of the London School of Economics and Political Science, complete the picture.

This report presents a varied and detailed view of the Berlin housing market. It should provide you with support in obtaining a differentiated view of the relevant markets and locations. With this in mind, we hope that you will find it interesting and informative reading.



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City comparison

03 | The unemployment rate and volume of completions in Berlin are approaching the levels in the other Top 7 cities. However, purchasing power and asking rents in the capital are still much lower

The city of Berlin

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Rents, sale prices, investments, transactions and financing

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Rental map covering the whole of Berlin

Cover | Overview of the categories of the areas of Berlin into price classes. Many formerly lower-priced areas have increased to medium price levels; the number of expensive inner-city areas is also increasing

Special residential areas

Cover | The cheapest and dearest, largest and smallest properties to let in the city. High and low purchasing power and housing cost ratios

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City comparison: Housing market catching up, purchasing power lagging

Only a few years ago, by almost all economic and socio-economic indices, Berlin was well below the other six top locations in Germany. However, the capital is catching up. The number of employees subject to social security contributions increased by around 29 per cent between 2005 and 2015. In the same period, the unemployment rate has significantly declined. Since 2010, the GDP has been significantly rising.

Undeniably, purchasing power is still lower than in the other major cities. Compared with Berlin, in 2016 it was 14.6 per cent higher in Cologne, 18.6 per cent in Hamburg, 23.7 per cent in Frankfurt and as much as 42.5 per cent more in the frontrunner, Munich. Nevertheless, not just the economic strength but also the population of Berlin is increasing, bringing with it demand for more and better housing.

Lower average rents in larger cities

The residential vacancy rate in Berlin, which for a while exceeded 5 per cent, has fallen considerably. It is moving toward the figures in the other Top 7 locations. For years, asking rents have been rising more rapidly than in the other six cities. Despite steadily converging, at present rents are still 7.4 per cent higher in Dusseldorf, 16.2 per cent in Hamburg, 37.9 per cent in Frankfurt and in Munich – once again the frontrunner – 67.8 per cent more.

In comparing these figures, however, a particular structural feature, which affects only Berlin and Hamburg among the major cities, must be taken into account. The municipal boundaries of these two cities are very far-flung and include much larger proportions of the surrounding conurbations than the other cities. Consequently, the av-

erage rent also includes apartments that would be ascribed to suburbs, not the urban core, in other cities. Their rents are generally lower. All the central districts of Berlin, i.e. Charlottenburg-Wilmersdorf, Friedrichshain-Kreuzberg and Mitte, which have a combined population of 972,000, have median asking rents well above €10 per square metre per month.

The largest residential floor area in relation to purchasing power

The average size of the apartments on offer in the Top 7 cities varies relatively little. It is noteworthy that Berlin is in the middle of the range, despite still having by far the lowest purchasing power among the cities. In previous years, the state compensated for a good proportion of the shortfall in purchasing power with public subsidies and rent control. Spacious period apartments from the pre-1914 era are still available. Another factor is that, compared with the other cities, a larger proportion of the population, including families with children, live in rental apartments. More rental apartments are therefore needed than in municipalities where most families move into individual houses.

Berlin is overcoming its long-standing shortcoming in terms of new housing construction. The ratio of completions to population has overtaken the level seen in Dusseldorf and is approaching that of Cologne. The Berlin Senate is aiming to almost triple the latest rate of new build completions, which amounted to 7,030 units in 2015. If the envisaged 20,000 completions each year comes to fruition, the proportion of new construction would be higher than at present in the other six cities.

Berlin: Approximation in vacancies and new builds, gap in purchasing power

Key figures for Germany's seven largest cities

| City | Residents ¹⁾ 2015 | Purchasing power index 2016, Germany = 100 | Vacancy rate ²⁾ 2015, in % | Average asking rent ³⁾ 2016, in €/m ² /month | Average area of apartments listed ³⁾ 2016 in m ² | Newly finished apartments ⁴⁾ 2015, per 1,000 residents |
|----------------|------------------------------|--|---------------------------------------|--|--|---|
| Berlin | 3,610,156 | 93.0 | 1.2 | 9.00 | 73.1 | 1.9 |
| Dusseldorf | 628,437 | 118.3 | 1.5 | 9.67 | 74.8 | 1.2 |
| Frankfurt a.M. | 724,486 | 115.1 | 0.5 | 12.41 | 76.9 | 5.4 |
| Hamburg | 1,833,930 | 110.4 | 0.6 | 10.46 | 70.1 | 3.4 |
| Cologne | 1,069,192 | 106.6 | 1.1 | 10.00 | 70.5 | 2.1 |
| Munich | 1,521,678 | 132.6 | 0.2 | 15.11 | 75.5 | 3.3 |
| Stuttgart | 609,154 | 112.9 | 0.8 | 11.11 | 75.7 | 2.7 |

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

Heterogeneous trends in the districts, city as a whole still growing

Berlin is still growing at a fast pace. In 2015 alone, the population increased by almost 48,000. The background to this is the continuing healthy economic situation and employment demand, the city's particular attractiveness and innumerable amenities and space for every type of lifestyle, education, leisure, culture and recreation. This is combined with housing costs that are still relatively moderate for a city of this size and variety and, by international standards, good amenities and quality of life. The newcomers originate from all parts of Germany and the world. In 2015 and 2016, refugees added considerably to the population growth. The Berlin-Brandenburg statistics office is forecasting an increase of 7.5 per cent in the period 2015 to 2030. However, in the last few years the growth forecasts have been corrected upwards several times. If the population trend continued as dynamically as in 2015, the 7.5 per cent growth would be realised in only five years, rather than by 2030.

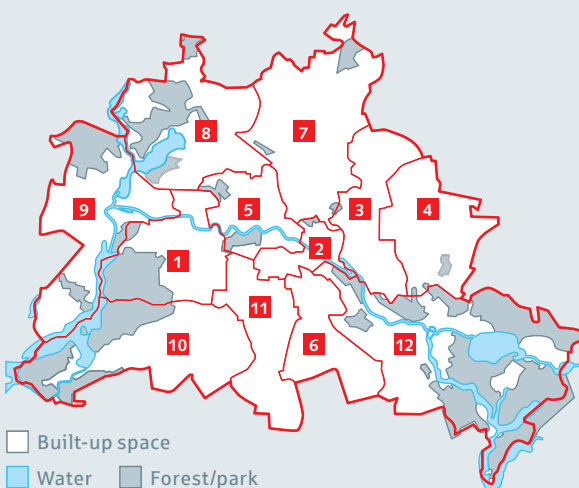
In the diverse structure of the city, there are very different growth rates in individual areas. In absolute terms, the largest recent increase in population, around 6,700, was yet again registered in the Mitte district. In Berlin, just as in other locations, newcomers choose preferred central locations. The Mitte district traditionally comprises the historic city centre and two Wilhelminian period areas, Moabit and Wedding, which have relatively modest and rather small apartments. Here, apartments in very central locations can be found, even by those on smaller budgets. The

high-quality apartments on offer are concentrated in the historic city centre, although in the future they will also be in new buildings, such as Europacity near the central station. In the whole district, planning permission was granted for almost four times as many new apartments in large buildings in 2015 than were completed in that year. However, the population density, 9,203 per square kilometre, is the second highest in Berlin. Development sites are increasingly scarce. For this reason, inter alia, according to the statistics office the population is forecast to increase by 6.9 per cent by 2030, slightly below the 7.5 per cent foreseen for the whole city.

Lichtenberg: A miniature Berlin

In second place for population growth is a newcomer among the dynamic districts, Lichtenberg. The absolute growth in this district was similar to that in Mitte, while the relative increase of 2.5 per cent was higher than in Mitte (1.9 per cent). The wide-ranging Lichtenberg district extends from the edge of the city centre to the Brandenburg countryside. In its variety, it is virtually a Berlin in miniature. There are Wilhelminian neighbourhoods and Bauhaus estates, Plattenbau (slab construction) areas and mansions. Of late, there is also very lively development of apartment buildings. In 2015, the district was in third place for numbers of planning consents. The population is forecast to increase by an above-average 9.6 per cent between 2015 and 2030. The current population density and availability of sites leave plenty of room

Berlin Barometer



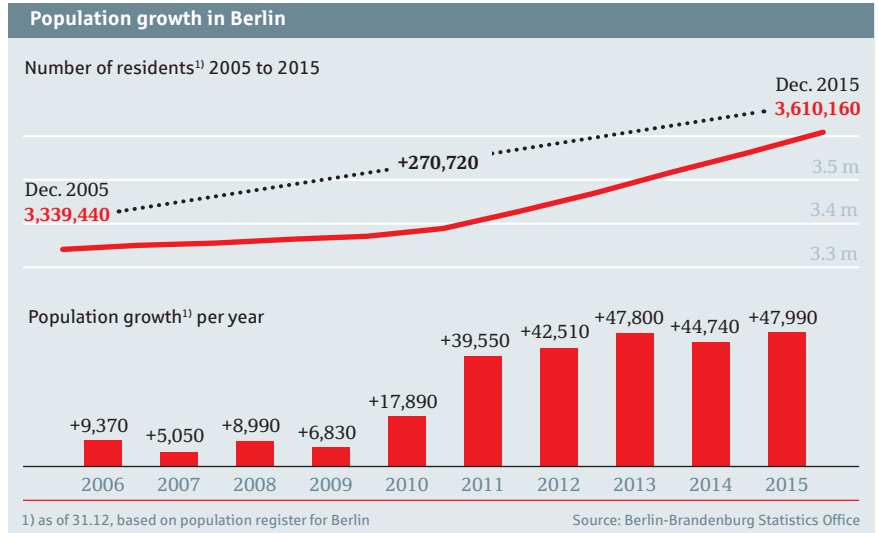
| District | Residents 2015 ¹⁾ | Population density per km ² 2015 ¹⁾ |
|------------------------------|------------------------------|---|
| 1 Charlottenburg-Wilmersdorf | 330,468 | 5,106 |
| 2 Friedrichshain-Kreuzberg | 278,393 | 13,640 |
| 3 Lichtenberg | 275,142 | 5,279 |
| 4 Marzahn-Hellersdorf | 259,373 | 4,198 |
| 5 Mitte | 363,236 | 9,203 |
| 6 Neukölln | 328,062 | 7,302 |
| 7 Pankow | 389,976 | 3,784 |
| 8 Reinickendorf | 256,617 | 2,873 |
| 9 Spandau | 234,630 | 2,554 |
| 10 Steglitz-Zehlendorf | 299,765 | 2,923 |
| 11 Tempelhof-Schöneberg | 341,161 | 6,433 |
| 12 Treptow-Köpenick | 253,333 | 1,504 |
| Berlin total | 3,610,156 | 4,049 |

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

for new developments and extensions, providing potential living accommodation for incomers from both within and outside Lichtenberg. Pankow is the most populous district of Berlin. However, despite the dynamic growth in recent years, by citywide comparison the absolute population increase is now only in third place, while by percentage it ranks only sixth among the 12 districts. Despite this, the statistics office is forecasting the largest population growth in Berlin, 15.9 per cent, by 2030. Pankow has particularly large areas of potential development land, as large areas on the edge of the city and in the sparsely developed peripheral areas are undeveloped. However, even inner-city subdistricts still have potential for some densification. In fourth place for population growth, in both absolute and percentage terms, is Tempelhof-Schöneberg. This is despite its very low completion rate, with less than 280 completions of apartments in multi-storey blocks. Planning consent was granted for only 653 apartments, ranking eighth in the 12 Berlin districts. The state statisticians are forecasting the lowest population growth in Berlin, 2.7 per cent, for this district, on a par with the adjoining Steglitz-Zehlendorf.

Growth despite low development activity

The population of Spandau increased by over 4,200 in 2015, although new development revived only slightly. Only eight new apartments in multi-storey blocks were completed in that year, while planning consent was granted for 140 apartments.



However, there are projects and potential for many more. This supports the official assumption of 7.5 per cent population growth by 2030, in line with the city average. This sparsely developed district has space for new residents, although much of it is either too far-flung or not developable for landscape conservation reasons. Treptow-Köpenick, with its many natural and other open spaces and areas of detached houses, has the lowest population density in the city. Nevertheless, in 2015 it boasted the second-largest number of approvals for new multi-storey apartments and the population growth, 1.6 per cent, was considerable.

| Population development from 2015 ¹⁾ to 2014 ¹⁾ , absolute value | Population forecast ²⁾ 2015–2030, change in % | Unemployment rate ³⁾ , average 2015 in % | Permits for building new apartments ⁴⁾ 2015 | Newly finished apartments ⁴⁾ 2015 |
|---|--|---|--|--|
| +4,114 | +4.3 | 9.6 | 1,325 | 341 |
| +2,702 | +7.3 | 11.6 | 1,766 | 1,609 |
| +6,677 | +9.6 | 9.5 | 2,468 | 895 |
| +3,200 | +9.1 | 9.7 | 783 | 84 |
| +6,730 | +6.9 | 11.9 | 3,206 | 888 |
| +2,346 | +4.5 | 14.8 | 556 | 34 |
| +5,609 | +15.9 | 8.5 | 1,544 | 1,386 |
| +2,617 | +9.4 | 12.8 | 159 | 140 |
| +4,211 | +7.5 | 11.9 | 140 | 8 |
| +497 | +2.7 | 9.2 | 643 | 375 |
| +5,394 | +2.7 | 10.5 | 653 | 276 |
| 3,893 | +9.6 | 8.6 | 2,718 | 994 |
| +47,990 | +7.5 | 10.7 | 15,961 | 7,030 |

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: Strong demand, rising prices

Rents: Strongest growth in Marzahn-Hellersdorf and Neukölln

Asking rents in Berlin have been rising for years. In 2014, the median rent per square metre rose by 5.8 per cent. Although the increase in 2015 was somewhat lower, 2.3 per cent, this year it is 5.6 per cent. Population increase and economic growth are putting the market under more stress. Supply is tending to shorten, despite the considerable increase in development, because scarcity and price increases are reducing willingness to relocate.

The sharpest increase in median asking rents in 2016 was registered in districts where the apartments on offer are relatively small. Neukölln and Marzahn-Hellersdorf were the front-runners for rental growth in Berlin, although at the bottom of the league table for average floor areas of apartments. At the other end of the scale, Charlottenburg-Wilmersdorf had the largest apartments on offer and the lowest rental growth. The increase in the median asking rent in Friedrichshain-Kreuzberg is above average, although the apartments are only minimally larger than the overall Berlin average. The increase in asking rents in Spandau and Tempelhof-Schöneberg was considerably less than average. All other districts registered figures close to the Berlin average.

Highest growth in the midrange

The asking rents in the top and bottom segments of the Berlin market are increasing more slowly than the market as a whole. Growth averaging

4.3 per cent was registered in the cheapest decile of apartments on offer, with 4.6 per cent in the most expensive decile. Home hunters in the lowest segment have particularly limited ability to pay. Those seeking top apartments have more alternatives to high asking rents, for instance by choosing slightly smaller, not so comfortably equipped, less well-connected or cheaper rental apartments, or in owner-occupation.

The current levels of asking rents in the 12 districts largely depend on their centrality. The highest rents are in Friedrichshain-Kreuzberg, Mitte and Charlottenburg-Wilmersdorf. Only small parts of these districts extend outside the S-Bahn ring and they do not include any peripheral areas. In contrast, although Pankow and Neukölln have appreciable inner-city areas, these districts extend right to the Brandenburg border. Apart from Steglitz-Zehlendorf, the other seven districts, which all include large areas in the periphery, have median asking rents below the Berlin average of €9 per square metre. Tempelhof-Schöneberg and Lichtenberg have their focal points between the inner city and the periphery. The four districts at the bottom of the league table are also those with the longest sections on the state boundary of Berlin, i.e. Treptow-Köpenick, Reinickendorf, Spandau and Marzahn-Hellersdorf.

Barely any high-priced segments on periphery

This pattern is more evident in the topmost mar-

Current rental development

Rental price range for new lettings, 2016

| District | Number of rental offers | Middle market segment ¹⁾ price range in €/m ² /month | | | | | | Bottom market segment | | Top market segment | | All market segments | | |
|----------------------|-------------------------|---|---|---|----|----|----|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|
| | | 4 | 6 | 8 | 10 | 12 | 14 | 16 | Median in €/m ² /month | Change from 2015 in % | Median in €/m ² /month | Change from 2015 in % | Median in €/m ² /month | Change from 2015 in % |
| Charlottenb.-Wilm. | 4,405 | | | | | | | 7.46 – 14.29 | 6.92 | +2.4 | 15.51 | +3.4 | 10.21 | +2.7 |
| Friedrichsh.-Kreuzb. | 3,694 | | | | | | | 7.62 – 14.22 | 6.61 | -2.4 | 15.55 | +11.0 | 11.04 | +7.5 |
| Lichtenberg | 2,386 | | | | | | | 6.33 – 11.29 | 5.90 | +1.7 | 12.26 | +6.6 | 8.49 | +6.1 |
| Marzahn-Hellersd. | 2,837 | | | | | | | 5.49 – 9.00 | 5.20 | +4.2 | 10.00 | +8.3 | 6.70 | +10.2 |
| Mitte | 5,590 | | | | | | | 6.92 – 15.20 | 6.27 | +2.3 | 17.46 | +6.7 | 10.48 | +4.8 |
| Neukölln | 3,485 | | | | | | | 6.45 – 12.95 | 5.91 | +3.7 | 13.67 | +9.6 | 9.47 | +17.1 |
| Pankow | 5,284 | | | | | | | 6.94 – 13.43 | 6.36 | +4.3 | 14.48 | +6.6 | 9.57 | +6.1 |
| Reinickendorf | 2,695 | | | | | | | 6.14 – 10.00 | 5.82 | +5.4 | 10.76 | +0.2 | 7.90 | +5.3 |
| Spandau | 2,926 | | | | | | | 5.75 – 9.12 | 5.43 | +2.8 | 10.01 | +0.1 | 7.29 | +4.1 |
| Steglitz-Zehlendorf | 3,543 | | | | | | | 7.00 – 12.24 | 6.50 | +5.7 | 13.10 | +3.7 | 9.25 | +5.8 |
| Tempelh.-Schöneb. | 3,284 | | | | | | | 6.52 – 12.02 | 6.08 | +2.0 | 13.20 | +3.5 | 8.81 | +3.6 |
| Treptow-Köpenick | 3,820 | | | | | | | 6.50 – 11.00 | 6.01 | +5.9 | 12.00 | +9.1 | 8.12 | +6.6 |
| Berlin average | 43,949 | | | | | | | 6.40 – 13.00 | 5.84 | +4.3 | 14.46 | +4.6 | 9.00 | +5.6 |

1) excl. bottom and top tenth percentile of quotes

Source: CBRE, based on data from empirica-systeme

ket segment. In all the three inner-city districts, an average of more than €15 per square metre is being asked for the most expensive decile of apartments. The frontrunner is the Mitte district, with €17.46. In contrast, the top apartments in Marzahn-Hellersdorf and Spandau are on offer for only around €10 per square metre. The top segment in these districts is therefore cheaper than the overall median asking rent in the three inner-city areas mentioned. Apartment hunters with larger budgets and higher aspirations primarily seek central addresses. Those with greater housing expectations in the periphery tend to opt for owner-occupation, so that often there is virtually no upmarket rental segment in these locations. This applies even to Steglitz-Zehlendorf, where the top segment only ranks seventh in the city, with a median rent well below that of the whole city. Even in Dahlem or on the Schlachtensee, very expensive rental apartments are a rather uncommon segment.

There are quite different, although equally revealing, interactions at the opposite end of the market. The lowest median asking rent for the cheapest decile of apartments, €5.20 per square metre, is in Marzahn-Hellersdorf. The most expensive is in Charlottenburg-Wilmersdorf, at €6.92. This shows that there is a low-priced segment, with relatively homogenous rents, throughout the city. Often these are apartments with drawbacks in terms of quality, perhaps in respect of location, fit-out, structural condition or environmental problems. Apartment hunters with deeper pockets would not usually be interested in them, although they may often be prepared to compromise on location or size provided the quality of the apartment is appropriate.

A low-priced segment remains

The last group of home hunters are the least solvent, and they are present in all districts of Berlin. Their purchasing power does not allow them to pay significantly more, so they are dependent on low rents. Also in this segment are publicly subsidised apartments – hitherto decreasing in number as earlier social commitments expire. According to the Senate's plans, this number should start to increase again as, inter alia, the state-owned

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 2015 and 2016, 83,353 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 separately analysed. These represent the upper and lower segments of the market. The medians of the figures in these segments were also determined.

PLEASE NOTE: In this year's report, the rental offers were adjusted for the following special segments: Shared apartments, temporary accommodation, and furnished accommodation. The values shown in the report are therefore not comparable with the conclusions of last year's report.

housing associations build new developments and purchase existing stock. The existence and stability of the lowest-priced segment can continue to ensure a social mix in many areas, not least in the inner city of Berlin. The district league tables in this report show that, even in areas where median rents have sharply increased, there are still households with lower purchasing power – and affordable apartments on offer for them.

Purchase prices of apartments and houses: Further sharp rises

The median asking prices per square metre of condominium apartments and apartment buildings have both risen strongly in 2016. Berlin's vendors are clearly counting on further increases in purchasers' willingness to pay. There is strong motivation to buy. The factors driving this include the continuing growth forecast for the population and economy of Berlin, the sale prices of condominium apartments, which are often still moderate compared with other cities, and the low interest rates, both on borrowing for property purchase and as alternative investments for equity. However, achievable yields have fallen, as the asking prices of apartments and houses have

risen considerably faster than the supply and, even more importantly, faster than existing rents.

Condominium apartments: Increased supply from lively development activity

The supply of condominium apartments is still high. The number of offers registered in the first three quarters of 2016, around 31,000 advertisements, was similar to the previous year. Recently, more apartments were on offer for sale than for rental in Charlottenburg-Wilmersdorf. One important reason for this is the increased number of completions of new buildings, the focus of which has been on condominium apartments in recent

years. At the same time, more than a few owners of existing apartments are taking advantage of the considerably increased prices to make profitable sales. As at October 2016, there are also restrictions on the sale of existing apartments resulting from a ban on conversions in 33 areas known as Milieuschutzgebiete (protection of social structure), mainly inner city neighbourhoods of period buildings, which came into force in 2015. The asking prices rose sharply in all districts and in almost all segments of the market. The latest median figure for the market as a whole is

for apartments in the three inner-city districts are at the top of the league table. The frontrunner is Mitte, where the median is now €4,139, despite a below-average price increase of 5.5 per cent. Prices in the top segment rose considerably more strongly, they were up by 8.3 per cent. The median price of €7,534 per square metre is becoming closer to those in established major international cities. Around 3,800 apartments were on offer in Mitte during the latest survey period. The district therefore has the third strongest submarket in the city.

The median asking price in Friedrichshain-Kreuzberg, €3,926 per square metre, has recently risen almost as sharply as the city average. The market is considerably more homogeneous than in the Mitte district and the swings in the top and bottom segments are not as pronounced. The number of offers is the fourth highest in Berlin. Friedrichshain-Kreuzberg is a relatively young and dynamic owner-occupier market, which attracts many potential buyers, although it may tend to put off others.

Methodology of the Housing Market Report – condominium apartments and investments

In the periods from the first to third quarters of both 2015 and 2016, 62,004 offers of condominium apartments for sale and 1,874 offers of apartment buildings 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.

€3,289 per square metre, 9.6 per cent higher than in 2015. In the topmost segment, the increase was even faster – 10.5 per cent – to, by Berlin standards, the remarkable amount of €6,250 per square metre. The percentage increase in the lowest priced decile of offers was even greater, at 14.5 per cent; the median of these is now €1,563.

Prices over €7,500 per square metre

Analogous to rental apartments, the asking prices

More condominium than rental apartments

In contrast, almost the entire district of Charlottenburg-Wilmersdorf is regarded as a good residential address. Development of condominium apartments and conversion of formerly rented apartment buildings has been underway here for quite some time. In terms of quantity, this puts the district in first place in Berlin. The latest 5,938 offers account for

Current price development, condominiums

Purchase price range, 2016

| District | Number sale offers | Middle market segment ¹⁾ price range in €/m ² | | | | Bottom market segment | | Top market segment | | All market segments | |
|----------------------|--------------------|---|-------|-------|-------|----------------------------|-----------------------|----------------------------|-----------------------|----------------------------|-----------------------|
| | | 1,000 | 3,000 | 5,000 | 7,000 | Median in €/m ² | Change from 2015 in % | Median in €/m ² | Change from 2015 in % | Median in €/m ² | Change from 2015 in % |
| Charlottenb.-Wilm. | 5,938 | | | | | 2,012 | +20.7 | 7,312 | +18.4 | 3,713 | +9.4 |
| Friedrichsh.-Kreuzb. | 3,507 | | | | | 2,225 | +10.4 | 6,300 | +11.7 | 3,926 | +8.9 |
| Lichtenberg | 1,040 | | | | | 1,273 | +3.3 | 4,846 | +29.7 | 2,868 | +23.0 |
| Marzahn-Hellersd. | 352 | | | | | 1,106 | +2.0 | 3,517 | -6.3 | 1,917 | +15.0 |
| Mitte | 3,838 | | | | | 1,761 | +14.2 | 7,534 | +8.3 | 4,139 | +5.5 |
| Neukölln | 1,280 | | | | | 1,464 | +16.6 | 4,764 | +20.3 | 2,778 | +17.6 |
| Pankow | 4,142 | | | | | 1,835 | +10.1 | 5,680 | +6.5 | 3,442 | +12.9 |
| Reinickendorf | 1,280 | | | | | 1,403 | +20.6 | 3,588 | +0.4 | 2,251 | +12.5 |
| Spandau | 1,142 | | | | | 1,099 | +7.5 | 3,695 | +16.4 | 1,939 | +23.7 |
| Steglitz-Zehlendorf | 2,954 | | | | | 1,667 | +12.7 | 5,638 | +2.9 | 3,096 | +9.0 |
| Tempelh.-Schöneb. | 3,143 | | | | | 1,630 | +19.5 | 5,776 | +12.9 | 3,119 | +21.0 |
| Treptow-Köpenick | 2,309 | | | | | 1,489 | +12.2 | 4,486 | +11.9 | 2,650 | +5.0 |
| Berlin average | 30,925 | | | | | 1,563 | +14.5 | 6,250 | +10.5 | 3,289 | +9.6 |

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, 2016

| District | Number sale offers | Middle market segment ¹⁾ price range in €/m ² | | | | All market segments Median in €/m ² | Change from 2015 in % |
|----------------------|--------------------|--|-------|-------|---------------|--|-----------------------------|
| | | 0 | 2,000 | 4,000 | 6,000 | | |
| Charlottenb.-Wilm. | 116 | | | | 1,000 – 5,956 | 2,854 | +18.4 |
| Friedrichsh.-Kreuzb. | 66 | | | | 1,143 – 3,500 | 2,504 | +12.7 |
| Lichtenberg | 32 | | | | 1,089 – 2,936 | 1,950 | +25.5 |
| Marzahn-Hellersd. | 35 | | | | 1,153 – 2,650 | 1,813 | +5.4 |
| Mitte | 111 | | | | 409 – 3,405 | 2,054 | +4.4 |
| Neukölln | 62 | | | | 1,163 – 3,135 | 2,184 | +12.5 |
| Pankow | 88 | | | | 1,428 – 4,087 | 2,338 | +16.7 |
| Reinickendorf | 72 | | | | 1,305 – 3,667 | 2,207 | +28.8 |
| Spandau | 53 | | | | 1,053 – 2,983 | 1,823 | +26.9 |
| Steglitz-Zehlendorf | 108 | | | | 1,787 – 4,678 | 2,637 | +16.9 |
| Tempelh.-Schöneb. | 90 | | | | 1,194 – 3,346 | 2,196 | +11.6 |
| Treptow-Köpenick | 111 | | | | 1,331 – 3,095 | 1,970 | +8.4 |
| Berlin average | 944 | | | | 1,114 – 3,728 | 2,253 | +15.7 |

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.

over 19 per cent of all the condominium apartments on offer in Berlin. The median asking price, €3,713 per square metre, is considerably less than that in Mitte and lower than in Friedrichshain-Kreuzberg. Admittedly, the topmost segment is almost as expensive as in Mitte, at €7,312. In 2016, this rose by a hefty 18.4 per cent in Charlottenburg-Wilmersdorf.

In fourth place for median asking prices is Pankow, at €3,442, representing an increase of 12.9 per cent. In terms of numbers of properties on offer, Pankow is in second place to Charlottenburg-Wilmersdorf. Ranking fifth in both categories is Tempelhof-Schöneberg. However, the level of asking prices there is already less than the Berlin average, despite a huge (21.0 per cent) jump in prices in the district. Steglitz-Zehlendorf is only slightly behind, in both prices and numbers. This may appear surprising in view of the high purchasing power there. However, in this peripheral area, an owner-occupied house is arguably preferable to an apartment in a block.

More than 76 per cent of all the properties on offer in Berlin are in the six districts so far mentioned. Even Treptow-Köpenick has a relatively large market, with 2,309 advertisements. The backmarker is Marzahn-Hellersdorf, which only had 352. The asking prices per square metre are consistently lower than in the six districts having most of the offers. The sharpest growth was registered in Lichtenberg, with 23.0 per cent, and Spandau with 23.7 per cent. Spandau and Mar-

zahn-Hellersdorf are the only districts with median asking prices under €2,000 per square metre. In contrast, Lichtenberg is already nearing the €3,000 mark. In 2016, it registered the largest increase in the top price segment, 29.7 per cent, of all the Berlin districts. Curiously, it recorded the lowest rise in the bottom segment, only 3.3 per cent. No other district saw such a difference between the trends in these segments. The smallest increase in the purchase prices of condominium apartments, 5.0 per cent, was in Treptow-Köpenick. The city average was almost twice as high.

Apartment buildings: Small market with higher asking prices

Whoever owns an apartment building in Berlin generally holds on to it. Only 944 offers were recorded in the first three quarters of 2016. Nevertheless, this number has slightly risen year-on-year. Vendors increased their asking prices per square metre by a median 15.7 per cent in 2016. Charlottenburg-Wilmersdorf is the frontrunner in asking prices, with €2,854 per square metre. It is closely followed by Steglitz-Zehlendorf, with €2,637. This does not match the ranking by asking rents – a situation that also applies in many other districts. However, because of the relatively low number of instances, and the quality and price structure of the apartment buildings on offer, both the median asking prices and the district rankings are highly susceptible to fluctuations. In some cases they are of only limited

statistical significance. The bottom rankings for median sale prices are occupied by the districts of Marzahn-Hellersdorf and Spandau. Together with Lichtenberg, they have the smallest markets in terms of numbers of offers. The districts with most apartment buildings on offer, more

than 100 in each, were Charlottenburg-Wilmersdorf, Treptow-Köpenick, Mitte and Steglitz-Zehlendorf. The median asking prices in both Mitte and Treptow-Köpenick are around €2,000 per square metre, well below the figures in the two leading districts.

Transaction volume and sale prices again reach new peaks

In Berlin, there is no end in sight to the investment boom. In 2015, a new record take-up was once again registered in the residential property market. There was a particular focus on developments, as there was a shortage of existing portfolios. According to CBRE figures, Berlin accounted for around €550 million of the €2.3 bn transaction volume throughout Germany in 2015, with some 2,700 apartments changing hands in the city. This asset class remained sought-after in the first three quarters of 2016. In this period, sales of over 3,000 apartments were registered, worth in total around €700 million. This was more than in the whole of 2015.

Based on CBRE research, around €3.6 bn was placed in investments involving 50 or more residential units in 2015 in Berlin. This includes Gagfah's Berlin portfolio, which was taken over by Deutsche Annington (Vonovia) at the start of 2015. In 2016, an estimated transaction volume of €2.5 bn is anticipated. The introduction of the

Mietpreisbremse ("capping of rents on re-letting") that came into force in June 2015 has apparently had no effect on the residential investment market. With regard to major transactions, the buyers primarily represented in 2015 and between the first and third quarters of 2016 were the ADO Group and Immeo AG, which is part of the French Foncière des Régions real estate group. DSR Deutsche Investment and Mähren AG each also made several acquisitions in Berlin. The municipal housing corporations were represented on the purchaser side, although unlike the companies previously mentioned, they were increasingly involved in the development segment. The vendor side is very heterogeneous. As well as developers, a few listed companies and private investors were primarily active in the market.

Home ownership still in strong demand

The Berlin Valuation Panel (GAA) registered considerable increases in average sale prices for developed properties and for residential and condominium ownership. Its figures show that, in 2015, the average sale price per square metre of purely residential investments was around 20 per cent higher than in 2014, although both the number of transactions and the investment volume had significantly declined (€1.64 bn in 2015).

The average sale price of mixed residential and commercial properties rose by around 19 per cent in the study period. In this sector, the number of transactions slightly increased and the volume was up by 19 per cent, to €2.77 bn. The value of residential freeholds and condominiums also rose considerably. The mean sale price of condominium apartments was up by an average of 14 per cent over the year. The 28,664 transactions in residential and condominium ownership that were recorded and the total volume of €5.76 bn (up by 41 per cent) both hit new records. Overall, there is continuing high demand for rental and condominium apartments in Berlin, as well as for apartment buildings and mixed residential and commercial investments. However, the supply of properties tightened in some segments and locations, leading to further increases in prices.

Selected residential property portfolio transactions in Berlin from 2015 to Q3 2016

| Buyer | Seller | Number of apartments | Price in € million |
|---------------------------|--|----------------------|--------------------|
| ADO Group | Deutsche Wohnen AG | 5,749 | 375 |
| Immeo AG | Berlin IV A/S | 2,735 | 348 |
| ADO Group | Companies from Germany and Luxembourg | 1,877 | 218 |
| DSR Deutsche Investment | S Immo AG | 1,126 | 212 |
| Immeo AG | EB Group | 1,700 | 184 |
| Immeo AG | Residenz Berolina GmbH & Co.KG | 969 | 165 |
| ADO Group | International funds and private investors | 885 | 137 |
| (n/a) | AFI Europe | 765 | 118 |
| Kauri CAB/Apeiron Capital | Institutional investor | 837 | 100 |
| aik Immobilien KAG | DG Anlage Gesellschaft | 628 | 91 |
| Akelius Fastigheter AB | Mähren Holding | 835 | 85 |
| intern. Family Office | Domestic private investor | 432 | 71 |
| Wohnbau GmbH | ZBI Zentral Boden Immobilien-gruppe | 512 | 63 |
| DSR Deutsche Investment | (n/a) | 600 | 60 |
| Invesco Real Estate | Münchner Grund Immobilien Bau-träger AG (UBM Development AG) | 190 | 60 |

Source: CBRE

Financing market: Stability in Germany amid turbulent environment

The global environment of the real estate financing market is concurrently dominated by both positive and negative trends. The economies of Germany, Europe and the United States have developed favourably recently. Germany in particular is distinguished by simultaneous growth, a positive employment situation, price stability, and a balanced national budget. However, in other major economies, particularly the large emerging markets of China, Russia and Brazil, earlier dynamism has considerably slowed. This threatens to dampen export-oriented economies, such as Germany. There is also an observable global trend toward protectionism and isolation, such as has found expression in opposition to the planned transatlantic trade agreement in Europe and the US, as well as the UK's vote to leave the European Union. There are also instabilities in the Eurozone, for example the ongoing crisis in Greece and structural problems in other southern European countries. Political crises outside the EU are continuing. No end to the war in Syria is in sight, and developments in neighbouring countries in the Middle East remain uncertain.

These multiple uncertainties are creating nervousness on the financial markets. Many banks are still under pressure. Their profits are suffering from the continuing low interest rates. Increasing demands on the regulatory system add to the staff burden and the pressure on costs.

German real estate in great demand

Residential property in Germany is still sought-after globally as an investment. Our country is still regarded as a safe haven for the very high global levels of liquidity. Special factors, such as the uncertain trend of the UK property market, add to this. In view of the worldwide pressure to invest, prices on the German real estate markets are likely to continue their dynamic growth – perhaps even more dynamically than before. The increasing shortage of supply is also driving prices higher. In the absence of alternative investments, owners prefer to hold on to their properties, not sell them. This means that there is an ever-increasing amount of interest in well let, or easily lettable, new properties, if the developer chooses not take them into its own portfolio. The focus of attention will remain for the foreseeable future on the Top 7 cities, i.e. the leading German urban regions in and around Berlin, Hamburg, Munich, Cologne, Frankfurt, Dusseldorf and Stuttgart.

Real estate finance market

In recent years, the commercial property finance market has seen an impressive upward trend. Yet, the longer the boom continues, the more strategic issues come to the fore. How likely is it that the market will change in coming years? In which direction could it go? And how do the market players best prepare themselves for the new circumstances?

Borrowers are still enjoying a fairly relaxed financing environment. In principle, high volumes of finance are available. Loan customers benefit from the stiff competition between the banks. Numerous traditional real estate financiers are in competition to provide loans with attractive returns and low risks. This increases the pressure on their margins. With a few banks, we are observing a somewhat less than unproblematic relaxation of risk parameters, such as LTV and LTC.

At the same time, however, increasing numbers of alternative finance providers are entering the market: Insurance companies, credit funds, equity investors and others have large amounts of liquidity that are looking for suitable investments. These providers are increasingly broadening their services. For instance, in previous years insurance companies primarily provided large volume (three digit) loans in the core segment. Now they are also available for medium-sized loans. In addition, the loan funds have substantial amounts of cash available for financing. As these are not subject to the strict and expensive banking regulations, they can be prepared to accept greater risks than the traditional real estate financiers.

The low interest rates, which are expected to remain, are likely to lead to an increasing volume of credit, not least because German private debt is still very low by international comparison. Abundant equity and cheap borrowed capital may further fuel the German housing market and lead to rising prices. Tendencies for overheating in individual (sub-) markets have so far been the exception. Price increases up to now and those that are definitely foreseeable are still mainly well founded: Investors and financiers still appear to be positive about the German real estate market.

Furnished housing: A moderately growing segment for mobile tenants

In order to meet the specific demands of the “furnished housing” segment, a different appraisal methodology was used from that for the remaining part of the report. As well as advertisements quoting net asking rents, those only stating the “warm” rent (including heating and services) were also evaluated. The “shared apartment” and “temporary housing” market segments were also included. The proportion of all rental apartments stated to be furnished was therefore examined. The underlying number of offers is consequently considerably larger than the data regarding net (“cold”) asking rents in the district and framework sections of the housing market report. In general, there are major overlaps between furnished apartments and the “shared apartments” and “temporary housing” segments. Many advertisements fall into more than one of these categories.

Plenty of furnished apartments on offer in economically strong locations

In the Top 7 locations, the proportion of advertisements for furnished accommodation ranges between around 25 and almost 50 per cent of all offers of rental apartments. It is noticeable that there are considerably higher proportions in this segment in the economically strong locations in southern Germany (Stuttgart and Munich). There is also a trend towards more furnished apartments in the Top 7 cities. The percentage of furnished apartments on offer has increased only slightly, from almost 30 per cent in 2013 to nearly 32 per cent by 2016. In Dusseldorf and Hamburg, the proportion actually declined during the survey period. Although the proportion of “adjusted” furnished rental apartments (i.e. excluding shared apartments and temporary short-term accommodation) has considerably increased in almost all locations, in the Top 7 cities they only

accounted for between around 5.0 and 10.1 per cent in 2016. In Berlin, the proportion rose from 2.2 per cent in 2013 to 5.2 per cent in 2016. The results of the analysis clearly demonstrate the changed demands on housing. The increasing flexibility, mobility and internationalisation of the world of employment is reshaping the housing market. Furnished apartments are often let inclusive of ancillary costs, services, Internet charges and the like. Furnished apartments offer many advantages for commuters, students or temporary employees. However, no significant correlation can be derived between the Mietpreisbremse (“capping of rents on re-letting”) and the upsurge in advertisements for all furnished apartments.

Inner-city districts of Berlin with the largest proportions of furnished apartments

In all advertisements for rental apartments in Berlin, particularly the inner-city districts inside the S-Bahn ring (Mitte, Charlottenburg-Wilmersdorf and Friedrichshain-Kreuzberg) include high proportions of furnished apartments. Pankow and, with some limitations, Tempelhof-Schöneberg also have relatively high proportions. Around 75 per cent of all furnished apartments are offered in these five city districts. Around a fifth of all furnished apartments offered are in Mitte, while Marzahn-Hellersdorf accounts for only 1.4 per cent. Overall, the furnished segment of the market in Berlin increased by around 15 per cent between 2013 and 2016. In 2016, it accounted for around 27 per cent.

Small furnished apartments particularly popular in trendy areas of Berlin

In Lichtenberg, Friedrichshain-Kreuzberg and Neukölln – districts that are particularly popular with younger people – more than two thirds

Berlin's market for furnished apartments

| City district | Living space in m ² | Charlottenburg-Wilmersdorf | Friedrichshain-Kreuzberg | Lichtenberg | Marzahn-Hellersdorf | Mitte |
|--|--------------------------------|----------------------------|--------------------------|-------------|---------------------|-------|
| Share ²⁾ of total number of furnished apartments in Berlin 2016 ¹⁾ , in % | | 15.7 | 15.4 | 3.2 | 1.4 | 21.3 |
| Share ²⁾ of all rental apartments offered in district 2016 ¹⁾ , in % | | 37.6 | 37.4 | 17.6 | 8.1 | 38.1 |
| Share ²⁾ according to living space of all furnished rental apartments offered in district 2016 ¹⁾ , in % | less than 25 | 30.9 | 66.0 | 73.9 | 55.9 | 55.0 |
| | >25 to 40 | 18.0 | 15.1 | 10.2 | 7.7 | 13.1 |
| | >40 to 70 | 30.1 | 9.9 | 8.9 | 22.4 | 18.7 |
| | >70 to 100 | 12.3 | 5.8 | 5.1 | 11.9 | 8.2 |
| | more than 100 | 8.7 | 3.2 | 1.9 | 2.1 | 4.9 |

1) Q1 to Q3 2) Share of furnished apartments offered

| Proportion of furnished apartments among all rental apartments offered | | | | |
|--|---------------------------|--|---------------------------|--|
| City | 2016 ¹⁾ , in % | adjusted ²⁾ , 2016 ¹⁾ , in % | 2013 ¹⁾ , in % | adjusted ²⁾ , 2013 ¹⁾ , in % |
| Berlin | | 27.4 | | 5.2 |
| Dusseldorf | | 27.4 | | 7.3 |
| Frankfurt a. M. | | 35.2 | | 10.1 |
| Hamburg | | 25.7 | | 5.0 |
| Cologne | | 31.3 | | 7.5 |
| Munich | | 47.5 | | 9.1 |
| Stuttgart | | 45.1 | | 7.9 |

1) Q1 to Q3 2) excl. shared and temporary short-term accommodation

Source: CBRE based on data from empirica-systeme

of the furnished apartments on offer have floor space of 25 sq m or less. As well as very small apartments, this size bracket includes shared rooms and serviced apartments. In the three districts mentioned, the proportions in the over 40 to 70 square metres and over 70 to 100 square metre brackets are, however, below average. In the traditionally established residential locations of Charlottenburg-Wilmersdorf and Steglitz-Zehlendorf, offers of furnished rental apartments of 25 square metres or less only make up around a third. Striking in these districts is the above-average proportion of advertisements for over 100 square metres of residential accommodation. This suggests that, in both districts, large furnished apartments (new build and existing) are a sought-after niche product.

What is furnished housing?

The definition of whether or not an apartment is furnished mainly depends on it being identified as such by the landlord. There is no statutory regulation. Partly-furnished typically includes a built-in kitchen. The furnished status can range from a few pieces of furniture through to full furnishing.

Furnished housing methodology

Advertisements with both “cold” (net) and “warm” rents (including heating and services) are included in the analysis of furnished housing. In the periods from the first to third quarters of both 2013 and 2016, 445,129 advertisements for rental apartments in the Top 7 locations were analysed. The furnished apartments were filtered from these for both years and calculated in accordance to their proportions. In Berlin, a breakdown by city district and floor area of apartment was also made. Only those offers that were not identified as “shared apartments” or “temporary accommodation” were categorised as “adjusted” furnished rental apartments.

Does the Mietpreisbremse (capping of rents on re-letting) include furnished accommodation?

In principle, the Mietpreisbremse also applies to furnished apartments, but not if they are let for only a limited period or if the landlord sublets furnished accommodation in his/her own apartment. Furniture often justifies a rental surcharge. However, there are no rule-of-thumb figures for this, as the extent and quality of the furniture can differ considerably.

| Neukölln | Pankow | Reinickendorf | Spandau | Steglitz-Zehlendorf | Tempelhof-Schöneberg | Treptow-Köpenick | Berlin total |
|----------|--------|---------------|---------|---------------------|----------------------|------------------|--------------|
| | 6.4 | | 13.3 | | 2.6 | | 2.2 |
| | 5.3 | | 9.6 | | 3.5 | | 27.4 |
| | 79.0 | | 55.6 | | 40.8 | | 42.2 |
| | 33.3 | | 49.3 | | 55.1 | | 55.0 |
| | 11.4 | | 13.0 | | 11.6 | | 12.1 |
| | 14.7 | | 17.3 | | 11.3 | | 14.2 |
| | 27.2 | | 19.8 | | 18.1 | | 17.9 |
| | 14.6 | | 7.9 | | 11.8 | | 8.2 |
| | 10.3 | | 5.6 | | 3.7 | | 4.7 |

Source: CBRE based on data from empirica-systeme

New builds: Bigger projects, more rental apartments, more activity on the periphery

New housing construction in Berlin is quickly picking up speed. Although the number of projects that were surveyed for this report only increased from 240 in 2015 to 247 in 2016, on average the projects are much larger. The number of apartments planned has risen from 22,270 to 32,240 and the average number of apartments per project from 93 to 131. Only a few years ago, new development was concentrated in the city centre, but now there are projects underway throughout Berlin.

For a long period, the generally weaker volume of new construction was dominated by condominium apartments. However, rental apartments now prevail. Around 13,700 residential units are planned for individual sale, although this figure also includes a few developments of single-family homes. Some 14,000 are planned for letting. The remaining projects could not be ascribed to a particular category. A few developers are flex-

of the public housing companies is particularly evident in this. They are buying projects that were initiated or realised by the private sector, although they are also carrying out developments themselves. Typically, just under a third of the apartments are subsidised and let from €6.50 per square metre to households with moderate or low incomes. The majority of the apartments are marketed at prices or rents that cover their costs. The state housing associations are also active in some 140 smaller projects, each with less than 100 apartments. However, private initiators and owner occupation dominate this segment.

Private developers of new projects will be offering a similar mix to the state undertakings. This is a provision of the “Berlin Model of Cooperative Development”. Wherever a project with more than 49 apartments necessitates a development plan, a proportion of subsidised housing and payment of the costs of roads and services will



Developments by Bauwert (Box Seven), Stadt und Land (Hasenholzer Allee) and the Groth Gruppe (Mittenmang)

ible in this respect, waiting until the project is advanced to decide between sale and rental. The condominium apartments to be constructed may not all be occupied by their buyers; some may be individually let as investments. Both factors indicate a predominance of ultimately rental apartments in the planned multi-storey buildings. The projects developed by the six state housing associations play an important role in this.

Four new projects with over 1,000 apartments

The projects surveyed range from urban villas with four apartments through development of a whole neighbourhood. Four projects of very different types each include more than 1,000 units. These are the very dense development of a derelict site near Berlin's main train station; eight blocks in Spandau, on behalf of the state-owned companies; a mixed site with single-family homes and private investment properties in Lichtenberg-Karlshorst; and a large complex on the periphery, in Lichtenberg-Falkenberg.

Around 100 other projects have three-digit numbers of apartments. The increasing significance

be mandatory. This is individually regulated by planning agreements.

New development zone to the southeast

The geographical concentration of new construction is on the centre and eastwards, but primarily to the southeast. A development belt extends from Berlin-Mitte via Friedrichshain-Kreuzberg and Lichtenberg to Treptow-Köpenick. These four districts alone account for two thirds of all the planned apartments. Most of them are in districts that were part of East Berlin during the Berlin Wall era. This part of the city was, and largely still is, less densely populated and has a higher proportion of sites where previous uses have been abandoned during the last 25 years.

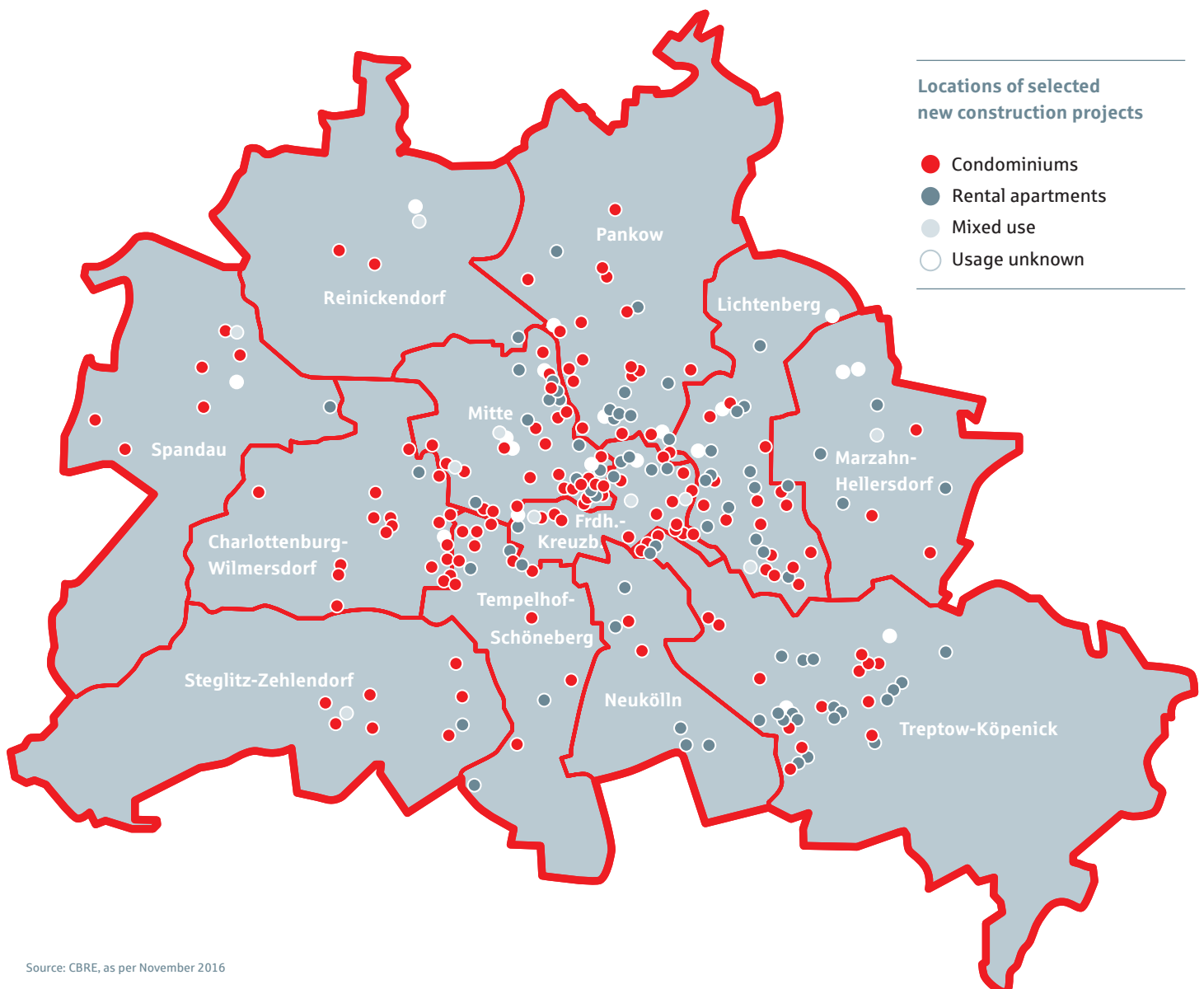
However, there are sites in eastern and western Berlin where development of, in some cases, high four-digit numbers of apartments will be realised in coming years, according to plans by the Senate Administration for Urban Development and the Environment. The large-scale sites earmarked for this include Spandau-Gartenfeld and Pankow-Michelangelostrasse.

New apartment construction: 247 projects in development

| District | Projects | Projects with rental apartments | Total number of apartments | Quoted rents in €/m ² /month | Quoted purchase price in €/m ² | Apartment size in m ² |
|----------------------------|----------|---------------------------------|----------------------------|---|---|----------------------------------|
| Charlottenburg-Wilmersdorf | 20 | 1 | 1,531 | 14.00–19.00 | 3,300–12,750 | 19–322 |
| Friedrichshain-Kreuzberg | 27 | 10 | 3,929 | 6.50–14.00 | 2,850–7,030 ²⁾ | 21–296 |
| Lichtenberg | 35 | 16 | 8,027 | from 6.50 | 1,620–5,510 | 20–280 |
| Marzahn-Hellersdorf | 10 | 5 | 2,034 | 6.50–12.00 | 1,730–4,140 | 50–180 |
| Mitte | 44 | 12 | 6,671 | 6.50–15.00 | 3,300–15,000 ²⁾ | 17–382 |
| Neukölln | 7 | 5 | 571 | 8.50–10.50 | e.g. 3,560 | 50–120 |
| Pankow | 28 | 8 | 1,789 | from 6.50 | 2,400–6,630 ²⁾ | 30–190 |
| Reinickendorf | 5 | 2 | 643 | — ¹⁾ | e.g. 4,640–6,820 | 38–250 |
| Spandau | 9 | 1 | 1,617 | 6.00–9.50 | 3,010–6,040 | 20–124 |
| Steglitz-Zehlendorf | 9 | 2 | 675 | e.g. 8.50–10.50 | 3,000–5,620 | 30–190 |
| Tempelhof-Schöneberg | 15 | 4 | 1,031 | 6.50–11.00 | 3,300–9,710 | 37–255 |
| Treptow-Köpenick | 38 | 18 | 3,719 | 6.50–12.00 | 1,600–5,050 | 29–232 |
| Berlin total | 247 | 84 | 32,237 | 6.00–19.00 | 1,600–15,000 | 17–382 |

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

Source: CBRE, own research



Source: CBRE, as per November 2016

“New construction is the only way to relax the market. Expensive apartments can also play a part.”



In dialogue: Andreas Segal (left) is CFO and deputy CEO of the BUWOG Group. Jörg Franzen is Chairman of the Board of the state-owned GESOBAU AG.

Berlin's economy and population are growing, rents and property prices are rising. Is this a current phenomenon, or will it continue?

Segal: For years, the population has been growing at more than one per cent a year, even without the refugees. We assume that this is not going to change in the next five to 10 years.

Franzen: I am also sure that this trend of the economy and the population, which is very positive for the city, will continue for at least another five years. Of course, this means there is a gigantic challenge for the housing industry. We already have hardly any vacant space.

We're now experiencing a building boom – is there a threat of oversupply at some point?

Segal: 15,000 new apartments a year – that's only about 0.7 per cent of the stock. Supply is still growing much more slowly than demand.

Franzen: New construction is the only way to relax the market. A mixture of all the segments makes sense, because even expensive apartments relax the market. They free up existing apartments, or provide housing for newcomers who then do not put pressure on the existing market.

Segal: Of course, that also applies to owner occupation. Those who buy free up a rental apartment – or they buy as investors and therefore add to the rental supply.

Mr. Franzen, what is your company building?

Franzen: GESOBAU now has 40,000 apartments.

In 10 years, this will be 52,000 - and the majority of the growth will come from new construction. We have started by filling gaps and increasing the density on our own land but, of course, we are aiming at larger projects, for example, on the present Tegel Airport and prospectively over 2,000 apartments in Hellersdorf. We are on a growth trajectory – and we can afford to be.

Mr. Segal, what are BUWOG's plans?

Segal: We are the second-largest developer in Berlin. We want to build some 3,500 apartments over the next four and a half years. We will take 30 per cent of these into our portfolio; 70 per cent will be sold as condominiums. We are pursuing projects with between 100 and 1,000 units, for instance in the Ankerviertel, on the river Dahme in Grünau. For new construction, we reckon on rents between €12 and €13 per square metre per month. For owner-occupiers, we provide good middle-class products at medium prices.

Does Berlin have a large enough middle class with the necessary purchasing power and willingness to buy?

Segal: Incomes are also increasing. On top of that, asking rents for vacant existing apartments now average more than €9 per square metre. We are not at all far away from that – and that's for high quality new buildings with low energy costs, space saving optimised layouts, good sound insulation and more. The demand is immense!

Even GESOBAU is building privately financed apartments.

Franzen: The six municipal companies have agreed with the Senate that 30 per cent of the apartments in new buildings will be subsidised and let at €6.50 per square metre. We are currently offering the other 70 per cent at €9.00 to €9.70 per square metre, with low ancillary costs. We are therefore among the cheapest providers of newly built apartments. Of course, we have to forgo some cost drivers, such as underground car parks.

Another reason why you can offer apartments so cheaply is because you either already own the sites, or the state gives them to you.

Franzen: Yes, that reduces the overall costs by about 5 per cent.

Why is a municipal corporation operating in the market for privately financed housing?

Franzen: Because Berlin rightly wants to have a social mixture; because this is the way that neighbourhoods function best. No one wants ghettos in large estates. And because we are not only working for the recipients of transfer payments but also want to create an affordable supply for average earners.

Mr. Segal, does it annoy you that the state-owned corporations get subsidised sites?

Segal: That does not annoy me in the least. Frankly, we are pleased about everything that is being built. We can act much more freely in a better-balanced market. Shortages always only lead to more rent regulation, even if that has never worked anywhere in the long term.

Is there no competition between providers or for land?

Segal: Not for properties on offer, ultimately also not for sites, of which Berlin has enough. The obstacle is that many owners are not selling at the moment. The prices of undeveloped land have risen to utopian levels in the last five years. Often they are around €1,000 – and that's not per square metre of site but per square metre of residential accommodation developable on it. For the next five years, we have a land bank of sites that are still undeveloped, throughout Berlin. Nevertheless, it isn't exactly easy.

Especially without planning consent.

Segal: Yes, it can take two or three years before a site is ready for development. Then there is a construction period of around two years. If we acquire a site today, it could be five years until completion. It would be good if this could be sped up.

It takes even longer if residents protest.

Franzen: I see this as a major challenge. Participative procedures are going to be strengthened and promoted even more. Of course, fundamentally it makes sense not to implement projects that are opposed by the urban society, to get citizens involved and to discuss with them. But policies must also pursue projects consistently and make decisions. The housing development the city needs cannot be realised in any other way.

Segal: Most importantly, we need clear priorities, with no vacillating between contradictions. It makes no sense to say modernisation is no longer allowed, but at the same time the existing stock must not decay and climate protection must be advanced. Rents may not rise but the quality of the stock must be high. There should be lots of new construction and primarily new rental apartments, but not at a level of rents that makes this construction viable. There are many fantasies of those that favour regulation, but it's easy to forget that incentives can go a lot further. There are currently no tax incentives, direct subsidies or discounted loans that could be helpful in a climate of rising interest rates.

Franzen: I am not a Berlin politician, but I suspect they would respond by saying: The private firms are sufficiently motivated by market conditions.

Segal: At the moment we do not need any subsidies. We would need them, however, if there were to be more regulation. If, for example, planning consent is only granted if we also construct 30 per

“Frankly, we are pleased about everything that is being built. We can act much more freely in a better-balanced market. Shortages always only lead to more rent regulation.” Andreas Segal

cent of subsidised housing, at the end of the day this calculation also has to be viable for private firms. With all due respect to the municipal corporations, I don't believe that they can tackle the situation on their own.

What subsidies or steps toward deregulation would be particularly helpful?

Segal: Lower property transfer tax. That would help not just our companies but also primarily property buyers, who are now burdened with purchaser's costs of 15 per cent – charges, agent's fees and the ever-increasing taxes. This is counterproductive.

Mr. Franzen, what subsidies or easements would you need for more housing construction?

Franzen: As a method of subsidising, I would prefer subsidies based on the individual or the property. This is more beneficial precisely to those who need it. For new construction, I consider there is huge potential on the cost side if regulations and guidelines were to be relaxed. There are so many opportunities with the energy saving regulations, accessibility for disabled people, noise and fire protection. In Germany, it's thought that you have to stipulate belt and braces for everyone. You can do without one or the other with no harm done.

“The statutory Mietpreisbremse (capping of rents on re-letting) misses the target. Private landlords naturally prefer the better-off. They get more for their money when the rent price cap takes effect.”

Jörg Franzen

Could you reduce costs yourself – for example through serial construction?

Franzen: We municipal corporations are permanently engaged in optimising construction costs. We are heading towards standard houses and standardised layouts. This doesn't mean we are reinventing Plattenbau (slab construction) but rather optimising costs by efficient and sensible design of buildings. Optimisation means, of course, that we want to build sustainably, in both urban planning and architectural terms.

Which types and sizes of apartment are in particular demand?

Segal: We're seeing that the high space aspirations of the recent past are being cut back because of the cost. The most sought-after product, by both tenants and buyers, is no longer the 120 square metre apartment but rather one with three very spacious rooms in 90 square metres. However, there are prospective takers for all sizes, from micro-apartments to five-room penthouse apartments.

Franzen: As we build for average earners and those on low incomes, our floor plans are somewhat more parsimonious. Why not have four rooms in less than 100 square metres? These are not special floor layouts for poor people – we use them for privately financed apartments as well.

From development to current policies. How are you coping with the Mietpreisbremse (capping of rents on re-letting)?

Segal: Of course, we are acting within the law. But we are also taking advantage of the exemptions, for example with full modernisation.

Are the municipal corporations an institutionalised Mietpreisbremse?

Franzen: We practically invented it ourselves in 2012, in our agreement with the current mayor. But in my opinion, the statutory regulations in 2015 have missed the target. Private landlords naturally prefer those on higher incomes. They get more apartment for their money when the Mietpreisbremse takes effect. This is further increasing the shortage, because it is attempting to eliminate market signals. The strongest dampening effect in Berlin is created not by the law but rather the lower-priced supply by the municipal housing corporations and cooperatives.

In the last decade you were privatised, now you are expanding again.

Franzen: The six municipal corporations should grow from 300,000 to 400,000 apartments over the next 10 years, a third of this through acquisitions.

Segal: That will not provide a single new apartment.

Franzen: But it dampens the market because it means socially acceptable rents.

Mr. Segal, what policies would you like to see?

Segal: It's time for a professional, transparent Mietspiegel (rent index)! It should be free from political influence and should depict the market honestly. The current rent index is scientifically inadequate and methodologically incomprehensible. There are clusters, the value of which are based on only 10 apartments.

Where do you see yourself and the Berlin market in 2030?

Franzen: GESOBAU will have some 20,000 more apartments than it has now. Whether the market will then be more relaxed, or whether we can build enough to keep up with the growth, I would prefer not to predict today.

Segal: Berlin will be an international metropolis, gentrification will continue. The eastern and western city centres will be at a very different price level than they are today. I hope, however, that with increased levels of new construction, we will have been able to calm the overall situation on the market somewhat.

How cities and markets will develop by 2030 – and beyond

Cities are currently going through a transformation that, from a long-term view, amounts to a turning point. Whereas, in the 19th century, people were still flooding into the cities, their movement was away from the inner cities toward middle-class suburbia, in the late 20th century this trend reversed. The inner cities initially became emptier, while an adventurous Bohemian world took possession of the ensuing empty space. During the establishment of this creative economy, whole districts became more attractive for a young bourgeoisie with higher purchasing power. This accelerated the changes. An urban renaissance, described as gentrification, developed.

Nowadays people are pouring back into the cities, while it seems that suburbia has lost its fascination. What is the effect of this trend on the housing market? In the increasingly popular central locations, where demand is rising most rapidly, the supply can only react to a limited extent. Unlike in the periphery, there is a lack of sites. Central locations are therefore becoming more expensive. Like every change, this creates winners and losers. Those who had made timely investments will profit. Others, faced with the rising prices, will have to move closer together if they want to stay in the trendy area. However, this does not only concern the densification of new construction and property conversions. The paradox of the inner cities is that young families with children live in restricted spaces, while older people, even after their children have left home, stay in their large apartments that were affordable in the past. Conversion of the existing stock, to match the needs of elderly people, and innovative new construction that makes family life more attractive in limited space are becoming more popular. However, it is becoming increasingly difficult to find housing in the cities, particularly for households on lower incomes and/or with lower social status. They have to resort to less sought-after locations, which often have disadvantages in respect of amenities and quality of life.

It would therefore seem obvious to orient the required new development in the inner cities even more closely to the model of urban structure of the Wilhelminian period, which is currently so successful. This would be even more consistent with the idea of the “compact city”. Essentially this means development close to U-Bahn or S-Bahn stations, perimeter block development of medium-height buildings (up to five storeys) around landscaped inner courtyards, mixed use with commercial space (primarily offices and café/restaurants) on the ground floors and apartments with high ceilings and balconies. The streets should be lined by trees and the residential area should have adequate public space for specific recreational uses (parks and squares). The partly non-specific green and open spaces of the detached and terraced post-war modernist development must be avoided. This must be implemented consistently, because the urban development mixes of Wilhelminian and post-war modernism function the least effectively.

However, what will now happen in the long term in cities that shine with new brilliance but are no longer accessible for future generations? Will the urban renaissance be only a brief phenomenon? In the long term, will cities become victims of their own success? Not necessarily. Cities such as Paris and London show that cities can retain their attraction and dynamism even at a high (price) level if they have also become established as global economic and sociocultural centres. However, as upgrading progresses, new generations will eventually (have to) move elsewhere. Flexible and creative people will again look for free space, and others will follow. Such free space is most likely to be found in peripheral city locations with good transportation connections, possibly in smaller towns and villages on the edges of the conurbations. With a little imagination, one can already recognise the next, somewhat distant major spatial trend: The gentrification of suburbia.



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Publisher (13th edition):

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The Housing Market Report is available for download on:
www.berlinhyp.de
www.cbre.de

Photos:

Cover: Caro/imageBROKER, p. 14: PR, p. 16: WMR, p. 19: LSE Wenger, pp. 20–69: Andreas Franke/panabild.de, pp. 25, 41: Robert Máté Fotografie

Housing Cost Atlas: Rents, apartment sizes and purchasing power in 190 postcode areas of Berlin



The Berlin housing market is very heterogeneous. There are differences between the centre and peripheral locations, as well as differential trends within the districts. A much more spatially differentiated analysis is therefore required for the assessment and adequate treatment of individual locations. The 190 postcodes in the city, with average populations of 19,000, are ideal for this. They are often very homogeneous neighbourhoods,

dominated by particular types of buildings and apartments as well as groups of residents. Other postcodes, however, have steep gradients in rents, which may be indicative of social diversity. The systematic registration of around 44,000 offers of apartments to let in the first three quarters of 2016 enables in-depth analyses to be carried out at micro spatial level. The offers were recorded by amount of rent and size of apartment,

Methodology of the Housing Cost Atlas

The 43,949 apartments on offer in the first three quarters of 2016, where floor area and asking rent were stated, were ascribed to the 190 Berlin postcodes. This provided a statistically adequate number of offers for all areas apart from 13059 (Wartenberg), 13129 (Blankenburg), 13159 (Blankenfelde), 13505 (Konradshöhe) and 14053 (Olympiastadion). The tables give the median asking 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 those advertised. This enables the local high- and low-priced segments to be portrayed. In order to assess the so-called “warm” rents (i.e. including heating and services) flat-rate ancillary costs of €2.63 per square metre for the western districts of Berlin and €2.18 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 post-code level by Michael Bauer Research GmbH. The average housing cost ratio of a household was calculated using the following formula:

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

and ascribed to their postcode. This enables the number of offers, the apartment sizes and the asking rents per square metre to be determined for each postcode. As a result, not only the median for all the apartments in the postcode can be quoted but also, if there is a sufficient number of offers, the medians of the lowest- and highest-priced deciles.

Expensive by the square metre – moderate gross rent

Using the median rent per square metre and the size of apartments on offer in an area allows the median “cold” (i.e. net) rent of an apartment to be calculated. The “warm” (i.e. gross, including heating and other costs) rent is derived from this by applying a flat-rate allowance for ancillary costs. These absolute figures per apartment have considerable informative value in practice. For example, the median asking rent in postcode 12051, around Silbersteinstrasse in Neukölln, appears to be very high at €11.17 per square metre. In this respect, the postcode ranks 20th in the city. However, as the apartments are relatively small, averaging 60 square metres, the postcode is down in 89th place for the absolute “warm” (gross) costs per apartment. Conversely, Frohnau (postcode 13465), the “villa quarter” in Reinickendorf, has a median rent of only €8.58 per square metre – well below that of the Neukölln area and even lower than the median for the whole of Berlin. However, the median floor area of the apartments on offer is 28 square metres larger than on Silbersteinstrasse, so that the calculated “warm” rent of €991 is far higher.

Where rents are a light burden

Further insight is provided by the ratio of the “warm” rent as described above to the median household purchasing power: The housing cost ratio. This does not show the current rental burden paid by the residents in the neighbourhood, because the rents currently payable will be considerably less. However, it shows the areas that would still be affordable by their residents if they wanted to move. Low housing cost ratios, sometimes less than 20 per cent, are primarily found in postcodes in the outer districts, with moderate levels of rent, average incomes and apartments that are not very large.

At the other end of the scale are inner-city postcodes featuring households with low purchasing power but high asking rents per square metre and medium to large-sized apartments. In these areas, the housing cost ratios can approach 47 per cent. At first glance, it appears that only wealthy households could afford to move to such areas.

| Type 1 area: City centre – high asking rents, moderate purchasing power, high costs | | | | | |
|---|-------------------|-------------------|---|---|-------------------------|
| Post-code | Area | District | Asking rent ¹⁾ in €/m ² | Purchasing power ²⁾ in €/month | Housing cost ratio in % |
| 10178 | Hackescher Markt | Mitte | 13.80 | 2,912 | 49.0 |
| 10119 | Rosenthaler Platz | Mitte | 13.00 | 2,902 | 43.6 |
| 10965 | Mehringdamm | Friedrich-Kreuzb. | 11.66 | 2,888 | 42.0 |
| 10179 | Jannowitzbrücke | Mitte | 11.53 | 2,899 | 39.0 |
| 10627 | Western Kantstr. | Charl.-Wilmerdorf | 11.37 | 2,986 | 38.9 |

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

In the inner city of Berlin, high asking rents are often found where the residents have below-average household purchasing power. Such areas are home to many young adults with relatively modest incomes, smaller households with at most one income-earner or pensioners, who appreciate the central location and who often have affordable existing rents. These apartments are often small. The analysis of the asking rents is more heavily dominated by new or recently modernised buildings in the higher rent segment. Even without squeezing out existing residents, the household structure is gradually changing.

| Type 2 area: Niches – Inner city locations, low purchasing power, medium costs | | | | | |
|--|--------------------|----------------------|---|---|-------------------------|
| Post-code | Area | District | Asking rent ¹⁾ in €/m ² | Purchasing power ²⁾ in €/month | Housing cost ratio in % |
| 10829 | Schöneberger Insel | Tempelhof-Schöneb. | 10.00 | 2,630 | 30.3 |
| 10553 | Beusselstrasse | Mitte | 9.46 | 2,453 | 30.1 |
| 10969 | Prinzenstrasse | Friedrichsh.-Kreuzb. | 9.26 | 2,736 | 29.4 |
| 10589 | Mierendorffplatz | Charl.-Wilmerdorf | 9.01 | 2,739 | 29.2 |
| 10783 | Bülwobogen | Tempelhof-Schöneb. | 7.73 | 2,785 | 26.6 |

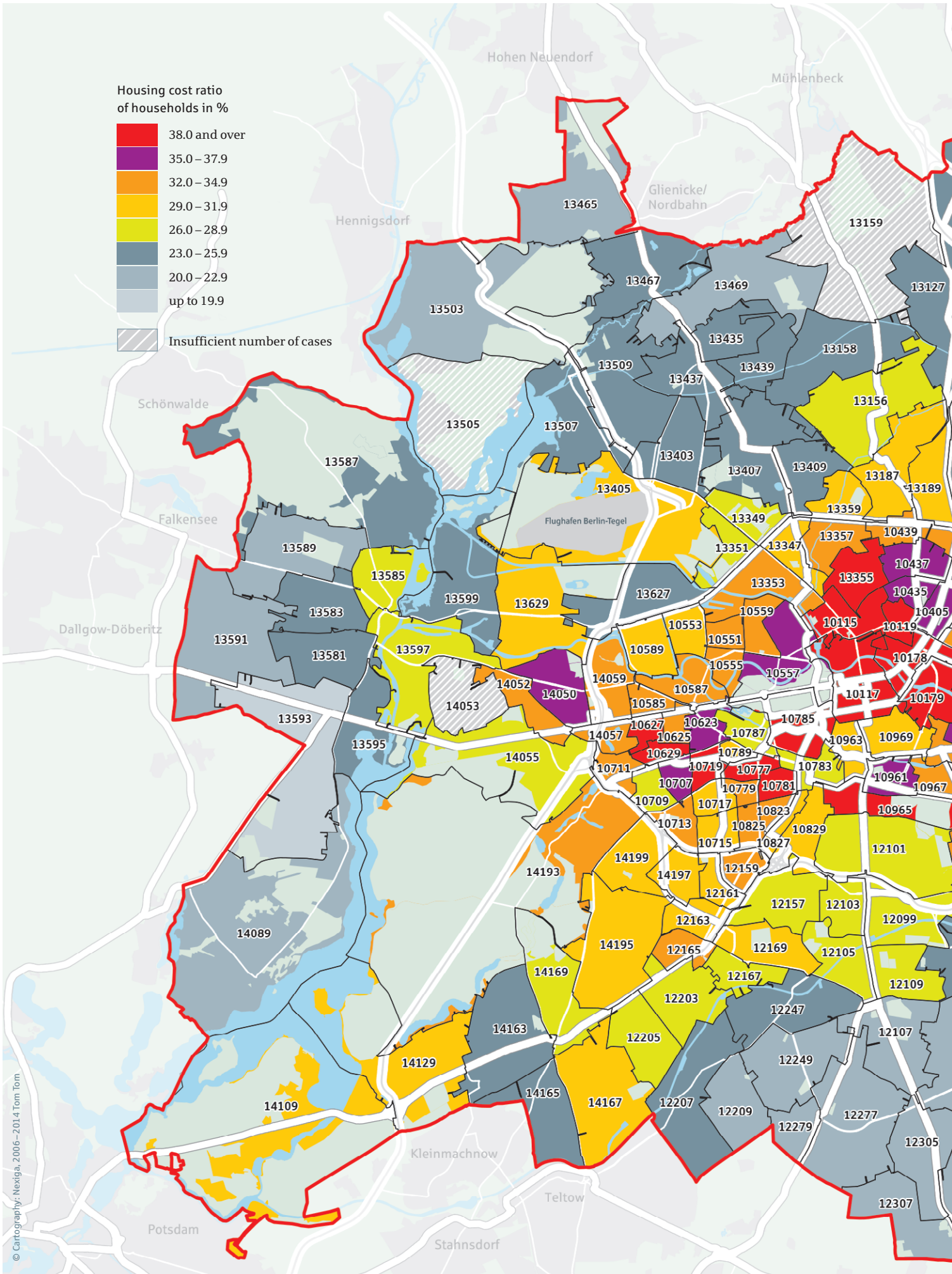
1) median per month, net rent excluding utilities 2) average per household

The average asking rents per square metre have mostly risen sharply, even in the less sought-after inner-city locations – considerably more than the mostly rather low purchasing power of the residents. Nevertheless, they could still afford the apartments currently being offered. Often this is because of the small sizes of the apartments available. In the areas shown in the table, these range between 61 and 72 square metres. Such neighbourhoods are still affordable for single people, couples and small families, but difficult for large households.

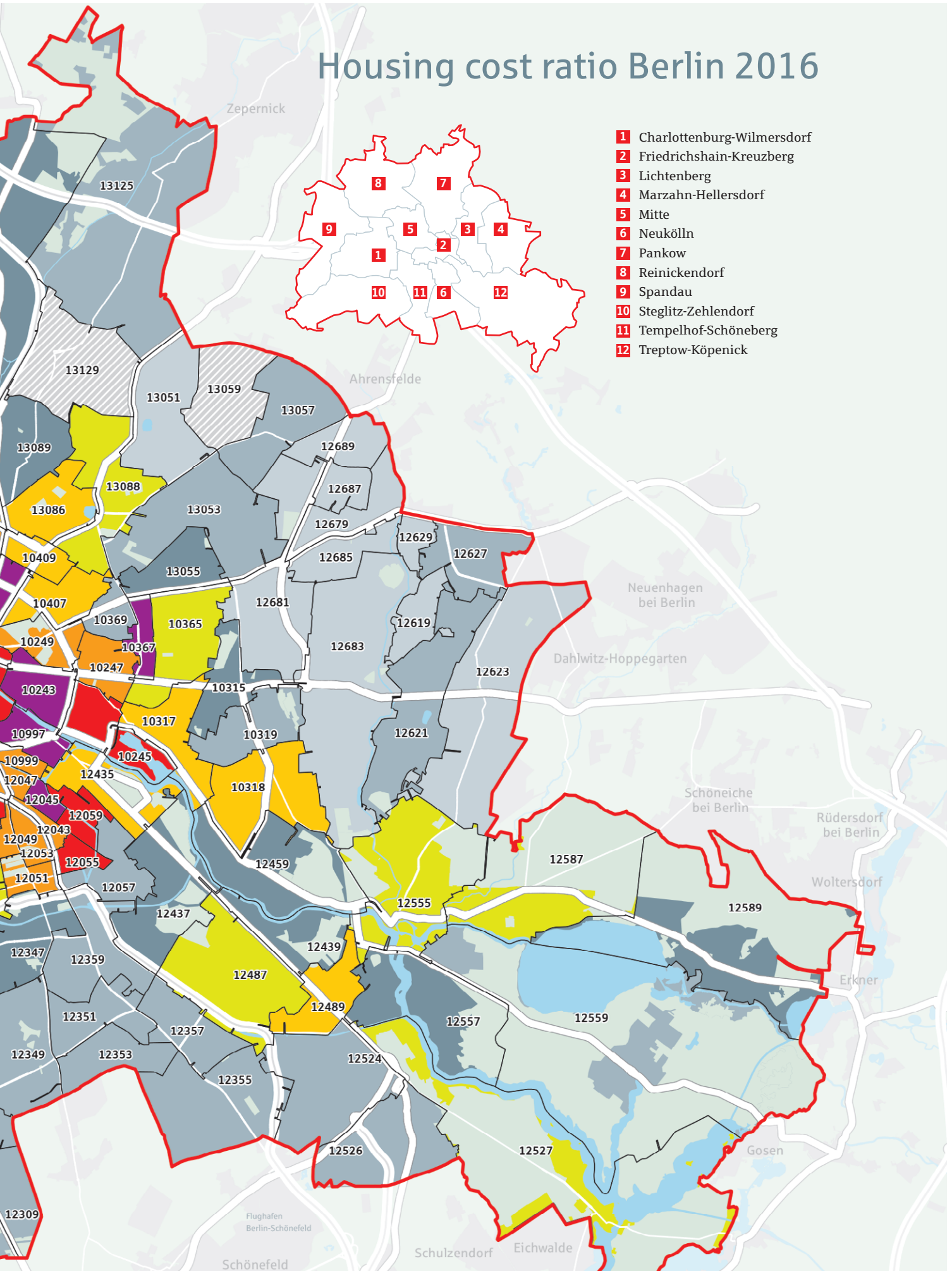
| Type 3 area: Outer districts – moderate rents, medium purchasing power, lower costs | | | | | |
|---|----------------------|---------------------|---|---|-------------------------|
| Post-code | Area | District | Asking rent ¹⁾ in €/m ² | Purchasing power ²⁾ in €/month | Housing cost ratio in % |
| 10369 | Fennpfuhl | Lichtenberg | 8.17 | 2,989 | 20.8 |
| 12249 | Lankwitz South | Steglitz-Zehlendorf | 7.72 | 3,111 | 21.7 |
| 12349 | Britzer Garten | Neukölln | 7.68 | 3,185 | 20.4 |
| 12685 | Central Marzahn | Marzahn-Hellersd. | 6.91 | 3,114 | 18.8 |
| 12279 | Hildburgh. Str. East | Tempelhof-Schöneb. | 6.74 | 3,118 | 21.7 |

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

Families, older couples and other established households of various types frequently live outside the inner city. In many areas, the purchasing power does not differ greatly from the city-wide average, with fewer upward or downward extremes. The asking rents are much lower than in more central locations and the apartments are small to medium in size. For people on average incomes this means there is a particularly low housing cost ratio. Only around a fifth of their purchasing power is required to pay the “warm” rent.



Housing cost ratio Berlin 2016



Charlottenburg-Wilmersdorf: City West with moderate rental growth

For many years, Kurfürstendamm and its surroundings competed with Berlin-Mitte for the highest rents in the city. However, City West has long since fallen well behind the historic city centre. In 2016, even in a few trendy districts further to the east, in Prenzlauer Berg, Friedrichshain and even in Neukölln in the southeast, the median asking rents surpassed those in the top locations in Charlottenburg-Wilmersdorf. These trendy districts are preferred by younger, often more affluent national and international apartment hunters. In contrast, Kurfürstendamm is regarded as established and mature. In addition, in the middle-class areas of older buildings, the apartments are particularly large and the total costs per apartment are much higher than in districts where, over 100 years ago, mostly smaller workers' housing was constructed. Not least, in City West there is hardly any more room to develop new buildings that could drive up the median asking rent.

Cost limits for large apartments

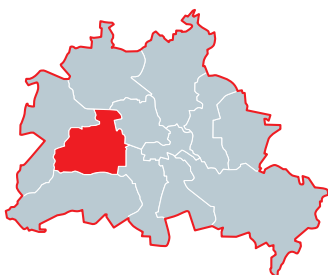
Illustrative of Charlottenburg-Wilmersdorf is the area around Ludwigkirchplatz (postcode 10719) that, together with the Olivaer Platz (10707) area, features the highest median asking rents in the district. However, the median asking rent of €11.50 per square metre per month means Ludwigkirchplatz is only in 12th place in Berlin in 2016. Local rents there have risen by 15.0 per cent since 2012. This is not because of the household purchasing power in the area around Ludwigkirchplatz, which after all is in 18th place in Berlin and the second highest in the areas inside the S-Bahn ring. In terms of the size of apart-

ments on offer, Ludwigkirchplatz is in second place in Berlin, with an average of 104 square metres of residential floor area. The rental values and size have resulted in the third-highest average "warm" rent (i.e. including heating and services) for an apartment anywhere in the city, at €1,466 per month. Its relationship to average purchasing power, the housing cost ratio, is in third place in the district at 38.3 per cent. Despite the proximity to Kurfürstendamm, many apartment hunters are unwilling to pay such a high proportion of their purchasing power.

There is a similar picture in the neighbouring areas with somewhat lower median asking rents: Around Sybelstrasse (10629), where the housing cost ratio is as high as 38.7 per cent, and around Savignyplatz (10623), where the average apartments on offer are almost as large as those around Ludwigkirchplatz. The lowest segment of the market is also relatively expensive in all these areas. The lowest-priced decile of apartments around Olivaer Platz and Savignyplatz both have a median of €8 per square metre. This is the highest in Charlottenburg-Wilmersdorf and also occupies first place in Berlin. The apartment sizes, averaging 97 and 103 square metres, are also among the Top 10 in Berlin.

In terms of median asking rents, two postcode areas are among the six most expensive in the district that are not adjacent to Kurfürstendamm. One of these is western Kantstrasse (10627). The highest rental growth in the district since 2012, 42.3 per cent, has been recorded here. The other is the villa quarter of Grunewald (14193). This is very prestigious and, with a household purchasing power of €4,334, by far the most prosper-

Land for new builds scarce in sought-after City West



The centre of West Berlin has been reinvented. Where, for many years, the ruins of the Kaiser Wilhelm Memorial Church provided the greatest attraction, new hotel and office towers now highlight the transition from the divided city of the 20th century to a globally oriented 21st century metropolis. The crowds and the luxury goods on offer along the famed shopping boulevard, Kurfürstendamm, confirm this.

Few major projects

The best residential areas in the district are in great demand, primarily by buyers, while the lack of sites means that the housing stock can hardly be increased. There is almost no development land directly on Kurfürstendamm. Even farther away, suitable sites are rarely available. Charlottenburg-Wilmersdorf currently has around 460 apartments either un-

der construction or planned per 100,000 residents. This is well below the Berlin average of 890 apartments per 100,000 residents. The five larger projects involving over 100 apartments are all on sites outside the inner city, primarily in or near the Halensee subdistrict. One project to create 170 condominium apartments in Halensee is associated with the lavish conversion of what is now an office tower,

ous area in the district. On the other hand, it is outside the S-Bahn ring and, compared with the other areas mentioned, further away from the core of City West, around Breitscheidplatz. In addition, the most affluent people tend to own their homes rather than rent, whether an impressive villa or a condominium apartment in a usually detached building surrounded by greenery. Grunewald has one of the weakest rental trends in the whole of Berlin. In 2016, the median has fallen by 1.5 per cent. Between 2012 and 2016, it rose by only 5.8 per cent, the fourth-lowest rental growth in Berlin. Even the most expensive decile of apartments on offer in the villa quarter rank in only 15th place in the city as a whole.

Inner city areas above the €10 threshold

Nine other areas in Charlottenburg have median asking rents ranging from €10.04 to €10.60 per square metre per month. They are predominantly inner-city locations; the area around Tauentzienstrasse (10789), the eastern extension of Kurfürstendamm, the area around western Kurfürstendamm near Halensee station (10711), the lively quarter around Karl-August-Platz (10625) in the central part of Charlottenburg, the area near the Technical University on Otto-Suhr-Allee (10587) and the area around the Lietzensee (14057). Around Güntzelstrasse (10717) in Wilmersdorf is quieter, although still pleasant for city “flâneurs”. The median asking rent around Schloss Charlottenburg (14059) is €10.11 per square metre, although many reasonably priced apartments are still available in the area. The cheapest decile of the apartment on offer here cost only €6.22 per square metre, ranking 103rd



Downtown living: The area around Savignyplatz is highly desirable, despite emissions from railway lines.

in Berlin. One area outside the railway ring, the Schmargendorfer area around Breite Strasse (14199), boasts a median asking rent of just over €10 in 2016. Breite Strasse is a relatively varied shopping street. The apartments on offer around there are relatively small for the district, averaging 81 square metres. However, they are popular, not least with senior citizens, as is the calm and lush greenery. The residential area is in-

while another project replaces a former postal building. The only major development including rental apartments is being constructed to the north of Ernst-Reuter-Platz, near the Technical University (TU).

Hotspots in the centre

Smaller projects are mostly planned for spaces between buildings, on former commercial sites or as a replacement for older residential

properties. Only one project, the “Kurfürsten-Logen”, is planned in the area close to Kurfürstendamm. The development of a centrally situated allotment garden site has met opposition from residents and particularly from the allotment holders, who occupy the leisure area on favourable terms. However, nearly all projects that are capable of realisation in the short to medium term are on inner-city sites

inside the S-Bahn ring. Only 80 apartments are planned in the villa areas of Grunewald and Westend. Taking a longer view, at least two large housing development sites should be opened up in this district. These involve 900 units in the extreme south, on the former site of the Gartenkolonie Oeynhausens allotments, and over 1,000 in the “Werkbund-Stadt”, on a former tank farm in the industrially-dominated

north of Charlottenburg. This ambitious project is to be implemented by 33 different architectural practices.

creasingly popular. Between 2012 and 2016, the median asking rent here rose by an impressive 21.0 per cent. The lowest rent in this price group is €10.04, in the area around the eponymous Deutsche Oper (10585).

Green locations on medium terms

Apart from the two cheapest areas, the median asking rents in all the other parts of the district range between €9.50 and just under €10 per square metre per month. All these areas are outside the edge-of-city-centre locations in the district. In the upper rental segment of this group, with asking rents between €9.75 and €9.93 per square metre, are the two areas around the Wilmersdorf Volkspark, (10713 and 10715), Branitzer Platz in the Westend (14050) and Hochmeisterplatz (10709).

The Rüdeshheimer Platz (14197), Westendallee (14052) and Eichkamp/Heerstrasse (14055) areas all have median asking rents of exactly €9.50 per square metre. Although close to forest and with relatively high purchasing power, Eichkamp/Heerstrasse is less well placed in terms of transport connections and amenities than most areas of the district. However, this leafy situation is increasingly being discovered. The 15.7 per cent growth in the median asking rent in 2016 was the 11th highest of anywhere in Berlin. Since 2012, it has increased by 28.6 per cent, the second highest increase in the Charlottenburg-Wilmersdorf district.

Low rents in areas of weaker purchasing power

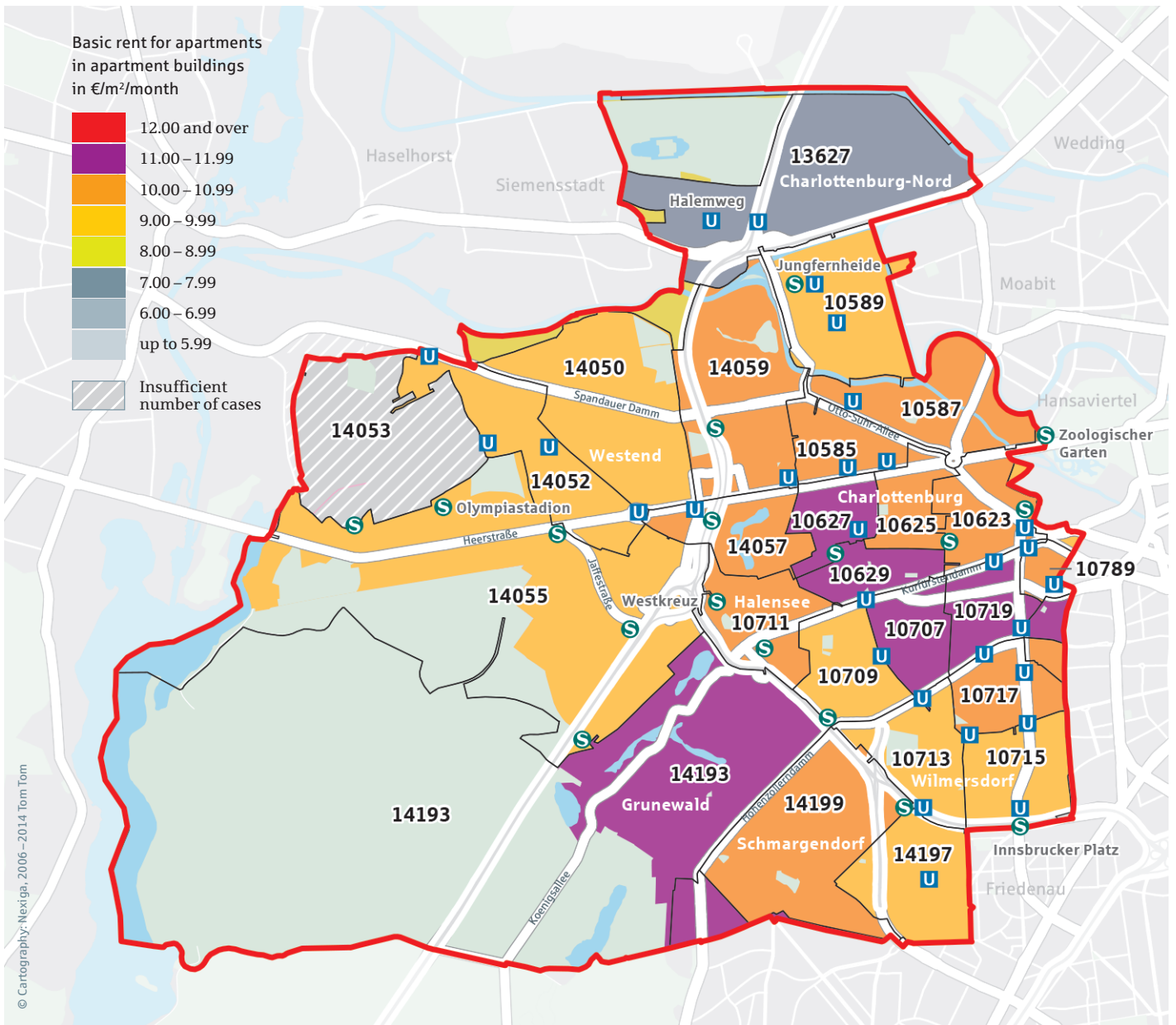
Rüdeshheimer Platz is Wilmersdorf's most south-westerly area, bordering Steglitz and Zehlendorf, while the area around Westendallee is in

| 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 % | |
| 10585 | 205 | 10.04 (54) | 6.89 (52) | 16.67 (15) | 75 (71) | 951 (57) | 2,919 (100) | 32.6 (52) | |
| 10587 | 228 | 10.35 (46) | 7.00 (39) | 14.41 (46) | 77 (60) | 1,006 (44) | 2,969 (93) | 33.9 (37) | |
| 10589 | 166 | 9.01 (89) | 6.88 (53) | 11.33 (123) | 69 (119) | 800 (101) | 2,739 (137) | 29.2 (85) | |
| 10623 | 123 | 10.96 (30) | 8.00 (1) | 15.45 (27) | 103 (4) | 1,403 (7) | 3,781 (19) | 37.1 (21) | |
| 10625 | 191 | 10.50 (42) | 7.53 (10) | 14.66 (43) | 80 (48) | 1,050 (32) | 3,121 (69) | 33.6 (43) | |
| 10627 | 261 | 11.37 (17) | 7.33 (21) | 16.00 (21) | 83 (34) | 1,162 (21) | 2,986 (92) | 38.9 (12) | |
| 10629 | 220 | 11.43 (16) | 7.07 (32) | 16.86 (14) | 102 (6) | 1,428 (5) | 3,691 (24) | 38.7 (14) | |
| 10707 | 274 | 11.50 (12) | 8.00 (1) | 17.95 (8) | 97 (8) | 1,375 (9) | 3,694 (23) | 37.2 (20) | |
| 10709 | 154 | 9.89 (61) | 6.95 (45) | 13.00 (81) | 71 (102) | 888 (73) | 3,211 (61) | 27.7 (99) | |
| 10711 | 171 | 10.51 (40) | 7.64 (8) | 16.13 (20) | 88 (22) | 1,161 (22) | 3,429 (38) | 33.9 (38) | |
| 10713 | 129 | 9.75 (64) | 7.07 (31) | 12.25 (97) | 81 (41) | 1,002 (45) | 3,046 (82) | 32.9 (49) | |
| 10715 | 223 | 9.93 (59) | 6.19 (106) | 13.01 (79) | 75 (68) | 945 (59) | 3,112 (73) | 30.4 (71) | |
| 10717 | 203 | 10.13 (50) | 7.60 (9) | 17.17 (12) | 81 (40) | 1,034 (35) | 3,269 (55) | 31.6 (59) | |
| 10719 | 193 | 11.50 (12) | 6.98 (43) | 16.41 (18) | 104 (2) | 1,466 (3) | 3,829 (18) | 38.3 (15) | |
| 10789 | 83 | 10.60 (35) | 6.48 (79) | 13.90 (62) | 91 (17) | 1,204 (17) | 3,844 (16) | 31.3 (63) | |
| 13627 | 88 | 7.80 (144) | 6.10 (115) | 11.00 (133) | 60 (179) | 623 (168) | 2,491 (178) | 25.0 (122) | |
| 14050 | 154 | 9.93 (60) | 6.92 (48) | 13.50 (67) | 95 (10) | 1,192 (18) | 3,346 (48) | 35.6 (26) | |
| 14052 | 177 | 9.50 (70) | 6.67 (61) | 13.12 (76) | 94 (12) | 1,144 (24) | 3,572 (28) | 32.0 (57) | |
| 14053 | — | — | — | — | — | — | 3,224 (59) | — | |
| 14055 | 100 | 9.50 (70) | 7.08 (30) | 14.34 (48) | 87 (24) | 1,051 (31) | 3,896 (14) | 27.0 (104) | |
| 14057 | 203 | 10.27 (47) | 7.09 (29) | 15.03 (33) | 91 (15) | 1,179 (19) | 3,549 (31) | 33.2 (47) | |
| 14059 | 245 | 10.11 (51) | 6.22 (103) | 15.48 (26) | 74 (78) | 938 (62) | 2,778 (126) | 33.8 (40) | |
| 14193 | 241 | 11.29 (18) | 7.48 (14) | 16.67 (15) | 101 (7) | 1,405 (6) | 4,334 (5) | 32.4 (54) | |
| 14197 | 200 | 9.50 (70) | 6.86 (54) | 12.58 (92) | 73 (87) | 880 (76) | 3,026 (88) | 29.1 (86) | |
| 14199 | 173 | 10.08 (53) | 6.73 (57) | 13.99 (59) | 81 (44) | 1,024 (37) | 3,396 (42) | 30.2 (75) | |
| District ¹⁾ | 4,405 | 10.21 | 6.92 | 15.51 | 85 | 1,093 | 3,279 | 33.3 | |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 | |

1) median 2) includes operating costs (BBU 2014) 2.63 €/m² (western Berlin) and 2.41 €/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



the northwest of the district. The apartments on offer there are larger than average, with an average of 94 square metres. Despite the moderate rental value, this results in a housing cost ratio of 32.0 per cent.

The backmarkers for asking rents are the two areas of the district with the lowest purchasing power. One is situated around Mierendorffplatz (10589) east of the river Spree adjoining the Charlottenburg Schlosspark – still inside the S-Bahn ring but somewhat isolated from other areas by waterways and commercial properties. The median asking rent in Charlottenburg-Nord

(13627) ranks well below all the other areas, although the number of apartments on offer there is relatively small. The northernmost in the district, it is dominated almost exclusively by post-war residential buildings. The two city motorways running through the district do nothing to improve its residential quality. The average household purchasing power, apartment sizes and housing cost ratio are, by a wide margin, the lowest in the Charlottenburg-Wilmersdorf district. The rents in the bottom segment, averaging €6.10 per square metre, are the cheapest in the district.

Friedrichshain-Kreuzberg: Strong rental growth on both sides of the Spree



Post-war palaces: The buildings along Karl Marx Allee remain popular today.

The median asking rents in the district are still the highest in Berlin, with above-average growth in 2016. Within the district, however, the weightings are shifting. A few years ago, only areas in Kreuzberg led the field, while parts of Friedrichshain are now also in top positions. The background to this is not only the growing popularity of this north-eastern part of the district but also the development activity, which is much brisker than in Kreuzberg. There are still considerably more brownfield sites from the post-war period and former industry, while in many parts of Kreuzberg the potential development land has been exhausted. The pioneering atmosphere in some areas of Friedrichshain is even more attractive for the “in-crowd”. The median asking rents in all Friedrichshain postcodes have risen by around 30 per cent between 2012 and 2016. However, all areas of Kreuzberg also registered double-digit rental growth in this period.

Largest supply around Ostkreuz

Leading the field in median asking rents is Ostkreuz (postcode 10245), at €11.82 per square metre per month. In the wake of a 10.0 per cent rise in rental value in 2016 it now ranks ninth in Berlin, while by numbers of properties to let it is actually in first place. High asking rents and the increase in the number of offers are partly the consequence of the lively development activity, with numerous recent completions. The average size of apartments, 79 square metres, is among the largest in the district. Yet the average household purchasing power is relatively weak. The ratio between this and the level of rent is therefore

Brownfield sites, railway land and lively development



Friedrichshain-Kreuzberg was created by amalgamating the former East Berlin and West Berlin districts 15 years ago. Both have fashionable neighbourhoods of older buildings, close to the city centre, as well as extensive post-war estates with slab construction blocks. The two parts of the district are currently developing at different rates and in different directions. Friedrichshain has greater need for development, while it also has great potential in its available sites.

In contrast, Kreuzberg is now relatively quiet. This applies to the renewal and refurbishment of existing buildings as well as to new development. Around 70 per cent of the newbuild apartments planned for the district are in Friedrichshain, not least because its greater potential for building land.

Four projects with over 400 apartments

This means that the whole district is one of the development foci in Berlin. The

almost 4,000 apartments planned and the ratio of around 1,410 apartments per 100,000 population puts it in fourth place in the city in each respect. In addition, the developments include high proportions of rental apartments. The largest projects in both parts of the district are on former industrial or railway land. The largest is the Freudenberg site in Friedrichshain, where 640 apartments are to be built in the “Box Seven” projects. Next come the coopera-

the second highest in the district. An average household has to spend 40.6 per cent of its purchasing power in order to pay the median “warm” rent (i.e. including services and heating) of apartments on offer here.

In second place to Ostkreuz, with a median asking rent of €11.66 per square metre per month, is an area in Kreuzberg. This is the area around southern Mehringdamm and the Viktoriapark, extending eastwards to Hasenheide (10965). The largest increase in asking rents, 16.6 per cent, was registered there in 2016. By Kreuzberg standards, the area between the parks is regarded as relatively middle-class. The household purchasing power, averaging €2,888 per month, is very high for the district, although it is below the city average. The apartments on offer are the roomiest in the district, averaging 85 square metres. Together with the fairly high rents, this results in the highest “warm” rents in the district – on average €1,213 per month. In relation to the household purchasing power, this equates to a housing cost ratio of 42.0 per cent, which is also in the top spot.

In third place for median asking rent is another area of Kreuzberg – around Wrangelstrasse (10997). This has a pronounced upmarket segment. The median rent of the most expensive decile of apartments on offer here is €18.21 per square metre, the second highest in the district and the fifth highest in the whole of Berlin. Next, by level of median asking rent, is the area around the Volkspark Friedrichshain (10249). In the district, the recent rental growth of 13.7 per cent there was second only to Mehringdamm. The

median asking rent of €7.50 per square metre in the bottom segment, the 11th highest in Berlin, is noteworthy. For an area with numerous Plattenbau (slab construction) complexes and closely built, frequently less than impressive, unrenovated older buildings, this may appear surprising. However, it can be explained by the strong demand, apparently enabling even rather basic apartments to be let on quite expensive terms.

Leafy areas with high housing cost ratios

In the areas adjoining Volkspark Friedrichshain and around Graefestrasse (10967) in Kreuzberg, the housing cost ratio is around 34 per cent. The latter features attractive residential areas between the Landwehr canal, with its idyllic Urbanhafen, and the extensive Hasenheide. Although the purchasing power there is even lower, averaging €2,807, the apartments on offer are on average 15 square metres smaller than in the residential areas around the southern Mehringdamm, the number one in Friedrichshain-Kreuzberg. The topmost segment on Graefestrasse is noteworthy. The most expensive decile of the apartments there are on offer at an average rent of €18.91 per square metre – the third highest in Berlin.

The asking rents in three areas are exactly on the €11 threshold, around Ostbahnhof (10243) and in the areas around Samariterstrasse (10247) and Gneisenaustrasse (10961). The Ostbahnhof locale includes the areas around the Mercedes-Benz Arena, the preserved section of the wall with the East Side Gallery and a large part of the Karl-Marx-Allee development dating from the

tive “Möckernkiez” project on the Kreuzberger Gleisdreieck – at times threatened but now firmly based, followed by the “Max and Moritz” twin towers near the Ostbahnhof and the “Friedrichshain Höfe” close to the Volkspark. Each of these three projects has more than 400 apartments. The further major development sites are not, of course, in the middle of densely built-up old neighbourhoods but on the margins. These include former brewery and abattoir sites in the

north of Friedrichshain, on the Rummelsburger Bucht and in and around the former postal building in northwest Kreuzberg. The new buildings on the site of the former post distribution centre near Anhalter Strasse are well advanced. A former Postbank tower is to be extended and converted to apartments.

Social housing and ownership

The Wohnungsbaugesellschaft Mitte (WBM) plans to construct more than 450 apart-

ments. Again, these are all in Friedrichshain, where this state-owned company owns many GDR-period apartments and, perhaps more importantly, land for their potential expansion. Some of the new apartments will be let at market conditions, while others will be let at subsidised social rents to low income earners. At the other end of the price scale are privately developed condominium apartments. The highest prices in the district are in the towers planned on

the banks of the Spree, with views over countryside and water. The maximum asking price in the “Wave waterside living” project is over €11,000 per square metre.

early 1950s. This area has an apparent contradiction. Despite having the lowest household purchasing power in the district, averaging €2,635, rents in the upmarket segment are remarkably high. The median asking rent for the most expensive decile of apartments is €18.20 per square metre, the sixth highest in Berlin. On closer inspection, however, this apparent contradiction can be resolved. The area around the Ostbahnhof is very diverse. The supply ranges from luxury loft apartments near the bank of the river Spree to modest post-war apartments further to the north. The median asking rent for the cheapest decile of apartments is €6.16, the second-lowest figure in the Friedrichshain-Kreuzberg district. In 2016, the apartments on offer around Samariterstrasse, together with Prinzenstrasse (10969) were the smallest in the district, averaging only 68 square metres. Apartments around Gneisenaustrasse, where there is a mixture of

old and post-war buildings, are slightly larger. The more recent buildings tend to be concentrated in the north, near the Landwehr canal, with older buildings in the southern section around Gneisenaustrasse and Bergmannstrasse. The increase in the median asking rent, 13.9 per cent between 2012 and 2016, was the second lowest in the district.

Little momentum around Görlitzer Park

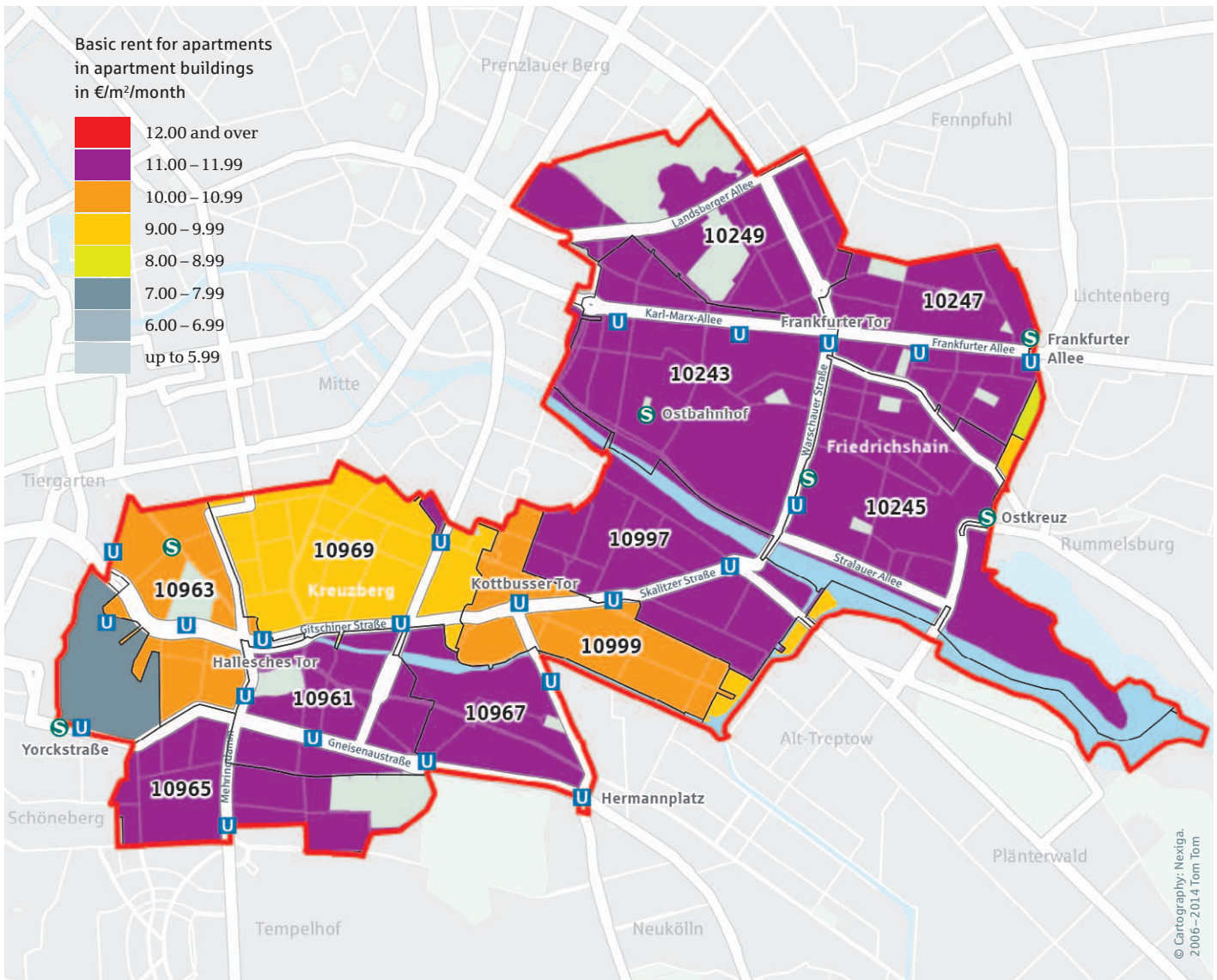
It was lower only in the area around Görlitzer Park (10999), which recorded the lowest rental growth in the district in 2016: The increase was only 0.8 per cent, to €10.54 per square metre. This is one of the two parts of the Kreuzberg district to have a median asking rent around the €10.50 per square metre mark. Although, in past years, the area was regarded as trendy both nationally and internationally, the socio-spatial problems experienced around Görlitzer Park may

| 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 | 449 | 11.00 (24) | 6.16 (111) | 18.20 (6) | 71 (99) | 938 (63) | 2,635 (155) | 35.6 (25) |
| 10245 | 771 | 11.82 (9) | 7.22 (25) | 15.16 (31) | 79 (51) | 1,109 (27) | 2,729 (141) | 40.6 (8) |
| 10247 | 630 | 11.00 (24) | 7.03 (33) | 14.83 (40) | 68 (129) | 895 (71) | 2,644 (153) | 33.9 (39) |
| 10249 | 500 | 11.09 (21) | 7.50 (11) | 13.91 (61) | 70 (112) | 925 (65) | 2,727 (142) | 33.9 (36) |
| 10961 | 167 | 11.00 (24) | 7.14 (27) | 15.00 (35) | 72 (89) | 988 (49) | 2,766 (130) | 35.7 (24) |
| 10963 | 152 | 10.47 (45) | 7.41 (15) | 14.99 (38) | 78 (58) | 1,022 (38) | 3,366 (44) | 30.4 (72) |
| 10965 | 228 | 11.66 (10) | 7.39 (17) | 16.00 (21) | 85 (29) | 1,213 (15) | 2,888 (107) | 42.0 (5) |
| 10967 | 129 | 11.03 (23) | 7.27 (23) | 18.91 (3) | 70 (110) | 955 (54) | 2,807 (117) | 34.0 (35) |
| 10969 | 256 | 9.26 (82) | 5.73 (149) | 14.80 (41) | 68 (132) | 803 (97) | 2,736 (140) | 29.4 (82) |
| 10997 | 186 | 11.20 (19) | 6.64 (65) | 18.21 (5) | 73 (81) | 1,014 (40) | 2,778 (127) | 36.5 (23) |
| 10999 | 226 | 10.54 (37) | 6.34 (97) | 17.65 (10) | 79 (52) | 1,041 (33) | 3,048 (81) | 34.2 (34) |
| District ¹⁾ | 3,694 | 11.04 | 6.61 | 15.55 | 74 | 990 | 2,789 | 35.5 |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 |

1) median 2) includes operating costs (BBU 2014) 2.18 €/m² (eastern Berlin) and 2.63 €/m² (western Berlin) and 2.41 €/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

have led to the present weaker growth in asking rents. The average household purchasing power of €3,048 is fairly high, even higher than the Berlin average, but the apartments on offer here are above average in size, with an average of 79 square metres. This results in the third-highest “warm” rents in the district and a housing cost ratio of 34.2 per cent.

The other area with a median asking rent of around €10.50 per square metre is northwest Kreuzberg, in the wider surroundings of Möckernstrasse (10963). Near to Potsdamer Platz it has a city feel, with numerous hotels, federal authorities and associations, while the area around Wilhelmstrasse is dominated by post-war buildings. It also includes the area between



the Landwehr canal and Yorckstrasse, with blocks of older buildings dating from the Imperial age and the new, very popular Park am Gleisdreieck. The average household purchasing power, €3,366 per month, is the highest in the district and ranks in 44th place in Berlin. Proximity to the city centre and the upper-class style of many of the older buildings near the Viktoria-park apparently attract relatively middle-class tenants to this area.

Low-priced sanctuary around Prinzenstrasse

By a wide margin, the bottom position in terms of median asking rents in the district is occupied by the area around Prinzenstrasse. It was heavily destroyed during the war and then quickly rebuilt

with leafy residential estates that are more typical of the outskirts than the centre of the city. Asking rents have fallen considerably in 2016, after a sharp rise between 2012 and 2015. Nevertheless, over the entire period 2012 to 2016, Prinzenstrasse saw the greatest rise in the median asking rent in the district, up by 32.6 per cent. However, the lowest-priced decile of apartments is on offer for a median €5.73 per square metre, the lowest figure in the district for the low-priced segment. The local household purchasing power is relatively low, although the relatively low rents mean that its relationship with asking rents is particularly favourable. The housing cost ratio in this area is 29.4 per cent, making it the only one in the district to be under the 30-per-cent mark.

Lichtenberg: Upswing in locations near the centre

Lichtenberg is increasingly coming into the focus of apartment hunters – as well as the planners and developers of new housing. Only a few years ago, many people regarded the district as somewhat remote and less attractive. Now, however, with its areas with good transport connections and extensive green space, it is increasingly becoming an alternative to the city centre. The asking rents are steadily increasing, although they are still well below the average for Berlin. The disparity between the parts of the district that are close to the city centre and the peripheral areas in the north is increasingly widening.

The area around the Stadtpark Lichtenberg (post-code 10367) leads the field in both the median asking and the rental growth from 2015 to 2016, because it is directly on the S-Bahn ring and adjoins the trendy Friedrichshain quarter. Although the median rent per square metre here is only €0.25 under the 10-Euro threshold, it is only in 56th place in Berlin. Together with the second-largest average size of apartments in the district, this results in an average “warm” rent of €925, which is the highest in Lichtenberg. At the same time, the household purchasing power is the second lowest in the district – which is also typical of a location fairly close to the inner city. The result is the highest housing cost ratio, by a wide margin, in the district. The average household has to lay out 35.5 per cent of its purchasing power. By this measure, the area around the Stadtpark ranks 27th in Berlin.

Market slowdown in the Rummelsburg area

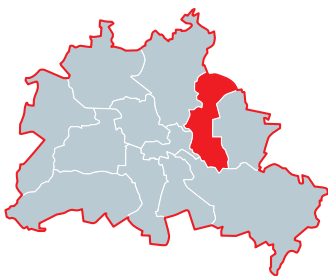
Rummelsburg (10317), with the core area of Lichtenberg around Weitlingstrasse in the

southwest of the district, comes next in the rent league table. The median asking rent, €9.33 per square metre, is largely dominated by the new buildings that have been constructed near the Rummelsburger Bucht in the last 25 years. Following strong growth in recent years, however, in 2016 rents in the area stagnated. This area has the lowest average household purchasing power in the district, €2,531, although this may be largely attributable to the area to the south of Lichtenberg station. On average, the apartments on offer throughout the Rummelsburg area are much smaller than those around the Stadtpark. The housing cost ratio is therefore also significantly lower, at 31.0 per cent.

In third place comes Karlshorst (10318), the southernmost in the district, which is partly dominated by villas and partly by smaller apartment buildings. The average size of apartments on offer here, 82 square metres, is the largest in the district. The purchasing power is above average, as was the rise in asking rents in 2016. The low-price segment is very limited. The median asking rent for the cheapest decile is €6.65 per square metre, the highest in the district.

The area in fourth place in the rental ranking – southern Hohenschönhausen between Konrad-Wolf-Strasse and Landsberger Allee (13055) – is considerably further from the city centre. It is a varied quarter, with a range of shopping facilities and cultural amenities around Konrad-Wolf-Strasse but otherwise comprising older buildings, interwar estates, slab construction blocks and post-reunification buildings in commercial areas. The moderate rents, middling purchasing power and the medium-sized apartments on offer

Most apartments and largest projects in Berlin



Lichtenberg is Berlin's residential development hot-spot. More than 8,000 apartments, around a quarter of all the new buildings in the city, are definitively planned here. This equates to a ratio of around 2,920 apartments per 100,000 population, the record for Berlin, which compares with the city average of 890 apartments per 100,000 residents. Only this district has two simultaneous projects that each boast

more than 1,000 apartments. There are several reasons for this dynamism. The most important is the availability of sites. These are available in all types and locations, from various industrial conversions and increasing the density of existing estates, through to greenfield sites in the periphery. The second reason is the fairly good existing infrastructure. This enables much larger areas to be developed without problems. The third

reason is the frequently inexpensive, not too far-flung location. There is also HOWOGE, a particularly active state-owned housing association and, not least, a more amenable climate for new development in which authorities and residents generally regard projects as more of an opportunity than a threat.

“Parkstadt” and “Gartenstadt”

The largest project is atypical of Berlin – more than

fer result in a relatively low housing cost ratio, 23.3 per cent.

Steep rises in the Tierpark area

Most of the apartments advertised in Lichtenberg in 2016 were in the Friedrichsfelde North (10315) area. The median asking rent there rose by 39.0 per cent between 2012 and 2016, rising to the current €8.44. Although the area is heavily dominated by slab construction and other post-war buildings, it has good S- and U-Bahn connections to the city centre. Nearby green areas, such as the Tierpark and the Herzberge landscape park, are also attractive. The advantages of the location even allow a top segment in which a median of €13.05 per square metre is sought for the dearest decile of apartments on offer in the area. At the other end of the scale, the figure for the lowest-priced decile is €5.75 – the lowest of the areas of Lichtenberg that are relatively close to the city centre. Despite the growth in the median asking rent and the low local household purchasing power, averaging €2,660, the housing cost ratio of 23.1 per cent is relatively low.

In the adjoining Siegfriedstrasse (10365) area, the median asking rent is only slightly lower, at €8.40. This has increased only slightly recently. Although this area is closer to Berlin City East and the core of Lichtenberg than Konrad-Wolf-Strasse, it is more heavily dominated by industry and commerce, with a less attractive residential environment in some areas. On the other hand, many detached and terraced houses have been built around Bornitz- and Gotlindestrasse in the last few years. The household purchasing power, €2,665, is below the district average. For many



Healthy mix: City living in apartments, but with plentiful green spaces. These qualities characterise many new developments in Lichtenberg.

1,200 residential units, including 500 terraced houses, on a greenfield site in Falkenberg, close to Ahrensfelde station (which is actually situated in Marzahn). At the opposite, southern end of Lichtenberg around 1,000 apartments are to be built, a quarter of them for social tenants, in the “Parkstadt Karlshorst”. At present this area, between the centre of Karlshorst and the river Spree, is dominated by industrial buildings. The third

largest project, which is not far from there and has a very similar name, “Gartenstadt Karlshorst”, is planned to include all residential types, from detached houses to apartment blocks. According to current plans, all will be in condominium ownership. The developer is cautiously reckoning that the realisation period will continue until 2030. The fourth largest project, on the site of a former local shopping centre in Friedrichsfelde,

will provide around 690 apartments, some of which will be in two 10-storey buildings.

One company, 11 projects

HOWOGE, which has already been mentioned, is simultaneously pursuing 11 new development projects in the district, together providing around 2,000 apartments. Under the current status of planning, these are mainly designed as rental apartments. They are distributed over numerous ar-

reas. They include projects that the municipal undertaking will take over on completion. The HOWOGE projects and the others mentioned above account for around two thirds of the apartments planned in the district. The remainder will be constructed in roughly 20 smaller projects. These are also spread over the areas of the district, although the majority are in the centre of Lichtenberg, in Karlshorst and Friedrichsfelde.

home-hunters, the apartments on offer, which average 68 square metres, are therefore of only limited affordability.

Alt-Hohenschönhausen: Attractive but a long way from the city centre

Alt-Hohenschönhausen (13053) has attractive villa areas and a pretty village centre around the Obersee and Orankesee lakes. However, it is relatively far from central Berlin, includes large commercial areas and a corner of the large 1980s slab construction estate on both sides of Hohenschönhausen station. All this holds off any sharp rise in asking rents. The high household purchasing power in the area is a positive factor for residents and landlords. Averaging €3,363, it is the highest in Lichtenberg.

The Fennpfuhl (10369) area adjoins the S-Bahn ring and therefore the inner city. In its environment there are good leisure facilities, including the Volkspark Prenzlauer Berg, the sports facilities and sports fields in the Sportforum Hohenschönhausen and on Landsberger Allee, and not least the Fennpfuhlpark itself. Nevertheless, the median asking rent is only €8.17 per square metre. However, the top segment, which has a median asking rent of €14.31, is the dearest in the district. The Fennpfuhl area is dominated by the GDR's first major contiguous slab construction housing estate, with numerous high-rise buildings, that has a very high proportion of older resi-

dents. As the apartments on offer there average only 60 square metres and the household purchasing power is medium by Berlin standards, apartment hunters benefit from a housing cost ratio of only 20.8 per cent. In terms of relative rental costs, this means that the area is in 166th place of the 185 Berlin postcodes for which a housing cost ratio could be assessed.

In the following three areas, the median asking rents – provided they are sufficiently statistically significant – are well under €8 per square metre.

Little coming on to the market in the large estate

Malchow (13051) and Falkenberg (13057) are in the extreme north of the district, on the edge of the city. The housing market there is largely dominated by the major Neu-Hohenschönhausen estate, dating from the 1980s. The small village of Malchow has only a subordinate role. The number of properties to let in Malchow is already small. In Falkenberg, the postcode also includes the Wolfener Strasse commercial area. Friedrichsfelde South/Tierpark (10319), which has the lowest median asking rent in Lichtenberg, €7.30 per square metre, is among the areas with relatively weak purchasing power and small apartments. A considerable part of the area is occupied by the zoo, from which it gets its (German) name. Most of the residential properties are slab construction buildings, including, as an

| 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 % | |
| 10315 | 473 | 8.44 (114) | 5.75 (145) | 13.05 (78) | 58 (182) | 614 (170) | 2,660 (150) | 23.1 (142) | |
| 10317 | 287 | 9.33 (79) | 5.99 (128) | 12.76 (89) | 68 (128) | 784 (109) | 2,531 (169) | 31.0 (68) | |
| 10318 | 306 | 8.87 (100) | 6.65 (64) | 11.50 (113) | 82 (36) | 908 (68) | 3,132 (68) | 29.0 (87) | |
| 10319 | 116 | 7.30 (162) | 5.80 (140) | 10.90 (139) | 60 (178) | 569 (176) | 2,626 (158) | 21.7 (155) | |
| 10365 | 238 | 8.40 (116) | 5.93 (133) | 12.05 (103) | 68 (131) | 717 (136) | 2,665 (148) | 26.9 (107) | |
| 10367 | 152 | 9.75 (65) | 5.82 (139) | 12.12 (100) | 78 (59) | 925 (67) | 2,607 (159) | 35.5 (27) | |
| 10369 | 141 | 8.17 (127) | 5.98 (129) | 14.31 (49) | 60 (177) | 622 (169) | 2,989 (91) | 20.8 (166) | |
| 13051 | 72 | 7.61 (152) | 5.56 (165) | 10.78 (141) | 56 (185) | 544 (178) | 3,137 (67) | 17.3 (184) | |
| 13053 | 109 | 8.18 (126) | 6.00 (121) | 11.00 (133) | 71 (100) | 738 (129) | 3,363 (45) | 21.9 (153) | |
| 13055 | 352 | 8.47 (113) | 5.97 (130) | 11.23 (127) | 66 (143) | 706 (139) | 3,034 (87) | 23.3 (140) | |
| 13057 | 113 | 7.32 (161) | 5.65 (155) | 9.78 (167) | 62 (170) | 585 (174) | 2,755 (133) | 21.2 (161) | |
| 13059 | 27 | — | — | — | — | — | 2,820 (115) | — | |
| District ¹⁾ | 2,386 | 8.49 | 5.90 | 12.26 | 67 | 711 | 2,849 | 25.0 | |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 | |

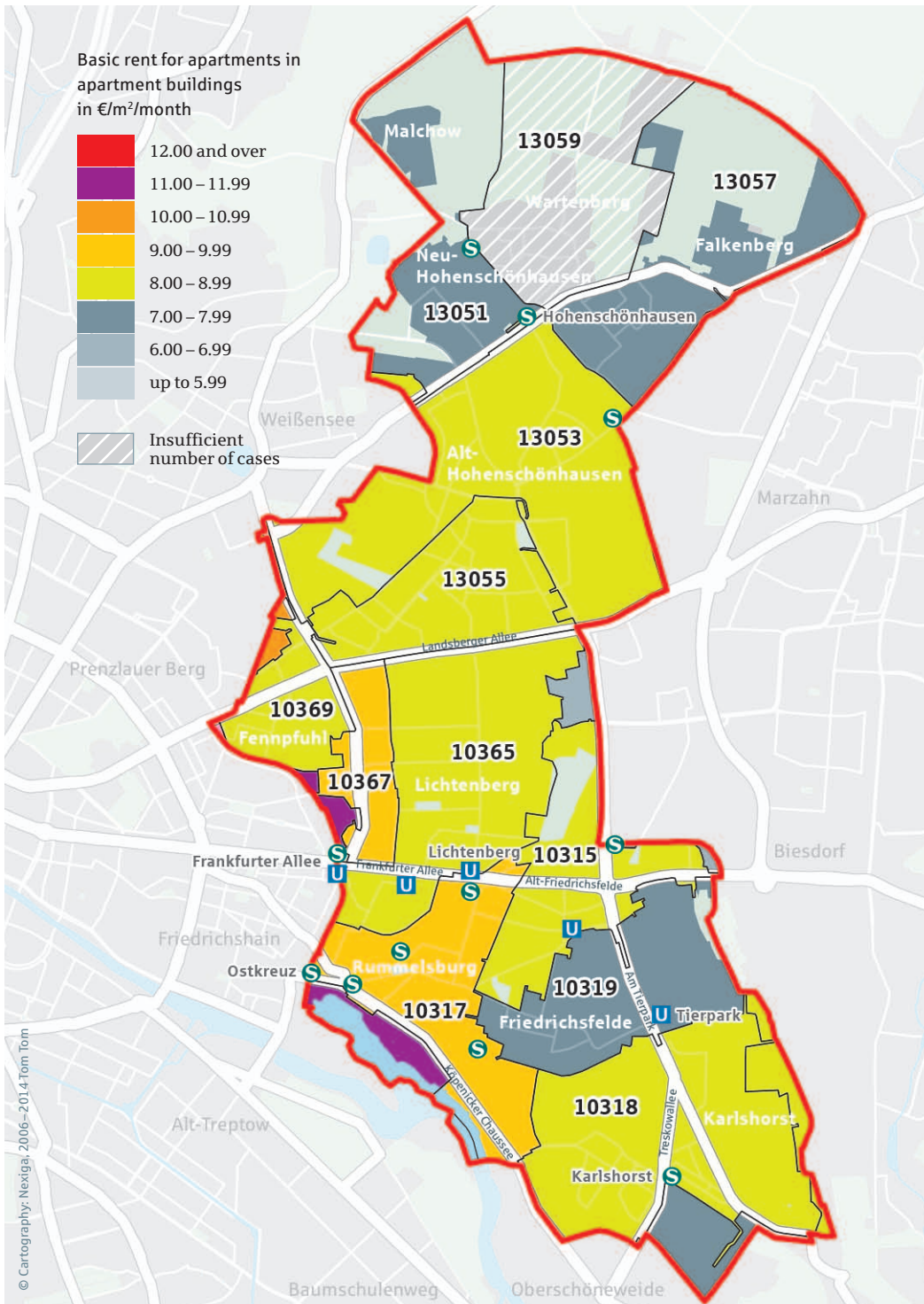
1) median 2) includes operating costs (BBU 2014) 2.18 €/m² (eastern Berlin) and 2.41 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power

() rank among the 190 postcodes with rental data

Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

architectural oddity, Germany's oldest estate of this type, dating from the 1920s, although their industrial character is not evident. Although the residents are not very wealthy, on average they only have to pay 21.7 per cent of their purchasing power on "warm" rent including heating

and other ancillary costs. In the remaining area, Wartenberg (13059), which is also part of the major Neu-Hohenschönhausen estate, less than 30 properties were advertised. That number was too small to allow statistically significant estimates of asking rents.



Marzahn-Hellersdorf : Growing interest in an inexpensive district



Alpine-like attraction: Visitors to the International Garden Festival can enjoy a panoramic view over the Kienberg, an artificial peak, by cableway.

Marzahn-Hellersdorf is still the lowest priced district of Berlin for tenants, although it is catching up. The rise in the median asking rent in 2016, 10.2 per cent, was second only to the 17.1 per cent

registered in Neukölln. The top and bottom segments of the market in Marzahn-Hellersdorf have both crossed symbolic thresholds. Landlords are now asking exactly €10 per square metre per

Major projects on former estates and urban redevelopment areas



Building in Marzahn-Hellersdorf is more often associated with landscape gardening than residential building. The “Gardens of the World” and the International Garden Festival in 2017, on the Kienberg between the two large estates, will attract the most attention and many visitors. Here they will find a concrete rebuttal of the cliché that the area is purely a Plattenbau (slab construction)

estate. Moreover, if they are interested in more than just the gardens in the district, in place of high-rise blocks they will discover a large number of new development projects. Following a period where there was practically no construction of apartment blocks or large-scale developments of individual houses, the district, with its new projects, has now advanced into the middle group of the

Berlin districts. It is in fifth place in Berlin, with around 2,000 apartments planned, and has a similar ranking with around 780 apartments per 100,000 population.

New start after demolition

The majority of the products in the district are large – and they are municipal. The two state-owned corporations, “Stadt und Land” and Degewo, intend to construct

month for the most expensive decile of apartments on the market, and €5.20 per square metre for the cheapest decile. Last year this figure was still just below the symbolic €5.00 limit, at €4.99. In absolute terms, this is €0.58 per square metre below the median asking rent in Spandau, the second cheapest district. Reinickendorf, the third cheapest district, is €1.22 per square metre dearer than Marzahn-Hellersdorf.

The housing market in the district is divided into south-eastern and north-western sections. In the south and extreme east are extensive areas of individual houses, in which smaller apartment buildings have also been constructed. There has been lively development activity here for around 25 years. Smaller, older buildings were and are still being demolished and replaced by homes meeting current standards. Smaller apartment buildings are being constructed on main roads, such as Hultschiner Damm. As the building activity is mostly taking place on many individual plots in existing estates, rather than in larger construction projects, the developments have hardly been registered outside their respective sites.

Major benefit from the garden show

The two large 1970s and 1980s residential estates in Marzahn and Hellersdorf, in the north and west, attract much more attention. Marzahn is dominated by Plattenbau (slab construction) blocks of 10 or more storeys, while the more recent buildings in Hellersdorf are only half as high. From 1990 onwards, many of the residents of both estates departed, socio-spatial problems appeared and vacancy increased. From about 2000, individual buildings were demolished and their sites cleared. Now that the Berlin housing market

has become more strained, even these areas are more sought-after. The International Garden Festival 2017, the literal highpoint of which is on the Kienberg between the two major estates, should yield significant gains in image and quality of life. Now, and in the future, the highest rents in the district will probably be asked in the less densely developed parts of the district. Heading the field, with its northern section close to the garden show site, is Kaulsdorf (postcode 12621), which has a median asking rent of €8.56 per square metre. Although this only rose by 4.5 per cent in 2016, it is up by more than 20 per cent over the last four years. The number of apartments on offer in this area is admittedly relatively low, so that the figures are of limited significance. This area also heads the district in two other aspects: It boasts the largest apartments on offer, averaging 73 square metres, and, at €3,846 per month, the highest household purchasing power. It is among the 15 areas with the highest purchasing power throughout Berlin. Many people live in private houses here, with more than a few double income households. The housing cost ratio in the area is 20.5 per cent, well below the Berlin average but the second highest in the district.

In Mahlsdorf (12623), which has a similar structure, the median asking rents, apartment sizes and purchasing power are only slightly lower. Its situation, far from the city centre on the eastern edge of the district and Berlin, and the relatively sparse infrastructure apparently have the effect of dampening demand. In 2016, the median asking rent declined by 2.5 per cent to €8.17 per square metre. Nevertheless, the cheapest decile of properties on offer here averaged €6.45, the highest in the district.

80 per cent of the apartments planned. They have large sites for this. On the Biesdorf estate alone, in addition to the historic buildings that will be retained, there is land for around 500 apartments. These should be completed by 2019. A third of them will be publicly subsidised and let for €6.50 per square metre, the remainder let at rents covering costs, without subsidies. Condominium ownership is

not planned. This differs from the second largest project, under which Degewo is extending its 1990s Ringelnatz estate by adding seven additional buildings, providing 300 apartments. 30 per cent of these should be let at subsidised rents but more than half the apartments will be marketed as condominiums. Two further projects, near the Bürgerpark Marzahn, demonstrate the drastic change

in the market. The sites have been empty since Degewo demolished the former difficult-to-let Plattenbau (slab construction) buildings in the 2000s. It is now building 450 new apartments there.

Not just municipal development

Private residential developers play only a secondary role in Marzahn-Hellersdorf. They are mainly developing

areas of individual houses, with prices starting at around €207,000 for a terraced or detached house. However, on the site of the historic Tegelitz Manor house in the core of Mahlsdorf, a private project providing around 140 rental apartments in five terraces is planned. The projected rents, ranging from about €11 to €12, are considerably higher than has been normal in this district so far.

Biesdorf has the most on offer in the southeast

In 2016, more apartments were on offer in Biesdorf (12683), the leafy area dominated by individual houses that ranked in third place in the district, than in Kaulsdorf and Mahlsdorf combined. Even here, the median asking rent exceeded the €8 per square metre threshold in 2016. Averaging 62 square metres, the apartments are over 10 square metres smaller than those in Kaulsdorf. Biesdorf also includes a

large slab construction estate between Cecilienstrasse and Blumberger Damm. This could be the main reason why the median asking rents, the average size of apartments and the purchasing power is somewhat lower in Biesdorf than in the other two areas. The lower segment is also more pronounced in Biesdorf than in Kaulsdorf and Mahlsdorf. The lowest-priced decile of apartments are on offer at an average rent of €5.58 per square metre.

| 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 % |
| 12619 | 285 | 5.98 (183) | 5.14 (177) | 8.85 (180) | 60 (175) | 492 (185) | 2,677 (146) | 18.4 (180) |
| 12621 | 80 | 8.56 (108) | 6.40 (91) | 11.33 (123) | 73 (80) | 789 (108) | 3,846 (15) | 20.5 (168) |
| 12623 | 125 | 8.17 (127) | 6.45 (84) | 10.32 (155) | 72 (93) | 746 (124) | 3,758 (20) | 19.8 (175) |
| 12627 | 638 | 6.80 (172) | 5.16 (176) | 10.14 (157) | 62 (163) | 561 (177) | 2,654 (151) | 21.1 (164) |
| 12629 | 189 | 6.50 (177) | 5.07 (180) | 10.05 (159) | 63 (162) | 543 (179) | 2,740 (136) | 19.8 (176) |
| 12679 | 327 | 6.51 (176) | 5.36 (171) | 9.78 (167) | 60 (174) | 525 (180) | 2,737 (139) | 19.2 (178) |
| 12681 | 175 | 6.72 (174) | 5.63 (158) | 9.00 (178) | 57 (183) | 509 (183) | 2,953 (96) | 17.2 (185) |
| 12683 | 217 | 8.05 (134) | 5.58 (164) | 11.18 (130) | 62 (164) | 638 (163) | 3,552 (29) | 18.0 (182) |
| 12685 | 252 | 6.91 (171) | 5.11 (179) | 8.67 (181) | 64 (152) | 585 (173) | 3,114 (72) | 18.8 (179) |
| 12687 | 239 | 6.14 (182) | 5.20 (175) | 9.00 (178) | 63 (161) | 521 (181) | 2,844 (112) | 18.3 (181) |
| 12689 | 310 | 5.75 (185) | 5.07 (180) | 7.82 (185) | 63 (159) | 499 (184) | 2,781 (125) | 17.9 (183) |
| District ¹⁾ | 2,837 | 6.70 | 5.20 | 10.00 | 63 | 556 | 3,039 | 18.3 |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 |

1) median 2) includes operating costs (BBU 2014) 2.18 €/m² (eastern Berlin) and 2.41 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power

() rank among the 190 postcodes with rental data

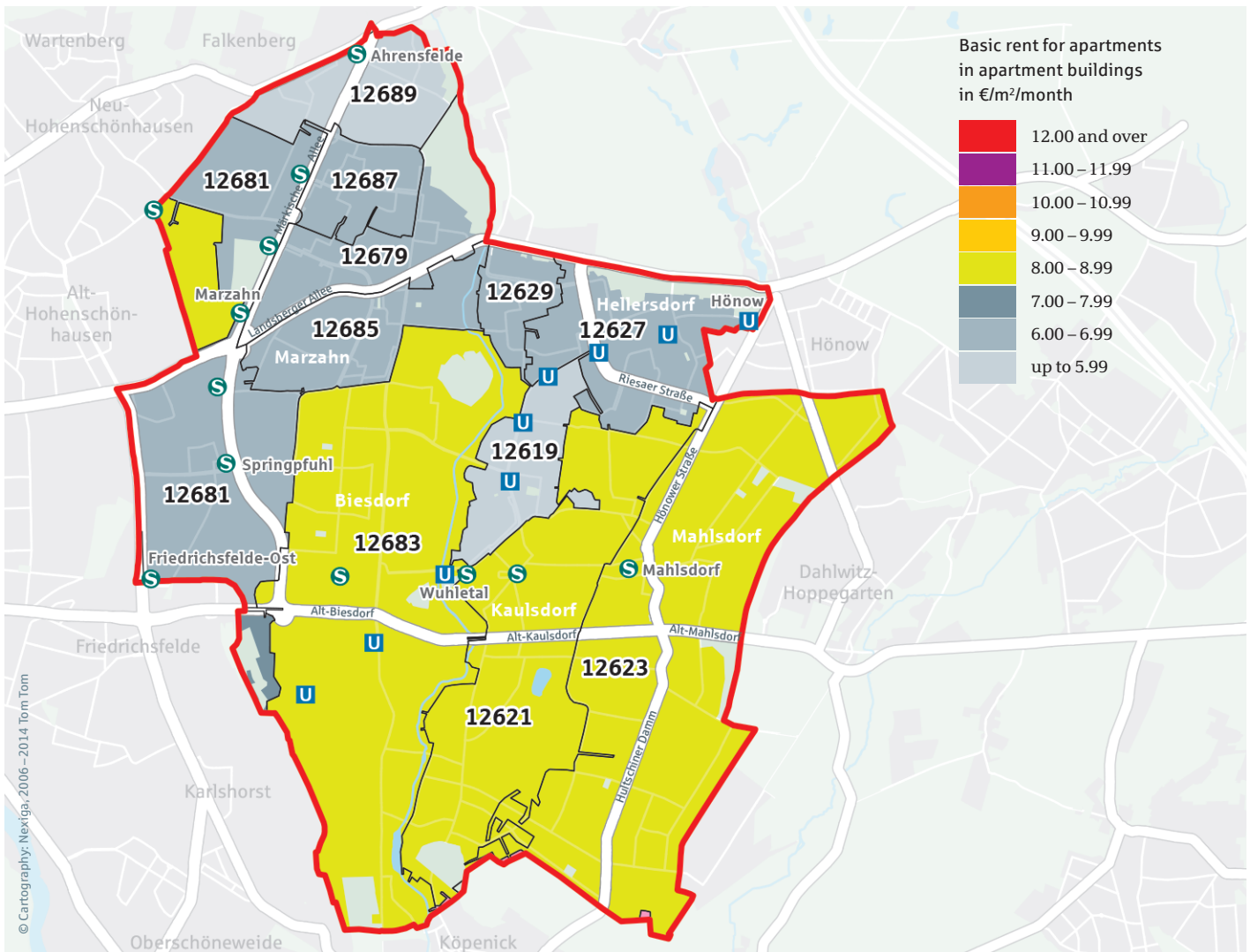
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

Lower rental burden around the village centre

Central Marzahn (12685) has a much lower median asking rent, €6.91 per square metre, than the other three areas so far mentioned. The area is much more heavily dominated by Plattenbau (slab construction) buildings and has somewhat inferior connections to the city centre. However, it has two special features, firstly the “Gardens of the World” with the sites of the 2017 IGA international garden exhibition, and secondly the well-preserved and restored historic centre of Marzahn. Following a strong upswing in 2013 and 2014, the asking rents in Central Marzahn increased only slightly in 2016. In 2015, the median asking rent actually declined somewhat. With the relatively small average size of apartments, however, the housing cost ratio is low, at 18.8 per cent.

The highest housing cost ratio in the district in 2016, 21.1 per cent, was in Hellersdorf North (12627), although this is still well below the city average. In the last four years, the median asking rent has risen by 35.9 per cent, a steeper rise than in all the other areas in Marzahn-Hellersdorf. This is despite the large number of apartments that are apparently still available to let. In terms of the number of apartments on offer in 2016, Hellersdorf North has the most extensive market in the district.

The Bitterfelder Strasse (12681) area has a degree of special status in the district. Situated in the extreme west of the district, it is largely commercial, although it also includes the most architecturally striking part of the large Marzahn estate, to the east of Springpfuhl S-Bahn station. Good transport connections and amenities, with



shopping centre, swimming pool, town hall and the Springpfuhl Park, contribute to its popularity and to the 8.6 per cent rise in the median asking rent in 2016. Averaging 57 square metres, the apartments on offer are the smallest in the district and rank among the bottom five in the whole city. The housing cost ratio, 17.2 per cent, is the lowest of all the 185 areas in the city for which a figure could be determined.

Offers below €6 per square metre

Moving down the league table of rents, we go from Hellersdorf back to Marzahn and the area around Raoul-Wallenberg-Strasse (12679). Both geographically and economically, this is in the middle of the large Plattenbau (slab construction) estates. In 2016, the median asking rent increased by 8.6 per cent. Just below came the

Cottbusser Platz (12629) area in Hellersdorf that, in 2016, registered the second highest increase in median asking rent in the district, 12.1 per cent. However, the average is still relatively low, at €6.50 per square metre. Around Mehrower Allee (12687) in northern Marzahn, it is €0.36 lower still. Two areas of the district still have median asking rents below €6 per square metre. These are Kaulsdorf North (12619), which is part of the large Hellersdorf estate, and Ahrensfelde (12689) in the extreme north of Marzahn. The median “warm” rent in Kaulsdorf North, €492, is the lowest in the whole of Berlin. Ahrensfelde, together with Cottbusser Platz, has the most pronounced lower segment in the district. The lowest-priced decile of apartments are on offer there at an average rent of only €5.07 per square metre.

Mitte:

Prime locations, booming residential areas

In the heart of the city are the four areas with Berlin's highest median asking rents, ranging from €13.00 to €13.80 per square metre per month. As in the previous year, the neighbourhood around Hackescher Markt, which extends to Alexanderplatz (postcode 10178), features the highest median asking rents. It is followed by the Unter den Linden (10117), Potsdamer Platz, with the diplomatic quarter to the south of the Tiergarten (10785), and the Rosenthaler Platz area in the northern part of the city (10119). Nevertheless, in Hackescher Markt and Rosenthaler Platz the percentage increase in median asking rents was the lowest in the district 2016. In the Potsdamer Platz area, asking rents are stagnating. In Unter den Linden, they actually declined by 3.3 per cent. In Berlin, there is apparently a limit to the number of people seeking central apartments at high rents.

Despite this, in the heart of the city there is a large market for the upper segment. These four areas are all among the Top 10 in the city in the league table of median rents for the most expensive decile of apartments on offer. The Unter den Linden area leads the field in this. It is the only area in the city to have a market segment with a median asking rent in excess of €20 per square metre. The apartments on offer here average 97 square metres, the largest in the Mitte district.

Attractive offers, even in the heart of the city

The four areas are not a homogeneous high-priced market however. They also include very reasonable offers. The Unter den Linden area is also noteworthy in that the median rent of the lowest priced decile, €6.02 per square metre, ranks only 119th in the city. The more favourable offers in this area are primarily found around

Leipziger Strasse – very centrally situated but suffering from traffic emissions.

Next in the district rental league table are two areas on the edge of the historic centre, Chausseestrasse in the northwest (10115) and Jannowitzbrücke (10179) in the southeast of the city centre. The increases in the median asking rent there, 6.7 and 9.1 per cent in 2016, were considerably sharper than in the other areas already mentioned. Leading the field for rental growth in Berlin is a quarter that is a newcomer to the Mitte district and that merits more detailed analysis, the Humboldthain (13355) area of Wedding. Over both one and four years, the increase in the median asking rent here was the sharpest in the city. In 2016 alone it climbed by €3.39 per square metre, a 47.0 per cent rise. One reason for this is obvious; the area is near to the city centre and immediately adjoins the more expensive Prenzlauer Berg. On the other hand, the rental boom in Humboldthain is astounding because, as a result of the war, its subsequent position in a corner of the Berlin Wall and then wholesale redevelopment, the area has lost its historic buildings and some of its diversity. In addition, large parts of it are owned by Degewo, the state owned corporation that is committed to charging favourable rents. For this reason, not all the rents have risen sharply. For the lowest priced decile of the apartments on offer they average a moderate €5.74 per square metre, the lowest figure in the entire Mitte district and 148th of the 185 areas in Berlin that were assessed. The average local household purchasing power is actually among the lowest in the city, ranking 183rd. The sharp increase in the median in Humboldthain can primarily be explained by the large number of apartments on offer in refurbished old buildings around the Humboldthain

Lots of new space on long-standing brownfield sites



What was Berlin's historic burden now holds many attractions for developers. Due to war, division and economic weakness, even in the inner city many sites have remained empty or have been less than intensively used. Many areas of the Mitte district of Berlin still have space for new developments, whether on former railway land, large industrial sites or low-density post-war estates.

The locations need no introduction, while the achievable sale prices and rents are similar to those in other large cities. Mitte, with its dynamic projects, therefore ranks second in Berlin. In the district, around 6,670 apartments are planned in the 44 projects that were surveyed. This number of projects is actually a record for the city. It is also significant that, even in the city centre, at long

last more than just small-scale projects are being developed. Clearly, this does not apply to projects in the historic centre, the old Mitte district. Although these make up the majority of the individual projects, they will provide less than half the future new apartments.

"Mittenmang" and Mauerpark

The largest individual project in the district is to be constructed



Urban mix: The area to the northeast of the Berlin Cathedral and between Hackescher Markt and Alexanderplatz features a dense mixture of renovated and unrenovated older buildings as well as new buildings.

Park. As their asking prices are higher than the unrefurbished stock, in statistical terms they move the whole area upwards.

Major developments near the central station
Next in the ranking, with median asking rents

slightly over €10.20 per square metre, are two areas in Moabit: Alt-Moabit West (10555), with its attractive settings on the river Spree, and the Hauptbahnhof/Schloss Bellevue (10557) area in the south of the district, which also includes the Hansaviertel. In coming years, the Hansa-

in Moabit, in the west. It is taking advantage of a brownfield site that was acquired for a city motorway in the 1970s. This was never built. Now, within walking distance of the central station, around 1,050 apartments are to be developed in the “Mittenmang” project. The range on offer stretches from condominium apartments in the upper middle class to mini-apartments for

students. The developer, the Groth Group, is also constructing over 650 apartments in four individual projects on the Mauerpark in Wedding, close to the Gesundbrunnen station. The next largest project is a single building, albeit a spectacular one. Near to Alexanderplatz, the 39-storey “Alexander Tower” is to be constructed. It will provide 475 apartments that will be marketed at prices

up to €15,000 per square metre. The “Feuerlandhöfe”, with its 400 apartments, is already nearing completion opposite the federal intelligence agency in Chausseestrasse.

Social housing and luxury close to the palace

Whereas, a few years ago, condominium projects dominated activities, almost half the new apartments will now be let, a

proportion of them even as social housing. On the condominium market, the location determines the price. Opposite the palace, which is undergoing reconstruction, individual apartments will cost up to €22,000 per square metre. In “The Wilhelm”, near the Brandenburg Gate and diagonally opposite the Hotel Adlon, a square metre will cost close to €30,000.

viertel will be the site of the largest residential development projects in the district, such as “Mittenmang” and Europacity. The western Birkenstrasse (10551) area, which is lively but has somewhat weak purchasing power, is already below the €10 mark. Closely behind comes the Gesundbrunnen (13357) area, which registered a sharp (19.4 per cent) increase in rents in 2016. Around Gesundbrunnen, as in Humboldtthain, this is attributable to the higher rents demanded by owners for new lettings of freshly refurbished stock. This is boosted by the generally increasing popularity of this idyllic quarter, situated on the banks of the small river Panke and close to the city centre.

Five other areas have median asking rents ranging between €9.19 and €9.65 per square metre. The first of these is the area to the east of the Zoo (10787). Although it directly adjoins city west and the Tiergarten, it is badly affected by traffic emissions. In addition, the post-war buildings are often not particularly attractive, exerting a dampening effect on willingness to pay. A peak segment, with median asking rents around

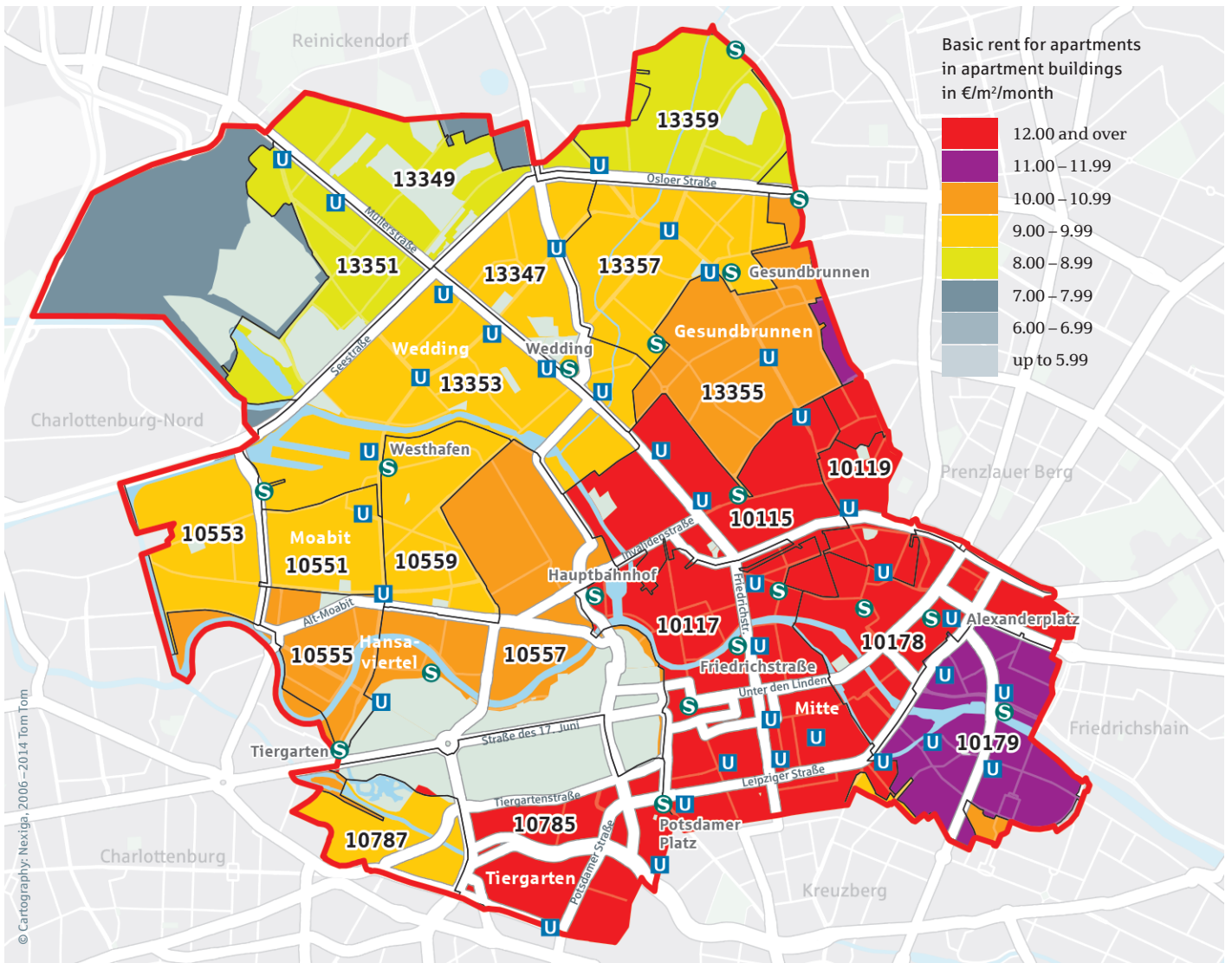
€15 per square metre for the dearest decile of offers, is concentrated near to the Park, the Landwehr canal and the embassies. Next in the rental league table is Moabit Northeast, around Stephanstrasse (10559). The average household purchasing power here is relatively low and there is still a pronounced low-priced segment. The median for the lowest-price decile of offers is €6.36 per square metre. Only slightly lower than in the Stephanstrasse area is the median asking rent in Northwestern Moabit, around Beusselstrasse (10553). This is a mixed-use area with residential and commercial and, by inner-city standards, somewhat moderate transport connections. Next are the two areas of Wedding around Nauener Platz (13347) and the Sprengelkiez near to Westhafen (13353). The latter has an average monthly household purchasing power of €2,295, i.e. it is home to the households with the lowest budgets in the whole city.

Far-flung locations with moderate rents

Three areas of the Mitte district have median asking rents between €8.00 and €8.91 per

| 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 % | |
| 10115 | 559 | 12.50 (5) | 7.00 (39) | 17.94 (9) | 84 (31) | 1,234 (14) | 2,783 (124) | 44.3 (2) | |
| 10117 | 754 | 13.01 (2) | 6.02 (119) | 20.87 (1) | 97 (9) | 1,469 (1) | 3,528 (32) | 41.6 (6) | |
| 10119 | 335 | 13.00 (3) | 7.82 (4) | 18.50 (4) | 83 (32) | 1,265 (13) | 2,902 (104) | 43.6 (3) | |
| 10178 | 301 | 13.80 (1) | 6.25 (102) | 19.00 (2) | 85 (28) | 1,360 (10) | 2,912 (101) | 46.7 (1) | |
| 10179 | 208 | 11.53 (11) | 6.46 (80) | 17.36 (11) | 83 (35) | 1,131 (26) | 2,899 (106) | 39.0 (11) | |
| 10551 | 239 | 9.95 (58) | 6.35 (95) | 12.61 (90) | 66 (145) | 829 (90) | 2,550 (165) | 32.5 (53) | |
| 10553 | 206 | 9.46 (75) | 6.55 (70) | 13.50 (67) | 61 (172) | 737 (130) | 2,453 (184) | 30.1 (76) | |
| 10555 | 223 | 10.25 (48) | 7.34 (19) | 14.00 (53) | 68 (123) | 880 (77) | 2,679 (145) | 32.8 (50) | |
| 10557 | 178 | 10.22 (49) | 6.17 (109) | 15.77 (25) | 80 (47) | 1,030 (36) | 2,947 (97) | 35.0 (28) | |
| 10559 | 234 | 9.51 (69) | 6.36 (93) | 13.00 (81) | 68 (127) | 827 (92) | 2,575 (160) | 32.1 (56) | |
| 10785 | 245 | 13.00 (3) | 6.19 (106) | 18.00 (7) | 94 (14) | 1,467 (2) | 3,393 (43) | 43.2 (4) | |
| 10787 | 100 | 9.65 (66) | 7.02 (35) | 15.00 (35) | 79 (50) | 974 (51) | 3,460 (34) | 28.1 (93) | |
| 13347 | 331 | 9.29 (81) | 6.34 (97) | 14.00 (53) | 65 (150) | 775 (111) | 2,511 (172) | 30.9 (69) | |
| 13349 | 164 | 8.00 (137) | 5.87 (136) | 12.26 (96) | 62 (168) | 657 (158) | 2,381 (188) | 27.6 (100) | |
| 13351 | 212 | 8.91 (98) | 6.45 (84) | 11.50 (113) | 58 (181) | 671 (154) | 2,398 (186) | 28.0 (95) | |
| 13353 | 336 | 9.19 (84) | 6.46 (80) | 12.49 (94) | 63 (160) | 743 (125) | 2,295 (190) | 32.4 (55) | |
| 13355 | 223 | 10.60 (35) | 5.74 (148) | 13.24 (75) | 75 (70) | 994 (47) | 2,466 (183) | 40.3 (9) | |
| 13357 | 406 | 9.87 (63) | 6.00 (121) | 12.12 (100) | 69 (117) | 863 (82) | 2,482 (180) | 34.8 (31) | |
| 13359 | 336 | 8.50 (110) | 6.20 (105) | 11.96 (107) | 63 (155) | 703 (142) | 2,316 (189) | 30.3 (73) | |
| District ¹⁾ | 5,590 | 10.48 | 6.27 | 17.46 | 76 | 983 | 2,652 | 37.1 | |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 | |

1) median 2) includes operating costs (BBU 2014) 2.18 €/m² (eastern Berlin) and 2.63 €/m² (western Berlin) and 2.41 €/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



square metre. All relatively far from the city centre, in the extreme north and northwest of the district, they are among the five areas with the lowest purchasing power in the whole city. They are mainly dominated by more modest residential properties, dating from different periods in the 20th century. Rehberge (13351) has the highest median asking rent of the three areas. Featuring long stretches of interwar housing, it is situated close to the Rehberge and Plötzensee recreational areas. However, it is one of the only moderately sought-after areas of the city, presumably because of its location under the flightpath to Tegel Airport and, relative to the other areas of the district, its distance from the city centre. The average size of the apartments on offer, 58 square metres, is the smallest in the

district. The median asking rent per square metre rose by an above-average 11.4 per cent in 2016. In the Rehberge area, it is now €8.91 per square metre. Around Soldiner Strasse in the northeast of Wedding (13359) only €8.50 per square metre is being asked, although the apartments on offer average 63 square metres, somewhat larger than in the surrounding areas. The local household purchasing power is the second lowest in Berlin. The result is that the average household in this area must devote more than 30 per cent of its purchasing power to housing. This ratio is somewhat more favourable, at 27.6 per cent, around the Schillerpark (13349) in the extreme north of Wedding. The median asking rent there, €8 per square metre, is the lowest in Berlin-Mitte.

Neukölln: Booming rents in trendy areas



World heritage site: The Hufeisensiedlung (“Horseshoe Estate”) in Britz is one of six Berlin modernist housing estates to enjoy UNESCO heritage protection.

Neukölln saw the sharpest percentage growth in asking rents in Berlin in 2016. Across the district, the increase was 17.1 per cent, more than triple the average rise in the city. In terms of median asking rents, the district is now in fifth place in Berlin, after Friedrichshain-Kreuzberg, Mitte, Pankow and Charlottenburg-Wilmersdorf. However, Neukölln is split. All the areas with rental growth of more

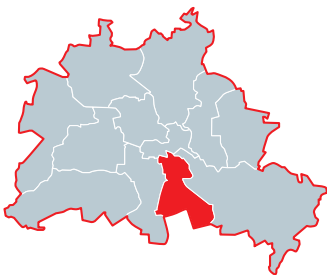
than 15 per cent are densely developed neighbourhoods of older buildings, inside or adjoining the S-Bahn ring, and with somewhat weak purchasing power. Nearly all the areas where growth was less than 10 per cent are more recent, leafier neighbourhoods outside the ring, with wealthier residents. In three areas, the median asking rents have even declined recently.

Leading the field for rental growth, with an annual increase of 32.4 per cent, is the Richardplatz (postcode 12055) area. The increase here, like those in parts of Wedding, is partly attributable to the high asking rents for new lettings in recently refurbished properties. It is a special area. Amid the large Gründerzeitviertel (Wilhelminian quarter) of Neukölln, an area with a rural atmosphere has been preserved, with village green, churches, barns and orchards. The relatively low-density development also provides space for new construction. At €11.92, the area is now in eighth place in Berlin, while the “warm” rent of €995 per month is the highest in Neukölln.

More on offer, higher rents

The Silbersteinstrasse (12051) area is situated around the Hermannstrasse S- and U-Bahn station, partly inside and partly outside the S-Bahn ring. Rental growth here was also robust, at 24.1 per cent in 2016. In terms of quantity, this is the largest market in the district. The median asking rent of €11.17 per square metre is the second highest in Neukölln. There is a pronounced upper segment. The most expensive decile of apartments are on offer at an average rent of €16 per square metre – ranking 21st in Berlin and top in the district. How-

Few building sites in densely populated district



Since the 19th century, the Neukölln district steadily developed from north to south. It now features a succession of almost all different forms of settlements, except that there are and will be virtually no luxury projects in Neukölln, which is traditionally regarded as a working class district. The north is dominated by buildings from the Wilhelminian period, with rather small apartments. Further to the south, in Britz, there are less densely developed areas from

the 1920s and 30s, including the Hufeisensiedlung that now has world heritage site status. In the early post-war period, groups of terraced and stand-alone buildings were developed, primarily in Britz and further to the south in Buckow. In the same period, areas of allotment gardens were developed with self-built and/or prefabricated detached houses. In the 1960s, in a major boost, the Gropiusstadt, with over 15,000 apartments – now popular as an inex-

pensive “green” address – was constructed. Before and after the fall of the Wall, there remain only sporadic building plots, although the large “Britzer Garten” park has been constructed.

Hope for the former hospital

In terms of housing development, Neukölln is now the backmarker among the Berlin districts. It has only seven notable projects, together providing 571 apartments. This is not due to a weak housing market

ever, total housing costs around Silbersteinstrasse are significantly diminished by the small size of the apartments recently on offer, which average only 60 square metres.

In contrast, in the Sonnenallee North (12045) area, which ties for third place in the rental league table, the apartments – averaging 69 square metres – are relatively large for this district. Asking rents here had already risen strongly in previous years. The current increase of 10.0 per cent is relatively low for Neukölln North. In recent years, this area has developed into a centre of nightlife for young people, with very wide drawing power. Hardly any extremely low priced apartments are available. The median asking price for the lowest decile is now €7.50 per square metre.

More pressure on rents on Schillerpromenade

Like Sonnenallee North, the Schillerpromenade (12049) area is close to Tempelhofer Feld. Many residents there were not alone in their particularly fierce opposition to new development on the former airfield. However, demand is so high that the median asking rent per square metre has recently risen by 20.4 per cent. It is difficult for locally resident home hunters to find something new and within their means in the same area. The average household purchasing power, €2,397, is the lowest in Neukölln and the fourth lowest in the whole of Berlin. Only the small apartments, which average 61 square metres, make the area still affordable for many people.

The median of the lowest segment, east of Sonnenallee North on Weigandufer (12059) is the highest in the district, at €7.71 per square me-

tre. The median asking rent in this area is €10.95. The apartments on offer on Weigandufer average 70 square metres, while the average household purchasing power is similar to that on Schillerpromenade. This means that an average household has to lay out 39.3 per cent of its purchasing power for the median rent of an apartment on offer here. This is the highest housing cost ratio in the district and almost twice as high as in most of the areas outside the S-Bahn ring.

The median asking rent in the heart of the district, around the Rathaus Neukölln (12043), is at a similar level to that on Weigandufer. The purchasing power is slightly higher, the apartments are somewhat smaller and the latest rental growth was a little lower.

Weaker trend on Maybachufer

Maybachufer (12047), which is directly opposite Kreuzberg and was the top area in Neukölln in previous years, has declined. The median of the asking rents is €10.52 per square metre. Its latest annual increase, 5.2 per cent, is very low in comparison with neighbouring areas and is even below the Berlin average. Even the top segment, in which the median asking rent is €14, only ranks fourth in the district, on a par with Sonnenallee North.

In the nearby area around Rollbergstrasse (12053), €10.10 per square metre is being asked. Parts of this area were resolutely refurbished in the 1970s. The resulting social housing is now the object of future urban renewal. In this area, the cheapest apartments in the north of Neukölln are on offer. The lowest priced decile cost

but solely because the district is already heavily built-up. In addition, it has hardly any sites suitable for conversion. The large industrial and commercial area in Britz should retain its character, because there were no extensive goods stations or barracks here. Development of what is theoretically the greatest potential area, the eastern part of Tempelhofer Feld in Neukölln, has been blocked by a Berlin-wide referendum. The greatest hopes

now rest with a former hospital site on Mariendorfer Weg, which has space for around 600 apartments. Although the first foundation stone of the Catholic St. Petruswerk's "St. Marien" residential park has been laid, the whole project still needs some time.

Increasing density in the Gropiusstadt

In the second largest project, the state housing corporation Degewo is taking advan-

tage of some formerly low-density urban development in the Gropiusstadt. On a vacant site on Fritz Erler Allee, it is building around 100 apartments, of higher quality than the 50-year-old ones in the surroundings, to let at rents of up to €10.50 per square metre. Stadt und Land, also a state undertaking, is building a similar number of apartments on Briesestrasse in northern Neukölln. It has acquired the development land in this, mainly

densely developed, area by demolishing a less important multi-storey car park. The largest private project in the district, providing 74 apartments, is not far from here, on the site of the former bell foundry in Glasower Strasse. On sites in Buckow, in the south of the district, Degewo plans to build a total of 117 rental apartments.

€5.83 per square metre on average. Overall, there has been little change in asking rents recently. In 2016 they increased by only 3.0 per cent. In all parts of the heavily built-up north of the district, which is dominated by older buildings, the median asking rents are at or above €10. In the more sparsely developed south, further from the city centre, the highest figure of €8.31 is achieved around Britzer Damm (12347). Although still rela-

tively close to the city centre, it has a mainly suburban character. The latest increase in rents, 13.8 per cent, is below the district average and below those of most in the northern areas, albeit well above that of Berlin as a whole.

Next in the rental league table is the Stubenrauchstrasse (12357) area in northeastern Rudow, on the city periphery, with a median of €7.95. Almost exclusively developed with private

| 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 % | |
| 12043 | 180 | 10.89 (32) | 6.22 (103) | 13.39 (72) | 66 (141) | 899 (70) | 2,571 (161) | 34.9 (29) | |
| 12045 | 233 | 11.00 (24) | 7.50 (11) | 14.00 (53) | 69 (116) | 943 (60) | 2,503 (174) | 37.7 (17) | |
| 12047 | 117 | 10.52 (38) | 6.73 (57) | 14.00 (53) | 63 (153) | 833 (86) | 2,504 (173) | 33.3 (46) | |
| 12049 | 259 | 11.00 (24) | 6.97 (44) | 15.02 (34) | 61 (171) | 832 (87) | 2,397 (187) | 34.7 (32) | |
| 12051 | 445 | 11.17 (20) | 7.14 (27) | 16.00 (21) | 60 (176) | 830 (89) | 2,502 (175) | 33.2 (48) | |
| 12053 | 203 | 10.10 (52) | 5.83 (138) | 13.83 (63) | 70 (113) | 888 (74) | 2,635 (154) | 33.7 (42) | |
| 12055 | 274 | 11.92 (8) | 7.01 (38) | 14.50 (44) | 68 (122) | 995 (46) | 2,567 (162) | 38.8 (13) | |
| 12057 | 123 | 6.50 (177) | 5.50 (169) | 10.81 (140) | 57 (184) | 516 (182) | 2,490 (179) | 20.7 (167) | |
| 12059 | 352 | 10.95 (31) | 7.71 (5) | 13.41 (71) | 70 (109) | 952 (56) | 2,423 (185) | 39.3 (10) | |
| 12347 | 316 | 8.31 (122) | 6.42 (90) | 12.00 (104) | 65 (149) | 712 (138) | 2,786 (122) | 25.6 (118) | |
| 12349 | 193 | 7.68 (150) | 5.90 (135) | 9.59 (172) | 63 (157) | 651 (160) | 3,185 (65) | 20.4 (171) | |
| 12351 | 116 | 7.11 (168) | 3.80 (185) | 9.75 (169) | 68 (125) | 664 (155) | 3,012 (89) | 22.0 (150) | |
| 12353 | 209 | 6.94 (170) | 5.21 (174) | 10.44 (151) | 68 (126) | 652 (159) | 3,043 (83) | 21.4 (157) | |
| 12355 | 167 | 7.34 (160) | 5.80 (140) | 10.66 (146) | 70 (107) | 701 (145) | 3,444 (37) | 20.3 (172) | |
| 12357 | 85 | 7.95 (141) | 6.33 (99) | 11.67 (110) | 71 (105) | 746 (122) | 3,716 (22) | 20.1 (174) | |
| 12359 | 213 | 7.60 (153) | 5.63 (158) | 13.33 (73) | 62 (165) | 638 (164) | 2,788 (121) | 22.9 (145) | |
| District ¹⁾ | 3,485 | 9.47 | 5.91 | 13.67 | 66 | 793 | 2,794 | 28.4 | |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 | |

1) median 2) includes operating costs (BBU 2014) 2.63 €/m² (western Berlin) and 2.41 €/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

houses, this area is also the smallest submarket in Neukölln. In contrast, it has the highest household purchasing power in the district, averaging €3,716 per month. This results in the lowest housing cost ratio in the district, 20.1 per cent, only half as high as around Richardplatz in the north.

Low-priced apartments around Britzer Garten

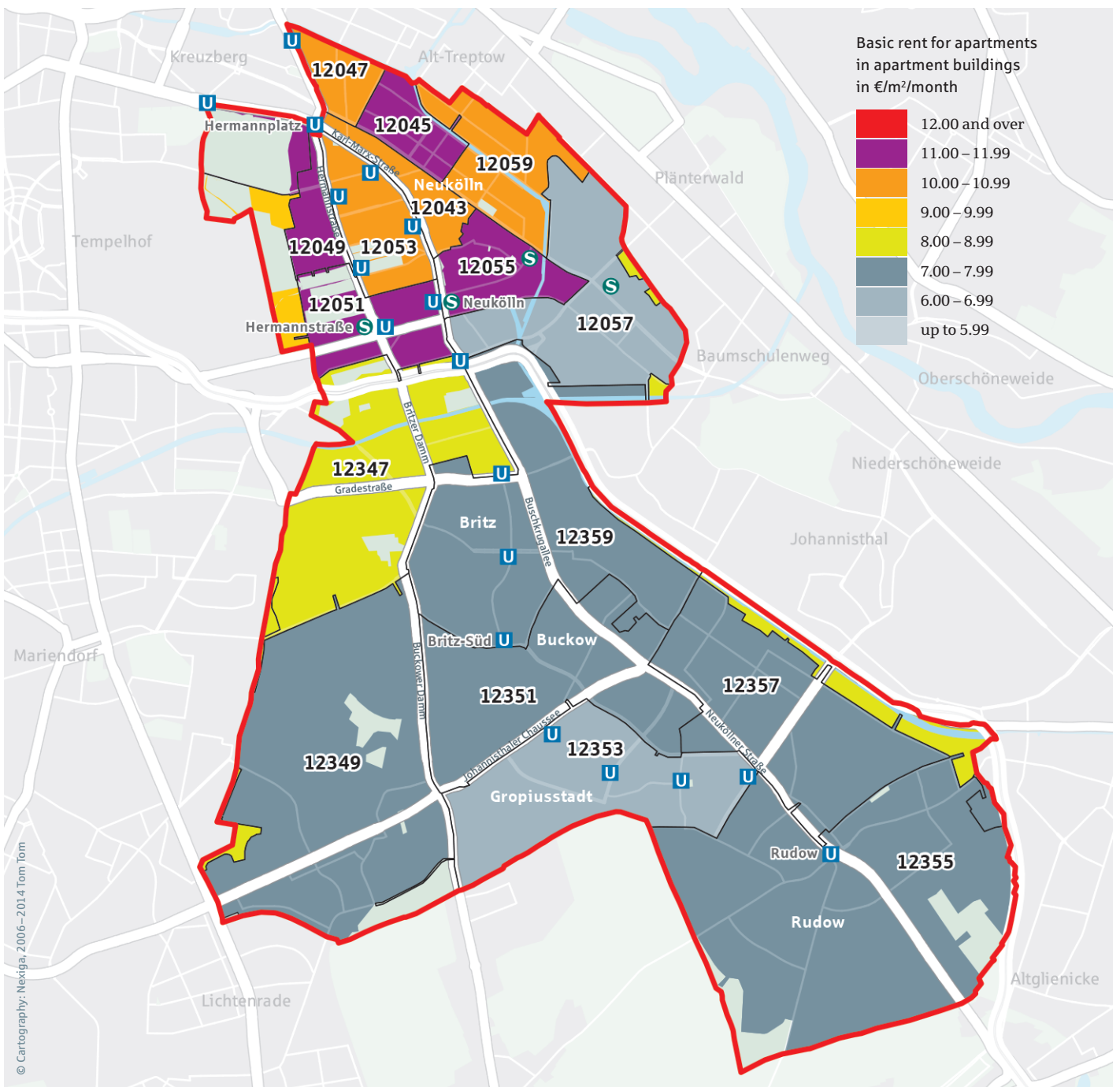
The Britzer Garten (12349) area, in the southwest of the district, is named after the still well-maintained site of the federal garden show in 1985. Earnings are lower than in Stubenrauchstrasse, the apartments on offer are smaller and

the asking rents, €7.68 per square metre, are considerably lower. The latest increase in median asking rents registered in the area was 9.7 per cent, more than the Berlin average but well below the average for Neukölln. Around Buschkrugallee (12359), rents are somewhat lower, averaging €7.60 per square metre.

The median asking rents in the furthest-flung areas Rudow-South (12355) and around Johannissthaler Chaussee (12351) are slightly above €7 per square metre. In the last year, the rents in these areas actually declined – by 2.1 per cent and as much as 5.3 per cent. With the proximity of the

new capital airport, after it opens this trend could be reversed, particularly in Rudow-South. The apartments on offer average 70 square metres, very large for Neukölln, while the average household purchasing power, €3,444, is the second highest in the district. Situated between the latter two areas is the core of the large post-war Gropiusstadt (12353) estate, one of only two areas in the district to have a median asking rent below

€7 per square metre. This is only undercut by the submarket around Köllnische Heide (12057). Although much closer to the city centre, it has a few drawbacks, such as a great deal of industry, unattractive post-war high-rise buildings and a somewhat isolated situation, which will be exacerbated by the construction of the city motorway on the edge of the area. The median asking rent has already fallen by 3.3 per cent.



Pankow: Slowdown in Prenzlauer Berg

Berlin's most populous district still has a lively market. The median asking rent per square metre is up 6.1 per cent in 2016, 0.5 percentage points above the city average. In the league table of districts, Pankow is now in fourth place, behind Charlottenburg-Wilmersdorf. The steepest rent increases in the district, with one exception, are no longer registered on Prenzlauer Berg but in green submarkets on the city outskirts. The fact remains, however, that the absolute highest asking rents in Pankow are in areas of older buildings, near to the city centre. Here, there is a new frontrunner: The area around Prenzlauer Allee (postcode 10405) to the east of Kollwitzstrasse. At €12.50 per square metre, this has risen to fifth place in Berlin, which it shares with Chausseestrasse in the Mitte district. Higher rents are only seen in four areas in the historic city centre. There is still lively refurbishment and new development activity on the last few available sites on Prenzlauer Allee. In the latest survey period, this was the largest market in the whole district. However, it has long ceased to be as homogeneously middle-class as this area is thought to be. The average household purchasing power, €3,067 per month, is slightly above the Berlin average.

Expensive and reasonably-priced on Prenzlauer Allee

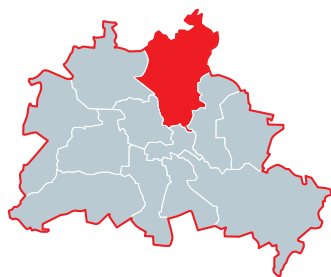
The extremes of the market are also very pronounced. The most expensive decile of the area, which has a median asking rent of €17, is the highest in Pankow and ranks 13th in the city as a whole. Nevertheless, rents in the lowest decile, which have a median of €6.36, are still relatively low. Parts of the area are badly affected by traffic

emissions, especially Prenzlauer Allee. In addition, there are many apartments with poor natural light, often lacking balconies and of only limited attraction in rear buildings. In all probability, this qualitative mixture of apartments in the area will remain, as will the social mixture. Because of the presence of niches, the high average rent for the whole market can be slightly deceptive. An average 78 square metre apartment now costs an average €1,152 per month "warm" (i.e. including services and heating). Residents of the area who take an available apartment must lay out 37.6 per cent of their average household purchasing power. This is the top figure in the district.

The Kollwitzplatz (10435) area and lower Schöenhauser Allee no longer lead the field in median asking rents. In 2016, these registered only a small increase, 1.4 per cent. The 8.9 per cent growth since 2012 is lower than in any other part of the district. The average household purchasing power, €3,035, is less than in the neighbouring submarket on Prenzlauer Allee, although it has a somewhat more favourable ratio to the average "warm" rents being asked. In the Kollwitzplatz area, there are also many apartments of rather moderate quality. Despite many prejudices and forecasts, this area also will probably remain socially heterogeneous.

There are similar conditions to the north of this area, around Helmholtzplatz (10437). This is also still part of the core of Prenzlauer Berg, although the median asking rent, €11.44 per square metre, is already considerably less than in the neighbourhoods close to the city centre. However, there is a conspicuous gap in the lowest segment. The cheapest decile of apartments are on offer at

Little momentum but great potential



Pankow is Berlin's most populous and fastest-growing district. In the north and north-east, however, many areas are only sparsely populated or even undeveloped. In comparison, the volume of new construction is relatively small. The around 1,790 apartments planned only put Pankow in sixth place in Berlin, while, with a ratio of ca. 460 apartments per 100,000 residents, it ranks as low as eighth. Although 28 individual projects

seems like a big number, they are relatively small. Twenty of them involve between 20 and 80 apartments. Things used to be different. In the 1990s, two almost new suburbs were constructed in Karow and Buchholz and a large number of apartments in the urban areas of Prenzlauer Berg, Pankow and Weissensee. Moreover, this situation might change once again. Three large areas are awaiting specific planning decisions. These are the

car park and open space on Michelangelostrasse in Prenzlauer Berg and the Pankower Tor in Heinersdorf.

Medium sizes dominant

Where projects exist, medium-sized and smaller developments are dominant. The state housing undertaking GESOBAU is currently constructing the most extensive, 351 rental apartments on Mendelstrasse in western Pankow. In second place, not far from there is "Nor-

an average of €7.86 per square metre – the most expensive in the district. However, there is particularly great need for a budget-priced segment here, because the average household purchasing power, €2,772, is well below the comparable figures for the district and the city. Landlords are recognising the limits of the ability and willingness to pay. The median of the asking rents has only risen by 4.1 per cent recently.

Lower rents outside the S-Bahn ring

On Arnimplatz (10439), just outside the S-Bahn ring, tenants can find considerably more favourable conditions. As with Helmholtzplatz, the relatively high rental values in the lowest price segment, when compared with the low household purchasing power, are particularly striking. To some extent, similar conditions apply in the Danziger Strasse (10407) area. The average purchasing power there is slightly higher than around Arnimplatz, while the median asking rent is only slightly more favourable, at €10.50 per square metre. The latest rise in rental values, only 4.0 per cent, was below average. The low-priced apartments, in particular, were apparently only slightly affected by this. The cheapest decile in the area now costs a median €5.54 per square metre – the lowest rents in the whole of Pankow. More modest interwar residential buildings and Plattenbau (slab construction) apartments in the area outside the S-Bahn ring are partly responsible for this.

Things are different in the Ostseestrasse (10409) area, adjoining to the northwest and dominated by inter- and post-war buildings. In the lower segment, the median rent is €5.63 per



Urban living today: Many new builds in Pankow remain loyal to the historic city block structure. But ground floor shops are increasingly giving way to private front gardens.

square metre. Such a submarket is necessary considering the average household purchasing power, which at €2,469 is the lowest anywhere in Pankow. The average size of the apartments on offer, 62 square metres, is also the lowest in the district. This is the only part of Prenzlauer Berg that has a median asking rent below €10 per square metre for all apartments in the area. This means that it is the only area in which the average “warm” rent of the apartments on offer is

dische Carré”, with 194 condominium apartments that will be marketed for between €3,400 and €5,200 per square metre. In the area of currently partly fragmented development, with Scandinavian street names, “Das Gotland” is being constructed to provide around 140 apartments at similar prices. Prices up to €10,000 per square metre have been quoted for some of the over 100 apartments in “Templiner Park”, which has a considerably more

central location in Prenzlauer Berg. The around 190 apartments on Storkower Strasse are a special type. Including furniture and services, they are being marketed as “Smartments”.

Small public projects

All the other projects have less than 100 apartments. They are concentrated in the already densely developed urban areas of Prenzlauer Berg, Alt-Pankow and Weissensee. State housing associations, which normally

tend towards larger volumes, are also carrying out small projects on individual plots. In Bizetstrasse in Weissensee, GESOBAU is developing a project with about 20 apartments, while Gewobag is planning a similar sized project for a site between buildings in Chodowieckistrasse, Prenzlauer Berg. As a rental project, it is an exception in this area, while further to the north in Alt-Pankow the majority of construction is for rental.

less than 30 per cent of the household income, despite the latter being so low.

Middling locations in Pankow and Weissensee

All the other areas with median asking rents below €10 per square metre are in the far-flung parts of Pankow and Weissensee. Next in the ranking are the surroundings of Pistoriusstrasse (13086), a peaceful residential neighbourhood in the west of this area, with a pleasant mixture of residential and commercial properties. In the east, it is characterised by the rural idylls around the Weisse See, which gives the area its name. The fairly low household purchasing power but middling levels of rent per square metre and apartment sizes here result in a housing cost ratio of 31.1 per cent.

The housing cost ratio is slightly higher and the apartments on offer slightly larger to the south of here, in Pankow-Mitte (13187), where the trend of median asking rent is remarkably subdued. This has risen by 14.6 per cent since 2012, while in 2016 the rise was only 2.5 per cent, the third lowest in the district. However, if Tegel Airport were to be closed in the future, this location, which is currently badly affected by noise, could enjoy a catching up effect. Niederschönhausen (13156)

considerably outpaces this growth, although the rental value of €9.14 per square metre is almost as high and the apartments in the villa and erstwhile diplomatic quarter, together with Kollwitzplatz, are the largest in the district, averaging 80 square metres. However, the average purchasing power, €3,219, is also in the upper range of the whole district.

Inexpensive living in the leafy north

Rosenthal (13158) is the first area with a median asking rent below €9 per square metre to be mentioned, despite its 10.4 per cent increase, the sharpest in Pankow, in 2016. The purchasing power, at €3,344 the second highest in the district, is noteworthy. As the apartments on offer are not particularly large, the housing cost ratio of 24.4 per cent is lower than in all the other areas so far mentioned. The ratio in Heinersdorf (13089) is even lower, at 23.1 per cent, although the number of properties on offer in the latest survey period was low. To the southwest of Heinersdorf, around Neumannstrasse (13189) the housing cost ratio is again almost 30 per cent. The purchasing power in this urban area of southern Pankow is considerably lower than in Rosenthal and Heinersdorf.

| 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 % |
| 10405 | 653 | 12.50 (5) | 6.36 (93) | 17.00 (13) | 78 (57) | 1,152 (23) | 3,067 (77) | 37.6 (18) |
| 10407 | 254 | 10.50 (42) | 5.54 (166) | 15.45 (27) | 70 (115) | 883 (75) | 2,805 (118) | 31.5 (61) |
| 10409 | 215 | 9.50 (70) | 5.63 (158) | 13.74 (64) | 62 (167) | 723 (134) | 2,469 (182) | 29.3 (83) |
| 10435 | 233 | 12.00 (7) | 6.58 (68) | 16.50 (17) | 80 (49) | 1,134 (25) | 3,035 (86) | 37.3 (19) |
| 10437 | 511 | 11.44 (15) | 7.86 (3) | 15.27 (30) | 74 (74) | 1,013 (41) | 2,772 (128) | 36.5 (22) |
| 10439 | 445 | 10.52 (38) | 7.41 (15) | 14.20 (51) | 67 (138) | 851 (84) | 2,539 (167) | 33.5 (44) |
| 13086 | 479 | 9.25 (83) | 6.51 (74) | 13.48 (70) | 72 (90) | 828 (91) | 2,665 (149) | 31.1 (67) |
| 13088 | 315 | 8.63 (106) | 6.26 (101) | 12.50 (93) | 69 (118) | 746 (123) | 2,818 (116) | 26.5 (111) |
| 13089 | 64 | 8.75 (101) | 6.50 (75) | 10.60 (147) | 70 (114) | 762 (119) | 3,301 (52) | 23.1 (143) |
| 13125 | 451 | 7.30 (162) | 6.00 (121) | 10.73 (143) | 74 (77) | 701 (144) | 3,189 (64) | 22.0 (151) |
| 13127 | 215 | 8.50 (110) | 5.86 (137) | 10.92 (138) | 75 (69) | 803 (100) | 3,291 (53) | 24.4 (126) |
| 13129 | 8 | — | — | — | — | — | 3,404 (40) | — |
| 13156 | 525 | 9.14 (86) | 6.90 (51) | 12.11 (102) | 80 (45) | 908 (69) | 3,219 (60) | 28.2 (92) |
| 13158 | 195 | 8.95 (95) | 6.66 (63) | 11.43 (118) | 73 (84) | 815 (96) | 3,344 (49) | 24.4 (127) |
| 13159 | 3 | — | — | — | — | — | 3,063 (79) | — |
| 13187 | 363 | 9.18 (85) | 6.43 (87) | 12.43 (95) | 76 (65) | 864 (81) | 2,765 (131) | 31.3 (64) |
| 13189 | 355 | 8.75 (101) | 6.35 (95) | 13.10 (77) | 68 (130) | 741 (127) | 2,492 (177) | 29.7 (77) |
| District ¹⁾ | 5,284 | 9.57 | 6.36 | 14.48 | 73 | 863 | 2,886 | 29.9 |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 |

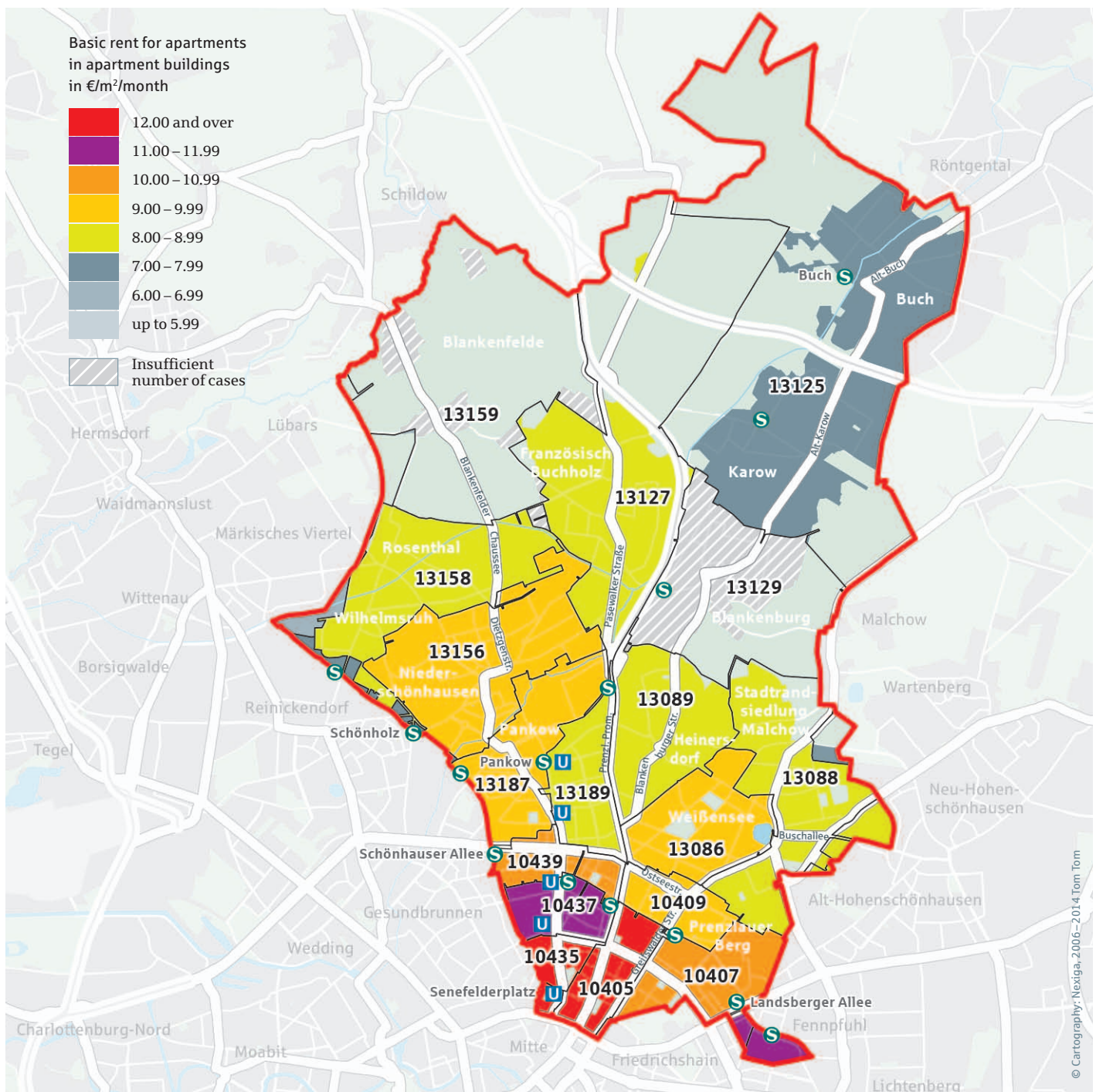
1) median 2) includes operating costs (BBU 2014) 2.18 €/m² (eastern Berlin) and 2.41 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power

() rank among the 190 postcodes with rental data

Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

All the areas that have not yet been mentioned are in the north of the district. The most relatively urban district, with the weakest purchasing power, is around Buschallee (13088), to the east of the Weisse See. Buchholz (13127) has the highest household purchasing power of the three cheapest areas of Pankow. In contrast, Karow/Buch (13125) is a fairly impressive market. It has apartment buildings from the GDR period and

the Karow-North suburb, which dates from the 1990s. The moderate level of rents and fairly high purchasing power result in the lowest housing cost ratio in the district, only 22.0 per cent. There is still virtually no market for rented housing in Blankenburg (13129) and Blankenfelde (13159). However, Blankenfelde includes the Elisabeth-Aue, site of one of the city's largest development projects. The project has now been stopped.



Reinickendorf:

Relatively relaxed market in the northwest

Reinickendorf, in the northwest of Berlin, has the typical features of a district on the city periphery. The average level of asking rents is €1.10 per square metre below that of the whole of Berlin, while rental growth is more modest and mainly concentrated on areas relatively close to the city centre. The apartments on offer are frequently larger than those in the centre of Berlin, while the household purchasing power is relatively high. These factors, and the relatively low rents, result in a housing cost ratio that is below the level of many other areas.

Unlike most districts, in this text the individual areas are not presented in order of their levels of rent, but rather by two factors that clearly correlate with each other in Reinickendorf: Geographical location and household purchasing power. The highest figures are found in the areas of individual houses on the edge of the city. Next come the central areas of the district, the satellite towns in the east and finally, the southeastern part of Reinickendorf nearest to the city centre.

Periphery: Affluence and small rental markets

Right at the top in terms of purchasing power are the areas of villas and detached houses in Frohnau (postcode 13465), Konradshöhe (13505), Heiligensee (13503) and Hermsdorf (13467). All of them border the state of Brandenburg. They are surrounded by greenery, in some cases including rivers and lakes. The average household purchasing power in all these areas exceeds €4,000 per month, putting them between fourth and 11th positions in Berlin as a whole. However, the rental markets in these mainly owner-occupier areas are small. In all these four areas, well

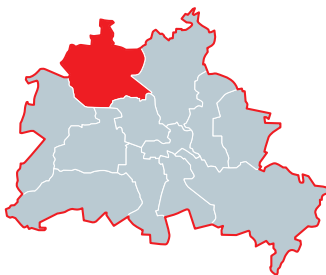
under 100 apartments were on offer. In Konradshöhe, whose postcode also includes Tegeler Forest, the latest number was too small to allow statistically significant analysis.

The only exception is Hermsdorf – and that is in another respect. It is the only one of the wealthy areas in Reinickendorf to have a noteworthy increase in the median asking rent per square metre, most recently 5.8 per cent. In Frohnau the rise was only 0.9 per cent, while in Heiligensee rental values actually declined by 1.2 per cent. This is one of the few areas of Berlin to experience a significant decrease over the four-year period since 2012, in this case by 1.5 per cent. In the three areas mentioned that have sufficient rental offers for statistically significant analysis, the median asking rent is consistently higher than €8 per square metre. Hermsdorf boasts the district-wide peak of €8.89, followed by Frohnau at €8.58. As the apartments on offer are, on average, six square metres larger than in Hermsdorf, it has the highest total monthly costs for an average apartment, €991. Hermsdorf is €49 lower than that. With the high household purchasing power in both areas, this results in housing cost ratios of only about 23 per cent. In Heiligensee, with its slightly lower rents and smaller apartments, this ratio drops to 21.2 per cent, the lowest figure in the district, even though the small number of properties on offer mean it is of limited statistical significance.

Moderate rents in the centre of the district

Median asking rents of €8 per square metre and above were also being asked in three areas of Reinickendorf with middling locations and house-

Conversion and waiting for completion of the airport



This district in the northwest of Berlin has a relatively quiet market for existing properties and not much construction activity. The 640 apartments planned put it in penultimate position in the city. Only in Neukölln are fewer apartments planned. The main reason for this is the lack of suitable sites. The district is quite predominantly either already built up or not developable. Nature protection and landscape conservation mean that there is

no question of developing the Tegeler Forest or the fields in Lübars. It would be difficult to increase the density of the villa and detached house areas on the edge of the city, while further towards the centre there is a shortage of available land for development or conversion.

Vive la Cité

The most important exception and consequently the largest area of residential development is the “Cité Foch”, an

estate begun in the 1950s for French soldiers and their dependants. About 330 apartments in five-storey buildings are now to be constructed there. Around 240 will be condominiums and a tenth will be let at socially subsidised rents from €6.50 per square metre. However, this only concerns part of the former residential estate for French military families. Once it is completely cleared of old buildings and installations, and new roads

hold purchasing power: Alt-Tegel (13507), Alt-Wittenau (13437) and Borsigwalde (13509). In terms of numbers of properties on offer, the rental housing markets are considerably larger here than in the peripheral areas. All three areas have recently registered increases in asking rents that are well above the average for Reinickendorf. Alt-Wittenau was actually the highest in the district, at 14.7 per cent, with the median asking rent rising by an absolute €1.06 per square metre. Alt-Tegel has the most pronounced high-priced market in Reinickendorf, with a median of €11.42 per square metre being asked for the most expensive decile of apartments on offer. In the upmarket price segment, apartments with a view over the Tegeler See are particularly attractive.

The average household purchasing power in all these three areas is considerably lower than in the top peripheral addresses already mentioned. The purchasing power in Alt-Tegel is around €1,000 lower, while the €2,766 per month in Borsigwalde is actually below the average for the whole of Berlin. These differences in purchasing power correspond to the differing average sizes of the apartments on offer: 71 square metres in Alt-Tegel, 67 square metres in Alt-Wittenau and 63 square metres in Borsigwalde. This results in total housing costs (including heating and service) averaging €791, €735 and €673 respectively. The housing cost ratios are therefore considerably higher in the middling locations. While in the north they range between 21 and 23 per cent, here between 24 and 25 per cent must be paid. On the positive side, however, this area has U-Bahn connections and much shorter distances to the city centre. There are also better amenities,



Idyllic suburb: Frohnau in northern Reinickendorf is one of the most prosperous areas in the city with plenty of green spaces surrounding the train station tower.

and services have been provided, there would be space for up to 900 apartments. The second-largest project in the district is being constructed to the south, in Neptunstrasse, nearer the city centre. It comprises 120 rental apartments, none larger than 99 square metres. Over 90 condominium apartments are planned for a former waterworks site in the Trettachzeile in Borsigwalde. However, there was recently a protest, because 13 existing

tenants were to lose their commercial or residential properties. The almost 80 apartments and individual houses on the Humboldtinsel, just to the north of the centre of Tegel, are a particularly extravagant project. Some of them are “floating homes” in the water. Prices up to €1.5 million have been quoted for detached houses.

Development, not runway

In the medium term, Reinickendorf could become a top

location for residential development, once Tegel Airport is closed. There has already been a planning competition for the eastern tip, named the “Schumacher-Quartier”. The winner was a design with development in blocks, around a central green triangle. Around 5,000 units should be built on the site, near Kurt-Schumacher-Platz. As yet, however, there are no individual plans and in particular no time schedule, because the commencement of

this project depends indirectly on the completion of the new major Berlin airport, BER. The present airport site in Tegel will not be available housing for development until then.

| 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 % |
| 13403 | 351 | 7.88 (143) | 5.54 (166) | 9.52 (173) | 63 (158) | 661 (156) | 2,561 (164) | 25.8 (115) |
| 13405 | 99 | 7.75 (146) | 5.31 (173) | 10.50 (149) | 77 (61) | 803 (98) | 2,712 (143) | 29.6 (79) |
| 13407 | 430 | 7.63 (151) | 5.96 (132) | 11.05 (132) | 58 (180) | 598 (171) | 2,471 (181) | 24.2 (130) |
| 13409 | 499 | 8.00 (137) | 5.97 (130) | 11.11 (131) | 61 (173) | 647 (161) | 2,520 (170) | 25.7 (117) |
| 13435 | 87 | 6.30 (180) | 5.64 (157) | 7.89 (184) | 89 (20) | 791 (106) | 3,072 (76) | 25.8 (116) |
| 13437 | 217 | 8.32 (120) | 6.17 (109) | 10.70 (145) | 67 (137) | 735 (131) | 2,939 (98) | 25.0 (121) |
| 13439 | 44 | 6.31 (179) | 5.54 (166) | 10.53 (148) | 81 (43) | 723 (135) | 3,038 (85) | 23.8 (135) |
| 13465 | 89 | 8.58 (107) | 6.10 (115) | 11.00 (133) | 88 (21) | 991 (48) | 4,370 (4) | 22.7 (147) |
| 13467 | 120 | 8.89 (99) | 6.43 (89) | 11.35 (122) | 82 (37) | 942 (61) | 4,056 (11) | 23.2 (141) |
| 13469 | 184 | 6.28 (181) | 4.90 (183) | 10.00 (160) | 81 (39) | 725 (133) | 3,414 (39) | 21.2 (160) |
| 13503 | 64 | 8.38 (118) | 6.69 (59) | 10.72 (144) | 79 (54) | 868 (79) | 4,102 (9) | 21.2 (163) |
| 13505 | 19 | — | — | — | — | — | 4,194 (8) | — |
| 13507 | 277 | 8.50 (110) | 6.01 (120) | 11.42 (119) | 71 (101) | 791 (107) | 3,195 (63) | 24.8 (124) |
| 13509 | 215 | 8.00 (137) | 6.16 (111) | 9.61 (171) | 63 (154) | 673 (153) | 2,766 (129) | 24.3 (128) |
| District ¹⁾ | 2,695 | 7.90 | 5.82 | 10.76 | 68 | 718 | 3,122 | 23.0 |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 |

1) median 2) includes operating costs (BBU 2014) 2.63 €/m² (western Berlin) and 2.41 €/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

for example the town centre of Tegel, the “Hallen am Borsigturm” shopping centre, and around the Reinickendorf town hall, which is situated in the Alt-Wittenau area.

Special role of the large housing estates

The three areas in the east of the district, with large satellite towns dating from around 1970, have a special role. These are Märkisches Viertel West (13435) and East (13439) and Waidmannslust (13469), with its up-to-22-storey apartment blocks to the south of Zabel-Krüger-Damm. In all these areas, the average household purchasing power is above €3,000 – and even considerably higher in Waidmannslust, probably due to the numerous detached houses, some of which occupy exclusive locations near the banks of the Tegeler Fließ. On the other hand, all three areas are among the most favourable in Berlin in terms of asking rents, which range between €6.28 and €6.31 per square metre per month. There were only moderate increases in rent in the Märkisches Viertel in 2016 – 4.0 per cent (West) and 3.9 per cent (East). Rents actually declined by 0.3 per cent in Waidmannslust. No correlation with the ownership structure is evident, despite the commonly moderate rents in municipally-owned properties. The Märkisches Viertel is mainly in municipal ownership, while the Waidmannslust estate is pri-

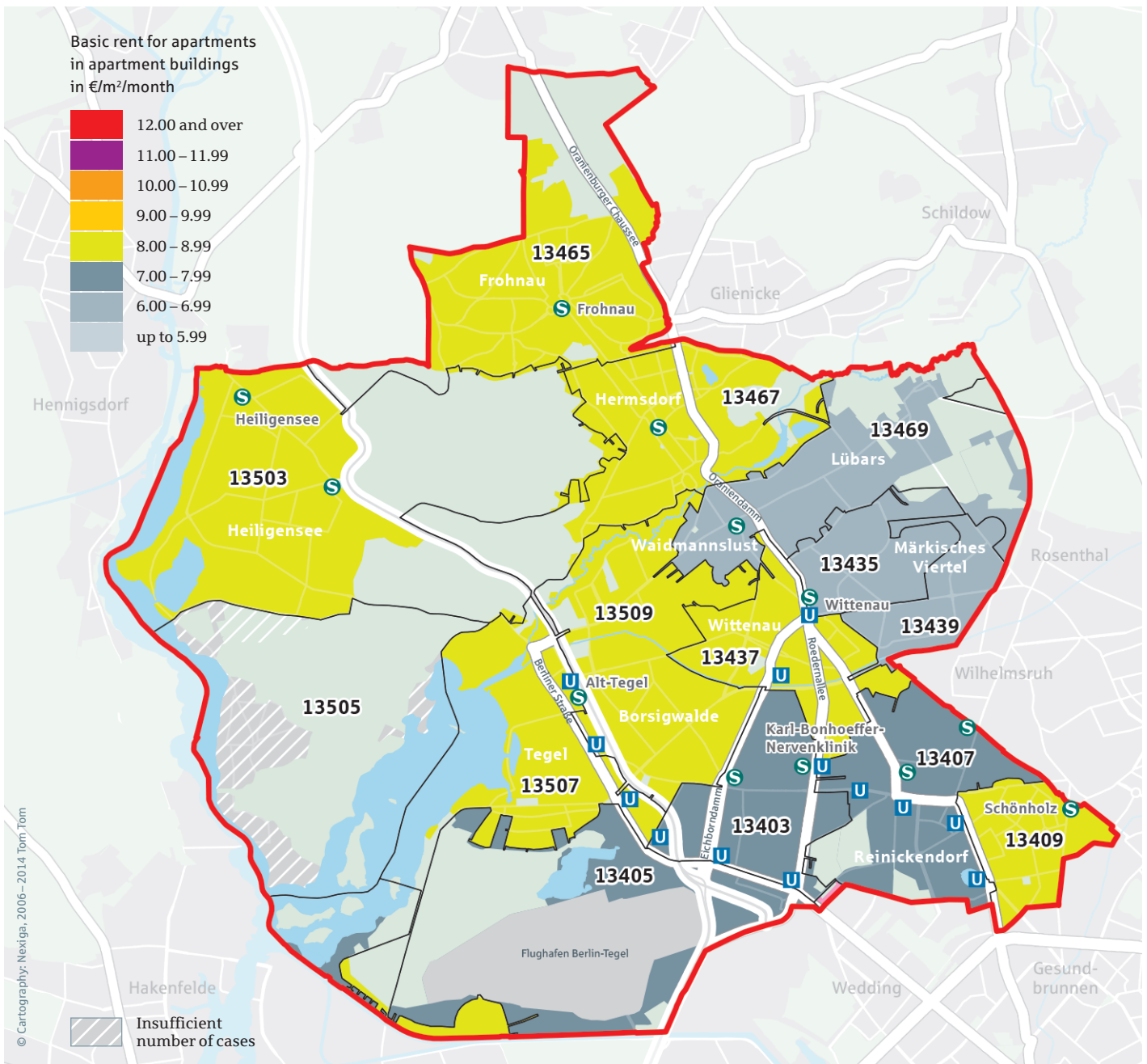
vately owned. However, particularly in the Märkisches Viertel, very few apartment hunters are able to benefit from the moderate rents. Only a handful of apartments were on offer in both parts of the area. In Waidmannslust there was considerably more on offer in the latest survey period. The size of the apartments on offer is noteworthy. When the three areas were planned around 50 years ago, they were primarily aimed at families, so that apartments averaging between 81 and 89 square metres are now on offer. In the Märkisches Viertel, this results in “warm” rents between €723 and €791, and housing cost ratios of 23.8 per cent (East) and 25.8 per cent (West). Waidmannslust competes with Heiligensee for the lowest housing cost ratio in the district: 21.2 per cent. However, this figure should be treated with some caution, because the rental values are dominated by the former social housing, while the purchasing power is influenced by the many residential owner-occupiers.

Alternatives to inner city locations

There remain the four areas of the district that are situated close to the south of the inner city and that have the lowest figures for average household purchasing power. These are Alt-Reinickendorf (13407), Residenzstrasse (13409), Eichborndamm (13403) and Kurt Schumacher Damm

(13405). Alt-Reinickendorf has the lowest figure in the district, €2,471, which is the 10th lowest in Berlin as a whole. All four areas are largely mixed-use, with apartment buildings interspersed with commercial properties and in some cases suffering from heavy traffic and noise emissions, particularly under the flightpath to Tegel Airport. The median asking rents nevertheless range between €7.63 per square metre per month (Alt-Reinickendorf) and €8 (Residenzstrasse). They have consistently risen faster than those in the middle

of the district. Apparently, these areas provide alternatives for apartment hunters who are unable to afford to live in Wedding, which adjoins to the south, or other parts of the inner city. The housing cost ratio on Kurt Schumacher Damm is 29.6 per cent, the highest in the whole of Reinickendorf. Two of the four areas mentioned set other records for the district. The apartments in Alt-Reinickendorf are the smallest, averaging 58 square metres, while Residenzstrasse boasts the largest numbers of apartments to let.



Spandau: Moderate rent levels on Berlin's western edge



Historic old town: Spandau is older than Berlin. The narrow streets of its historic centre offer the kind of provincial views rarely seen in Berlin.

In the rental league table of the 12 districts of Berlin, Spandau, on the western edge of the city, is in penultimate position, ahead of Marzahn-Hellersdorf on the eastern periphery. The median asking rent for apartments in Spandau is €7.29 per square metre. The rental growth in

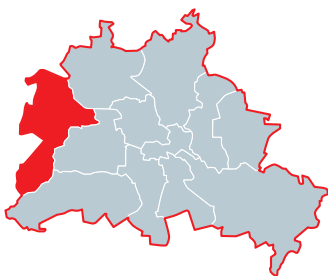
2016, 4.1 per cent, was the third lowest in Berlin. The bottom segment of the market is also among the backmarkers. The lowest-priced decile of apartments are on offer there at a median rent of only €5.43 per square metre. At the opposite top-most end of the market, the two peripheral areas are almost similar.

Because of the dominance of relatively low-priced apartments, the individual analysis of the areas of Spandau will start with the cheapest, rather than the most expensive, areas. The lowest median asking rent is in the Heerstrasse/Wilhelmstrasse (postcode 13593) area, which is dominated by 1960s and '70s high-rise buildings. At €5.97 per square metre per month, this area is the last in the district to be still under the €6 threshold. The latest increase, 3.8 per cent, was below average, both for the district and Berlin as a whole. The apartments are not particularly large, averaging 67 square metres, resulting in "warm" rents (including services and heating) of €580 per month, which is also the lowest in the district. In contrast, the average household purchasing power is fairly high, at €2,927. Comparing the overall rent and purchasing power, the resulting housing cost ratio is 19.8 per cent. This area is therefore in the lowest decile of housing cost ratios in Berlin.

Rental growth in Falkenhagener Feld

This ratio is somewhat higher, 20.9 per cent, in Falkenhagener Feld (13589). Built at the same time as the residential area on Heerstrasse already mentioned, this estate is also dominated by high-rise buildings but is much larger. Although household purchasing power is somewhat higher

One large public project, only a few private



Spandau, with only nine projects, ties with Steglitz-Zehlendorf for third-from-bottom place in ranking of new development in Berlin. By numbers of apartments, the district is better placed, with around 1,620 residential units – but this is due to only one large project. Although the availability of potential sites is greater than in many other districts of the former West Berlin, the city centre is a long way away and involves circuitous routes from some parts of the district. The rental values, like demand, are therefore considerably lower in Spandau. In addition, the local purchasing power is not particularly high. All these factors have so far made it difficult to market newly constructed apartments at adequate prices or rents. Only a few developers have attempted projects at higher prices. In order for residential development in Spandau to gain dynamism, the pressure

of demand from other districts will have to make itself felt more strongly than hitherto.

Pepita makes ground

The most dominant individual project in the district has been named after Pepita de Oliva, a Spanish dancer who moved to Spandau in the 19th century. The two state-owned corporations Degewo and WBM will be taking over more than 1,020 rental apartments in the "Pepitahöfen" in Haken-

and the apartments on offer are only a square metre larger on average, the median asking rent of €6.66 is considerably higher than in Heerstrasse. Falkenhagener Feld has experienced rental growth of 33.1 per cent since 2012, the steepest rise in the district. In the bottom segment of the market, Falkenhagener Feld has the lowest value in the district. The lowest-priced decile of apartments are on offer at a median rent of €5.03 per square metre. Apart from the peripheral location, this is probably due to the estate's somewhat meagre public transport connections. Five residential areas of Spandau have median asking rents ranging between €7 and €7.35 per square metre. The most reasonably priced of these is the Zeppelinstrasse (13583) area, to the west of the historic centre, which features many apartments from the interwar and immediate post-war periods. Back then, development was modest, so that the average size of the apartments on offer, 62 square metres, is the smallest in the Spandau district. Incomes are also low. The average monthly household purchasing power in the area, €2,543 is the second lowest anywhere in Spandau. The area is very leafy. It is situated close to the historic town centre and Spandau ICE (high-speed train) station, as well as the large adjoining district shopping centre. In 2016, the asking rents here rose only by a below-average 2.8 per cent. In Haselhorst (13599) there was hardly any increase (1.6 per cent). This area, which includes a large estate from the early 1930s, is situated on the opposite side of the River Havel from the district centre and is somewhat isolated between areas of water and industry. However, in

this area Gartenfeld and the so far undeveloped parts of the "Wasserstadt Oberhavel" development project, implementation of which began in the 1990s, have major potential for residential development. This is scheduled to be put into effect in the next few years. This should increase the statistical rental growth for the entire area somewhat, even if the rents of existing properties stagnate. The present situation in Hakenfelde (13587), on the opposite, western side of the Havel from Haselhorst, appears very similar. Rental growth in Hakenfelde is slightly higher, at 2.7 per cent, which has led to a median asking rent of €7.20 per square metre. Most of the other indices are very similar, including apartment sizes, total costs of occupation, household purchasing power and the housing cost ratio, which is 23.5 per cent in Haselhorst and 23.6 per cent in Hakenfelde. The Staaken (13591) area is in a similar price segment, at €7.30 per square metre. Developed with many individual houses, this area has an average household purchasing power of €3,331, the second highest in the district. Comparing this with average housing costs results in a ratio of 20.5 per cent, somewhat lower than in the other three areas already mentioned. Unlike the other areas of Spandau, however, there are only a few very inexpensive apartments in Staaken. The median rent for the lowest segment of offers is €6.38 per square metre.

Neustadt: Rental growth, despite modest location

In Neustadt (13585), the north of the historic centre, a square metre costs €0.05 more to rent

feld, after they have been built in eight phases by two private developers. There are plans to build traditional blocks with large landscaped courtyards. A quarter of the apartments will be publicly subsidised and let at rents from €6 per square metre, with the privately-financed remainder from around €9.50 per square metre. The complex will include five commercial units, with a lettable area of 530 square metres. The whole

60,000 square metre site was a military industrial area until 1994, since when it has remained vacant. It is part of the "Wasserstadt Oberhavel", an ambitious project begun in the 1990s that faltered in the phase of housing surpluses.

Up to €6,000 per square metre

Two further projects in the district, providing around 120 and 90 apartments, will be individually marketed as condominiums. One, on the

Gärtnerering in Staaken, is right on the western boundary of the city; the other is on the Havelinsel Eiswerder, in a charming setting with large areas of water and historic warehouses. In a similar size bracket is a project with almost 120 apartments on Jugendweg in Siemensstadt. It has a good U-Bahn connection to Charlottenburg. All other projects are planned for sale as condominiums. They include, again in Hakenfelde, the "HavelPerle",

with around 80 units at prices up to over €6,000, 65 units in the "HaakeHöfen", 50 in the "Metropolitan Park" in Staaken and, in the historic centre, 45 student apartments with floor areas from 20 square metres. The projected prices start at around €3,000 per square metre, although, in all the projects, part of the accommodation will be on offer at well over €4,000 per square metre.

than in Staaken. This area still has many relatively modest older buildings, interspersed with commercial properties in many cases, although it also includes attractive residential situations near to the Havel. The latest increase in rents, 5.0 per cent, is slightly higher than the district average. Rents are unlikely to increase much in the foreseeable future, because the average household purchasing power, €2,499, is the lowest in the district. Pressure from other areas is also somewhat unlikely. This is because the transport connections to the area are unfavourable and, in many cases, the quality of the residential environment is not high enough. Three adjoining areas in the centre of Spandau have median asking rents ranging between

€7.51 and €7.80 per square metre. The first is Altstadt (13597), complemented by Stresow and Tiefwerder on the eastern side of the Havel. The latest rental growth there, 12.4 per cent, was the strongest in the whole district. Apparently, the special quality of this area has become more widely known. The historic centre of Spandau has the character of the neat, in some areas homely, centre of a small town. The rental value is far lower than the centre of Berlin, although it has good connections to it via U-Bahn, S-Bahn and regional railway services. Around Pichelsdorfer Strasse (13595) is the attractive Pichelswerder peninsula, and Heerstrasse crosses the Havel. The apartments on offer there are fairly small, averaging 67 square metres,

| 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 % | |
| 13581 | 233 | 7.80 (144) | 5.32 (172) | 10.75 (142) | 67 (135) | 702 (143) | 2,901 (105) | 24.2 (129) | |
| 13583 | 327 | 7.00 (169) | 5.70 (152) | 9.38 (174) | 62 (169) | 594 (172) | 2,543 (166) | 23.4 (139) | |
| 13585 | 403 | 7.35 (159) | 5.75 (145) | 10.33 (152) | 70 (111) | 697 (146) | 2,499 (176) | 27.9 (96) | |
| 13587 | 213 | 7.20 (165) | 6.03 (118) | 9.25 (177) | 67 (136) | 661 (157) | 2,798 (120) | 23.6 (136) | |
| 13589 | 250 | 6.66 (175) | 5.03 (182) | 8.56 (182) | 68 (133) | 627 (167) | 3,001 (90) | 20.9 (165) | |
| 13591 | 184 | 7.30 (162) | 6.38 (92) | 9.69 (170) | 69 (120) | 682 (150) | 3,331 (50) | 20.5 (170) | |
| 13593 | 271 | 5.97 (184) | 5.13 (178) | 8.35 (183) | 67 (134) | 580 (175) | 2,927 (99) | 19.8 (177) | |
| 13595 | 391 | 7.60 (153) | 5.71 (150) | 10.33 (152) | 67 (139) | 683 (149) | 2,838 (113) | 24.1 (133) | |
| 13597 | 145 | 7.51 (155) | 5.70 (152) | 10.00 (160) | 73 (85) | 741 (128) | 2,748 (134) | 27.0 (106) | |
| 13599 | 180 | 7.12 (167) | 5.39 (170) | 9.33 (175) | 66 (144) | 644 (162) | 2,742 (135) | 23.5 (137) | |
| 13629 | 202 | 8.13 (130) | 6.09 (117) | 11.23 (127) | 72 (95) | 772 (113) | 2,626 (157) | 29.4 (81) | |
| 14089 | 127 | 8.75 (101) | 5.76 (143) | 14.10 (52) | 85 (27) | 972 (52) | 4,430 (2) | 21.9 (152) | |
| District ¹⁾ | 2,926 | 7.29 | 5.43 | 10.01 | 68 | 678 | 2,955 | 23.0 | |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 | |

1) median 2) includes operating costs (BBU 2014) 2.63 €/m² (western Berlin) and 2.41 €/m² (all of Berlin) 3) rent (incl. utilities) as percent of household purchasing power

() rank among the 190 postcodes with rental data

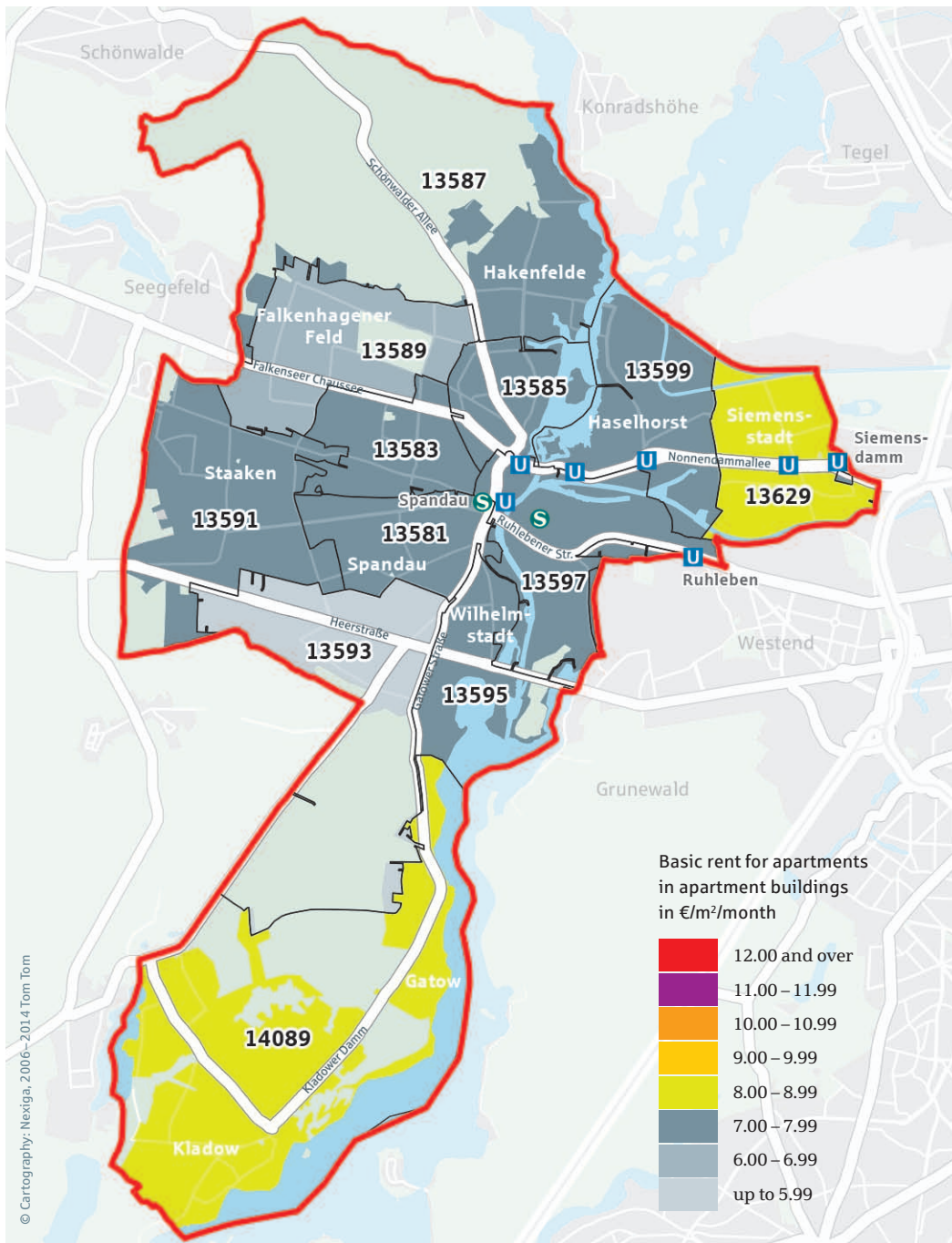
Sources: CBRE based on data from empirica-systeme, Michael Bauer Research (purchasing power); compiled by CBRE

while the average household purchasing power in the neighbourhoods of predominantly older and post-war properties, €2,838, is only moderate. However, there are also relatively expensive apartments on offer, primarily concentrated around Südpark and in Pichelswerder. The most expensive decile of apartments is not particularly cheap by Spandau standards, with a median asking rent of €10.33. The latest increase in median asking rents across all segments is 8.7 per cent,

considerably above the Spandau average. Rents are slightly higher and there are more striking extremes in Klosterfelde (13581), which adjoins to the northwest. The median rent in the lower segment there is only €5.32, while the topmost is as much as €10.75 per square metre.

Special cases: Siemensstadt and Gatow/Kladow

Two areas of Spandau have median asking rents in excess of €8 per square metre but are otherwise, in



some ways, special cases. In Siemensstadt (13629), €8.13 Euro is being asked. This is the easternmost part of the district and the closest to the city centre. The “Ringsiedlung”, built around 1930, is now a world heritage site. The relative proximity of the city centre has apparently gained importance, so that the median asking rent recently rose by 7.7 per cent, despite low local household purchasing power. The housing cost ratio, 29.4 per cent, is the highest in the district.

The frontrunner in median asking rents, at €8.75, is still the extensive south of the district, with Gatow and Kladow (14089). In the last survey period this was also the smallest market in Spandau. However, the average size of the apartments on offer, 85 square metres, is the largest in the district. Many people living there can easily afford to do so. The average household purchasing power is €4,430, second only to the Dahlem villa quarter in Steglitz-Zehlendorf in Berlin as a whole.

Steglitz-Zehlendorf: High readiness to pay in prime locations

Those who live in the villa areas of Zehlendorf in the leafy southwest of the district are mostly high earners who like to live spaciouly. In the eastern part of Steglitz, things are more modest in all respects. The purchasing power and asking rents are lower, the apartments smaller and the proportion of purchasing power paid as rent is generally less. Overall, the median asking rent in the district, €9.25 per square metre, is €0.25 above the overall city average, putting the district in sixth position among the 12 administrative districts of Berlin. In relation to the purchasing power, which is particularly high in Zehlendorf, the asking rents per square metre are low by Berlin standards. However, the rental values are high if measured against the other districts that are completely outside the inner city and with large areas near the city boundary. The increase of 5.8 per cent in Steglitz-Zehlendorf in 2016 is slightly above the Berlin average.

Villa quarter with top rents

The frontrunners in median asking rents are three areas in the north, south and west of the district, with values well above €10.50 per square metre. Out in front is the villa quarter of Dahlem (postcode 14195), followed by areas that are not in Dahlem but on the southern city periphery around Dahlemer Weg (14167) and Nikolassee/Schlachtensee (14129), which includes a location with particular scenic beauty. All three areas have average household purchasing power in excess of €4,000 and are among the 10 with the highest purchasing power in

Berlin. Dahlem, with a figure of €4,953, is in first place in the city. Nikolassee/Schlachtensee is also among the leaders, in third place. The apartments there average 103 square metres, the third largest on offer in the city. Dahlem is in fifth place with 102 square metres, while Dahlemer Weg with 88 square metres still ranks as high as 23rd.

The most expensive decile of the apartments in Dahlem are on offer at a median rent of €16.19 per square metre. This means it is in only 19th position among the top segments of the individual areas, at first glance remarkable for Berlin's wealthiest area. However, a particularly expensive top segment is exactly typical of sought-after city centre addresses, of which high earners are often tenants. Those who prefer top quality in Dahlem are more likely to buy.

The median rental value of all apartments on offer in Dahlem is unchanged, exactly at the level of the previous year. In contrast, the other two areas have registered growth of 10 per cent and more. Then again, in Dahlem the rental values and apartment sizes result in the highest total rents in the district. Including heating and services, an average-sized apartment in Dahlem costs €1,447 per month. Despite the high purchasing power, the average "warm" rents still take up a considerable proportion of it. This figure, the housing cost ratio, ranges between 29.2 and 31.2 per cent in the three areas. In these wealthy areas, this is not a sign of hardship but, on the contrary, an indication that households with high purchasing power attach high priority

Ample potential demand but only a few new buildings



The Steglitz-Zehlendorf district, which has around 680 planned apartments in nine projects, is one of the backmarkers in residential development in Berlin. Its ratio of ca. 230 units per 100,000 population is the second lowest in the city. This is not because of a lack of potential demand. The residents here enjoy high purchasing power, while many addresses are well known and popular throughout the city. The problem is the lack of suitable sites in this district. Since the Wall period, it has lit-

erally been developed to the hilt. The only exceptions are a few small areas in its woods, parks, lakes and rivers. There were hardly any large commercial or railway sites, so that both corresponding redevelopment sites and large-scale new projects are rare.

Residential replacing barracks

There were – and are – a few former barracks sites in the district. Until the 1990s, these were occupied by American troops. The largest individual

project is "Cedelia", on the site of the former Steuben barracks in Dahlemer Weg. More than half of the 274 apartments planned have been acquired as a package by an institutional investor and are to be let. The remainder will be sold individually at prices of €2,700 to €4,400 per square metre. In relation to the local purchasing power, these are more moderate than in many other districts. The Groth Group is still at the planning stage of its major "Lichterfelde Süd" project in

to good living, which here is also valued by tenants. This is also evident, in a weaker form, in two other areas of Zehlendorf that have asking rents of €9.88 and €10 and high proportions of villas and detached houses. These are the particularly far-flung Wannsee (14109) and the Clayallee South (14169) area.

Finally, there are two locations in Zehlendorf that do not fit this pattern – the area around Mexikoplatz (14163) and Machnower Strasse including Schönow (14165). Both also include large expanses of apartment buildings and densely built-up areas near to the centre of Zehlendorf. The median rents are €9.45 and €9.01, while the apartments on offer are considerably smaller than in the top areas, with 83 and 71 square metres. The difference in purchasing power with the most expensive villa quarter is, however, not so great, so that the housing cost ratio around Mexikoplatz and Machnower Strasse is well under 30 per cent.

Steglitz: Affluent and central area

Two areas in Steglitz also have median asking rents around €9.50. Significantly, they both adjoin Zehlendorf, although they are very differently structured. Lichterfelde West (12205) is, in parts, a very appealing historic area of country homes, which occupies 12th place in Berlin in terms of household purchasing power. The Schildhornstrasse (12163) area, which includes parts of Schlossstrasse, is particularly urban for the district, with very good local infrastructure and very good links to the city centre.



Opulent: The villas and manors in Zehlendorf, Lichterfelde and parts of Steglitz and Lankwitz offer upper class residential ambiance.

Lichterfelde South. This could supplant “Cedelia” as the largest new development project in the district.

Stadtpark and Provence

The second largest current project, the “Quartier am Stadtpark Steglitz” will be built in a very urban location on Steglitzer Damm in the east of the district. Over 100 condominium apartments are planned. The prices, €3,700 to €5,500, are considerably higher than in “Cedelia”. However, not all the

apartments are newbuild. This is a mixed project, comprising the refurbishment of a 1960s building and development of three new buildings in an existing city block. Next come two projects in Lichterfelde, with around 70 and 60 condominium apartments and projected prices of €5,000 or more per square metre. The larger of the two, named “La Provence” has good transport connections; it is situated close to Lichterfelde West S-Bahn station. Going downwards in size,

an exception in the district is on Ursulastrasse in Lankwitz. The only project by a public housing association, it is alone in including solely rental apartments. These are to be offered in a range of €8.50 to €10.50 per square metre. The units in the other four smaller projects in the district will all be for sale. Most of them are in apartment buildings but one project in Charlottenburger Strasse, near the centre of Zehlendorf, comprises 16 individual houses.

The Fichtenberg (12165) area, largely an attractive area of mansions, also includes parts of the district centre and the area of older buildings to its east. It is, however, the smallest submarket in the district. While the average purchasing power is only €3,263, lavish apartments with an average floor area of 95 square metres are on offer. This combination results in the highest housing cost ratio in the district, 33.7 per cent. Even around Schildhornstrasse, it is necessary to lay out over 30 per cent of the average purchasing power.

Many apartments on offer around the Stadtpark

The median asking rent is slightly lower, €9.01 per square metre, around the Stadtpark (12167), to the east of the centre of Steglitz. This is the largest submarket in the district. Asking rents rose by 9.2 per cent in 2016, a sharper rise than in any other area of Steglitz. The 23.1 per cent rental growth since 2012 is the second highest in the district. Rental growth in Unter den Eichen (12203) is relatively restrained. Rental values have increased moderately over the last four years, to reach €9 per square metre in 2016. Small apartments and middling purchasing power

figures result in housing cost ratios of 26.3 per cent in Unter den Eichen and 27.7 per cent around the Stadtpark.

All the remaining areas are in the east of Steglitz. Among them is the most central and best-connected area, which is also the most expensive: Around Albrechtstrasse and Bergstrasse (12169), a median rent of €8.75 per square metre is being asked. The average household purchasing power, €2,852 per month, is the lowest in the whole of Steglitz-Zehlendorf. To rent a new apartment, households in the area have to lay out 29.0 per cent of their purchasing power. This is the highest proportion among the five cheapest areas in the district. But the small size of the apartments in the Albrecht- and Bergstrasse area, averaging 73 square metres, cushion the costs.

Inexpensive housing in southeastern Steglitz

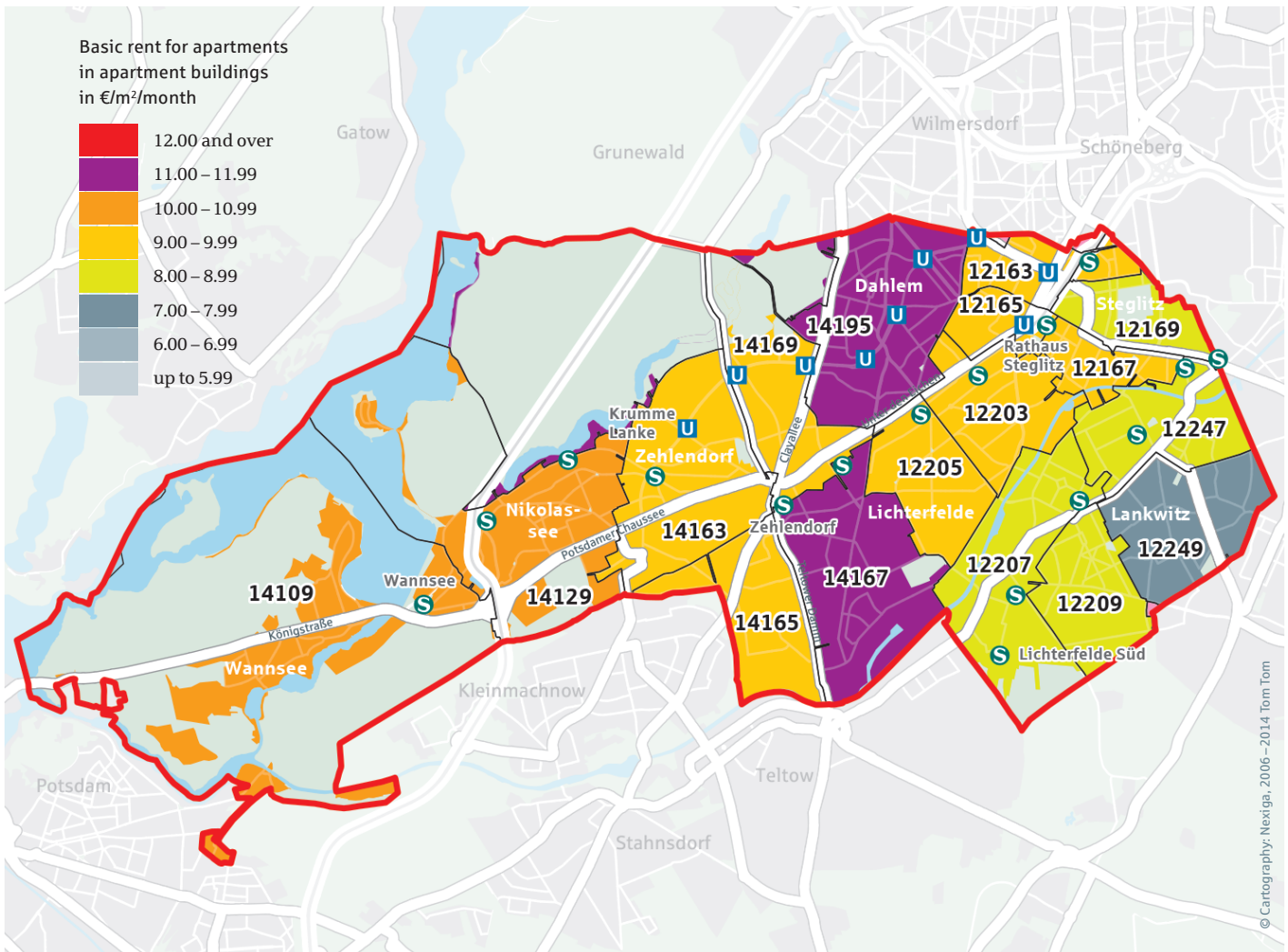
Wide areas of Lankwitz North (12247) have provincial features. The most recent rise in the median asking rent per square metre there was a modest 2.2 per cent. The average household purchasing power, €3,177, is higher than in the previous area mentioned. As the apartments on offer here are

| 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 | 201 | 9.49 (74) | 7.00 (39) | 12.79 (88) | 77 (62) | 931 (64) | 3,039 (84) | 30.6 (70) | |
| 12165 | 63 | 9.02 (88) | 7.02 (35) | 11.25 (126) | 95 (11) | 1,101 (30) | 3,263 (56) | 33.7 (41) | |
| 12167 | 334 | 9.01 (89) | 6.81 (56) | 13.33 (73) | 70 (106) | 819 (94) | 2,953 (95) | 27.7 (97) | |
| 12169 | 182 | 8.75 (101) | 6.52 (73) | 11.00 (133) | 73 (86) | 827 (93) | 2,852 (108) | 29.0 (88) | |
| 12203 | 240 | 9.00 (92) | 6.56 (69) | 12.95 (86) | 77 (63) | 893 (72) | 3,397 (41) | 26.3 (112) | |
| 12205 | 165 | 9.46 (75) | 6.62 (66) | 12.00 (104) | 91 (16) | 1,104 (29) | 4,043 (12) | 27.3 (103) | |
| 12207 | 284 | 8.10 (133) | 5.76 (143) | 11.00 (133) | 74 (76) | 795 (105) | 3,209 (62) | 24.8 (123) | |
| 12209 | 139 | 8.12 (131) | 6.44 (86) | 11.50 (113) | 74 (75) | 799 (102) | 3,926 (13) | 20.3 (173) | |
| 12247 | 228 | 8.22 (125) | 6.50 (75) | 12.00 (104) | 71 (104) | 765 (116) | 3,177 (66) | 24.1 (131) | |
| 12249 | 260 | 7.72 (149) | 5.63 (161) | 10.12 (158) | 65 (148) | 676 (151) | 3,111 (74) | 21.7 (154) | |
| 14109 | 105 | 10.00 (55) | 5.71 (150) | 13.00 (81) | 106 (1) | 1,340 (11) | 4,298 (6) | 31.2 (66) | |
| 14129 | 167 | 10.68 (34) | 7.50 (11) | 14.50 (44) | 103 (3) | 1,377 (8) | 4,417 (3) | 31.2 (65) | |
| 14163 | 151 | 9.45 (77) | 7.00 (39) | 13.01 (79) | 83 (33) | 1,006 (43) | 4,200 (7) | 23.9 (134) | |
| 14165 | 172 | 9.01 (91) | 6.69 (59) | 12.14 (99) | 71 (97) | 830 (88) | 3,450 (36) | 24.1 (132) | |
| 14167 | 312 | 11.00 (24) | 7.65 (7) | 13.50 (67) | 88 (23) | 1,204 (16) | 4,085 (10) | 29.5 (80) | |
| 14169 | 279 | 9.88 (62) | 7.27 (23) | 13.56 (65) | 81 (42) | 1,012 (42) | 3,675 (25) | 27.5 (102) | |
| 14195 | 261 | 11.50 (12) | 7.34 (19) | 16.19 (19) | 102 (5) | 1,447 (4) | 4,953 (1) | 29.2 (84) | |
| District ¹⁾ | 3,543 | 9.25 | 6.50 | 13.10 | 81 | 960 | 3,568 | 26.9 | |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 | |

1) median 2) includes operating costs (BBU 2014) 2.63 €/m² (western Berlin) and 2.41 €/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



not particularly large, averaging 71 square metres, this results in a low housing cost ratio, 24.1 per cent. The Hildburghäuser Strasse (12209) area is part of the southeast of the district. It boasts calm, sometimes even idyllic suburbs, although they lack amenities and good connections to the city centre. The north of the area is an exception: it has a small shopping centre, the popular Kranoldmarkt and Lichtenfelde East station, with regional rail services. The average household purchasing power, €3,926 per month, ranking 13th in Berlin as a whole, is due not least to the numerous single-family houses. The housing cost ratio, 20.3 per cent, is the lowest in the whole district. The Ostpreussendamm (12207) area, deep in the south of Steglitz, registered the lowest rental growth in the district, only 9.1 per cent between 2012 and 2016. The median asking rent there is €8.10 per

square metre. This area extends along the eponymous main road and the railway line towards Teltow, over the city boundary in Brandenburg. The development is dominated by a mixture of individual houses and apartment buildings, with commercial estates. In Lichtenfelde South, part of this area, there are still large areas of open space and green areas. The housing market in the final area to be mentioned, Lankwitz South (12249) does not match the rest of Steglitz-Zehlendorf. The median asking rent, €7.72, is the lowest in the district by a wide margin, as is the median of the lowest-priced decile of rental offers, which is only €5.63. The apartments on offer, which average 65 square metres, are the smallest. Consequently, their total monthly costs are by far the lowest, with an average of only €676.

Tempelhof-Schöneberg:

Little on offer in some areas but lots of movement

In Tempelhof-Schöneberg, both the median asking rents and their rate of growth are slightly below the averages for the city as a whole. However, this does not say much about the district, which is extremely heterogeneous. It extends from City West to the southern city boundary and includes middle-class and more modest areas of older buildings, inter- and post-war estates, the area of terraced houses closest to the centre of Berlin, and groups of high-rises on the city boundary. It encompasses a large number of markets, some of them very small. In the latest survey period, less than 100 apartments on offer were registered in six of the 22 Tempelhof-Schöneberg postcodes. Particularly in inner city Schöneberg, there were very few advertisements during the survey period.

The most expensive area is Viktoria-Luise-Platz (postcode 10777), with its well-maintained neighbourhoods of older buildings, near the KaDeWe department store, where €11.04 per square metre per month is currently being asked. The median asking rent for the cheapest decile of apartments on offer is €7.69, the highest in the district. Higher rents in this segment are being asked in only five areas of Berlin. Viktoria-Luise-Platz has the highest purchasing power in the Schöneberg part of the district and the roomiest apartments in the whole district, with those on offer averaging 94 square metres. This ranks in 13th place in Berlin. The size, multiplied by the rent per square metre and after adding ancillary costs, results in particularly high total rents. Averaging €1,287 per month, they are the highest in Tempelhof-Schöneberg and the 12th highest in Berlin.

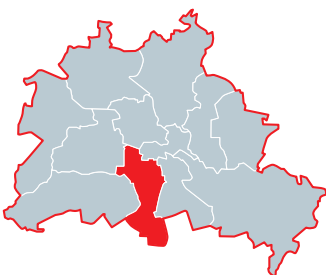
Friedenau: Not central but charming flair

Closely behind comes the Alt-Schöneberg (10823) area around Hauptstrasse. In terms of numbers of offers, this is the next-to-smallest market in the district and therefore of only limited statistical significance. The few apartments available are on offer for a median €10.82 per square metre. In third place in the rental league table is the area around Friedrich-Wilhelm-Platz (12161), which in the recent survey had the largest number of properties on offer in the district. It comprises the west of Friedenau. Although it is outside the S-Bahn ring, it has a very attractive urban atmosphere, with period buildings. Landlords can apparently see ever-increasing potential in these. The median asking rent has increased by 10.1 per cent over the previous year.

Next is the Winterfeldtplatz (10781) area, which has a median asking rent of €10.50 per square metre per month. The upper price segment is particularly pronounced here. An average of €15.28 is being asked for the most expensive 10 per cent of apartments on offer. This is second only to Alt-Schöneberg, where the small number of offers allows only limited conclusions to be drawn. The purchasing power here is lower, while the apartments, averaging 89 square metres, are considerably larger. This means that the total rental costs are correspondingly higher. The result is a very high housing cost ratio. At 40.9 per cent, this is the seventh highest in Berlin.

Two areas in the southeast of Schöneberg have median asking rents of exactly €10 per square metre per month. They are situated around Crellestrasse (10827) and on the Schöneberger Insel (10829). Averaging 63 square metres, the

Many projects in central locations, few in the periphery



In Tempelhof-Schöneberg, the supply of sites and the foci of demand are well matched with each other. Most of the sites, and consequently the greatest number and largest projects, are in the inner city area of Schöneberg, not, as might be thought, in commercial areas on the railway ring or in sparsely developed peripheral estates. The result is that, in Schöneberg including Friedenau, more than three quarters

of the around 1,030 apartments planned in the whole district will be constructed in eight projects. In contrast, less than a quarter will be in the extensive Tempelhof including Mariendorf and Marienfelde. By absolute number of apartments planned, the district is fourth from the bottom of the Berlin league table. Its ratio of 300 apartments per 100,000 population ranks similarly.

Sites from the railway and the post office

The largest individual project is particularly centrally situated. Almost 300 rental apartments are to be constructed on a former railway and commercial site in Bautzener Strasse, near the Yorckstrasse S-Bahn station – just two stops from Potsdamer Platz. Eight of the buildings are actually described as their own “city quarter”, although they do not

Schöneberger Insel has the smallest apartments on offer in the district and its second-lowest household purchasing power. At one time isolated between railway tracks, this area is increasingly lined with small parks, green paths and bridges, linking it with the surrounding areas. The Crellestrasse area adjoins immediately to the west of the Schöneberger Insel and extends from the Kleistpark to Innsbrucker Platz. Next in the ranking of rents are other areas of Schöneberg with median asking rents ranging between €9.30 and €9.64 per square metre. These are the surroundings of the Rathaus Schöneberg (10825), Breslauer Platz (12159), Bayerischer Platz (10779) and area around the Grazer Damm (12157) in eastern Friedenau. The median asking rents on Breslauer and Bayerischer Platz declined slightly in 2016, while around Rathaus Schöneberg there was only a slight increase. In contrast, rental growth in the area around Grazer Damm was above average for the Tempelhof-Schöneberg district. However, Bayerischer Platz has only a small market with less than 100 properties on offer and is therefore of limited statistical significance.

Having completed the group of areas in Schöneberg, those in Tempelhof now follow. The front-runner here, not surprisingly, is the only area inside the S-Bahn ring, Tempelhof North (12101). This is a less densely built-up area of the inner city. In the west, it largely comprises an estate of terraced houses on large plots, dating from the early 1920s, together with apartment buildings in terraced format. In the east, Tempelhofer Feld, the former airport site, is so far completely undeveloped. More apartments on offer would pre-

disrupt the scale of the surrounding older buildings. Almost half of the apartments will be smaller than 60 square metres. Two further projects, with around 130 apartments, are to be built close to City West. One is the conversion of the former post office in Geisbergstrasse, at sale prices from around €4,000 per square metre. The other, named “Carré Voltaire”, will be built on a long-vacant site

on Kurfürstenstrasse and marketed at prices up to around €7,000 per square metre.

Smaller condominium projects

The last of the projects in this size bracket, by a cooperative student village and a charitable association, has a marked social character. A hundred new apartments for students are to be built in Dominicusstrasse, in the centre of Schöneberg. There will



Expressionist: The Ceciliengärten complex offers well-maintained housing with 1920s flair.

sumably find takers here, as this was the smallest submarket in the district in the latest survey. Only this and one other area of Tempelhof have asking rents above €9 per square metre, all the other areas are considerably lower than that. The other is the neighbourhood situated to the south of here, around Manteuffelstrasse (12103). Partly a quiet and leafy area of interwar estates, around Tempelhofer Damm it has good amenities and, further to the west, a very idyllic neighbourhood

also be places in a related existing building for mentally ill people in need of extensive care. The largest project in the former Tempelhof district involves the construction of more than 80 additional rental apartments in the Marienfelde estate in the city periphery. The developer will be the estate’s largest freeholder, the state-owned Degewo. Nearly all the smaller projects in the district involve condo-

minium apartments. They include, for example, around 60 apartments in Borussiastrasse in Tempelhof, 40 in Varziner Strasse in Friedenau and 30 on Barbarossaplatz in Schöneberg, for which over €9,000 per square metre has been quoted – a record price for the district.

of older buildings, between which there are even small lakes. Like the whole of Tempelhof, for many years this area was outside the focus of apartment hunters. However, in the recent past this has changed. Accordingly, the asking rents in this area have increased by over 30.6 per cent within four years, the sharpest increase in the district.

Rental values drop towards the city boundary

The following areas in the subdistricts of Tempelhof and Mariendorf have median asking rents between €8.10 and €8.52 per square metre: The areas around Attilastrasse (12105), Rixdorfer Strasse (12109) and Oberlandstrasse (12099). In many respects, the first two are run-of-the-mill locations, while the latter is heavily dominated by industry and has the lowest average household purchasing power in the district. In contrast, the fourth area in this price class, southwestern Lichtenrade around the eponymous S-Bahn station (12307), has the highest purchasing power.

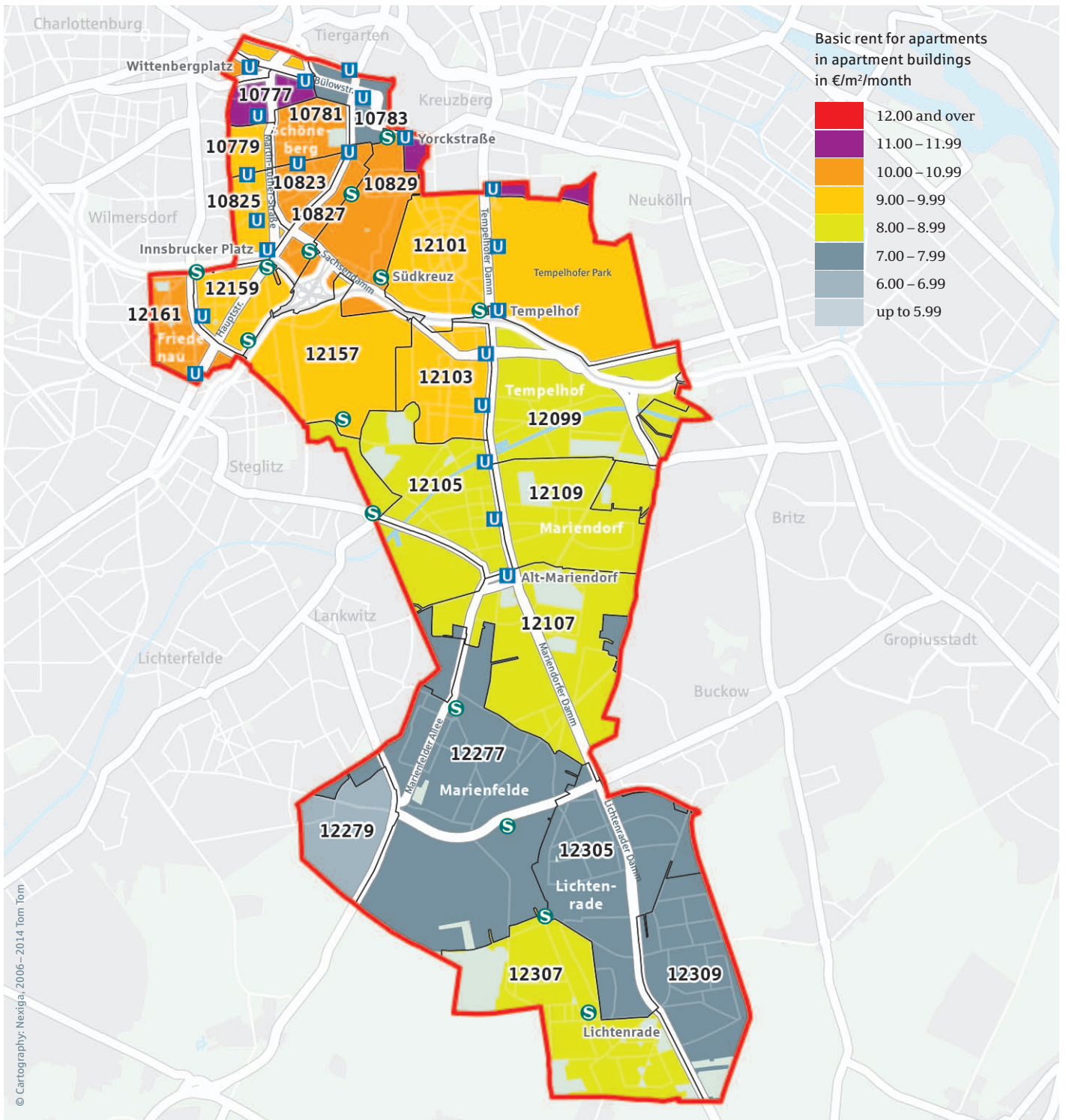
In four other areas, the median asking rents range between €7.73 and €8 per square metre. These are Alt-Mariendorf (12107), Lichtenrade Northeast (12305), Alt-Marienfelde (12277) and Bülowbogen (10783) in Schöneberg. The average household purchasing power in the first three of these areas is very high, ranging between €3,300 and €3,600. At the same time, the apartments on offer in Alt-Mariendorf (66 square metres) and Lichtenrade Northeast (72 square metres) are relatively small on average. Together, these factors lead to the lowest housing cost ratios in the district, 21.2 and 21.3 per cent respectively. The Bülowbogen comprises the area around Bülowstrasse through to Kurfürstenstrasse. The median asking rent here has fallen by 11.3 per cent in 2016, the second largest decline in Berlin after Prinzenstrasse in Kreuzberg. The reasons for this could be the heavy noise and traffic pollution of the main roads and the U-Bahn tracks, as well as the socio-spatial problems evident in the area.

| 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 % |
| 10777 | 179 | 11.04 (22) | 7.69 (6) | 15.11 (32) | 94 (13) | 1,287 (12) | 3,363 (46) | 38.3 (16) |
| 10779 | 84 | 9.42 (78) | 7.02 (35) | 12.87 (87) | 85 (30) | 1,021 (39) | 3,065 (78) | 33.3 (45) |
| 10781 | 117 | 10.50 (42) | 7.03 (33) | 15.28 (29) | 89 (19) | 1,167 (20) | 2,850 (110) | 40.9 (7) |
| 10783 | 108 | 7.73 (148) | 5.65 (155) | 12.61 (90) | 72 (96) | 742 (126) | 2,785 (123) | 26.6 (110) |
| 10823 | 62 | 10.82 (33) | 7.33 (21) | 15.83 (24) | 73 (88) | 976 (50) | 2,801 (119) | 34.8 (30) |
| 10825 | 103 | 9.64 (67) | 6.94 (46) | 13.51 (66) | 79 (53) | 969 (53) | 2,965 (94) | 32.7 (51) |
| 10827 | 146 | 10.00 (55) | 6.92 (48) | 14.38 (47) | 73 (82) | 925 (66) | 2,911 (102) | 31.8 (58) |
| 10829 | 118 | 10.00 (55) | 6.91 (50) | 15.00 (35) | 63 (156) | 797 (103) | 2,630 (156) | 30.3 (74) |
| 12099 | 217 | 8.10 (132) | 6.00 (121) | 11.54 (112) | 66 (147) | 703 (141) | 2,539 (168) | 27.7 (98) |
| 12101 | 57 | 9.00 (92) | 6.67 (61) | 11.22 (129) | 75 (73) | 868 (80) | 3,097 (75) | 28.0 (94) |
| 12103 | 186 | 9.00 (92) | 6.55 (70) | 11.70 (109) | 67 (140) | 775 (112) | 2,738 (138) | 28.3 (90) |
| 12105 | 199 | 8.52 (109) | 6.00 (121) | 14.75 (42) | 68 (124) | 761 (120) | 2,762 (132) | 27.5 (101) |
| 12107 | 196 | 8.00 (137) | 5.75 (145) | 11.58 (111) | 66 (142) | 705 (140) | 3,319 (51) | 21.3 (159) |
| 12109 | 192 | 8.27 (124) | 6.46 (80) | 10.00 (160) | 70 (108) | 764 (117) | 2,909 (103) | 26.3 (113) |
| 12157 | 206 | 9.30 (80) | 6.82 (55) | 12.22 (98) | 68 (121) | 816 (95) | 2,846 (111) | 28.7 (89) |
| 12159 | 127 | 9.62 (68) | 7.16 (26) | 14.29 (50) | 90 (18) | 1,107 (28) | 3,229 (58) | 34.3 (33) |
| 12161 | 268 | 10.51 (41) | 7.38 (18) | 13.96 (60) | 79 (55) | 1,034 (34) | 3,282 (54) | 31.5 (60) |
| 12277 | 132 | 7.73 (147) | 6.00 (121) | 10.00 (160) | 76 (67) | 783 (110) | 3,454 (35) | 22.7 (148) |
| 12279 | 179 | 6.74 (173) | 4.86 (184) | 9.26 (176) | 72 (94) | 675 (152) | 3,118 (70) | 21.7 (156) |
| 12305 | 143 | 7.93 (142) | 6.16 (111) | 10.50 (149) | 72 (91) | 763 (118) | 3,595 (27) | 21.2 (162) |
| 12307 | 102 | 8.28 (123) | 6.11 (114) | 9.95 (164) | 80 (46) | 875 (78) | 3,835 (17) | 22.8 (146) |
| 12309 | 163 | 7.12 (166) | 5.93 (133) | 9.82 (166) | 79 (56) | 767 (115) | 3,355 (47) | 22.9 (144) |
| District ¹⁾ | 3,284 | 8.81 | 6.08 | 13.20 | 75 | 852 | 3,066 | 27.8 |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 |

1) median 2) includes operating costs (BBU 2014) 2.63 €/m² (western Berlin) and 2.41 €/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



The median asking rent in the area around Hildburghäuser Strasse East (12279) in Marienfelde was relatively low, even in previous years. Now at €6.74 per square metre, it is the only area of the district to be below the €7 mark. It includes a large 1970s estate in municipal ownership,

which has recently been extended by new development. The lowest-priced decile of apartments are on offer at a very low €4.86 per square metre. This is the second lowest ranking among the 185 postcodes for which asking rents could be determined.

Treptow-Köpenick:

Lively development and good prospects

Treptow-Köpenick is one of the four peripheral districts of Berlin that have the lowest levels of asking rents in the city. However, in Treptow-Köpenick these are higher than in Reinickendorf, Spandau and Marzahn-Hellersdorf. The extensive southeast of Berlin also stands out for the liveliest new development activity of all the outer districts. There is not only plenty of available land but also particularly dynamic locations, such as Adlershof, and very attractive waterfront settings, for example in Grünau and the historic centre of Köpenick. In the northwest of the district, relatively close to the city centre, there is one area that is expensive by the standards of the district and three that are less expensive. The expensive area is that around Treptower Park (postcode 12435). It has leafy neighbourhoods of well-maintained older buildings but primarily stands out as the only area of the district in the city centre, inside the S-Bahn ring. In previous years, the landlords apparently set their sights on the sharply growing demand in the more expensive neighbouring areas, Kreuzberg and Neukölln, and increase their asking rents accordingly. There appear to be limits to the demand, however. The financial potential of the residents around Treptower Park also has its limits: the average household purchasing power there, €2,672, is moderate. In 2016, the landlords reduced the median asking rent by 4.9 per cent, to €9.03 per square metre.

Low rents in the old industrial areas

Three cheaper areas that are relatively close to the city centre have median asking rents below €8.50 per square metre. They are Baumschulenweg (12437), Niederschöneeweide (12439) and Ober-

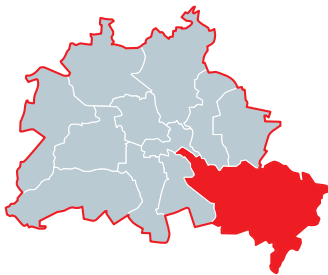
schöneeweide (12459), which features the lowest rent in the district, €7.46. These are areas of historic industry and older buildings, suffering from heavy traffic in some areas and households with lower purchasing power. In this respect, all three areas are at the bottom of the district ranking. Oberschöneeweide, with an average of €2,515 is actually the backmarker. The apartments on offer are relatively small. Baumschulenweg, with an average of 62 square metres, has the smallest in Treptow-Köpenick, as well as the lowest total costs of an average apartment, €632 per month. The figure for Oberschöneeweide is only one euro higher. The competition among landlords is particularly stiff there. In respect of the number of advertisements in the latest survey period, it is the second largest market in the district.

The route south-eastwards runs from here through Johannisthal (12487). This area is in the midfield of Treptow-Köpenick as regards asking rents, apartment sizes and total rental costs, and purchasing power. So is the Adlershof (12489) area, which has been developed as a centre of science and technology for over 25 years. There is also hope for impetus from the opening of the new Berlin airport, which is only a few kilometres to the south. Adlershof is being developed as a residential location, with various projects. The asking rents and apartment sizes are somewhat higher than those in Johannisthal. The housing cost ratio, 29.7 per cent, is the second highest in the district after Treptower Park.

A hint of luxury in Grünau

The median asking rent in Adlershof, €8.33 per square metre, is surpassed by €0.60 in Grünau

Brisk construction activity and many smaller projects



There are advantages when a district is leafy but also has numerous unused former commercial and other sites. Treptow-Köpenick has taken advantage of this structure for 38 housing projects, second in number only to the Mitte district. Around 3,720 apartments are planned, putting the district in third place behind Lichtenberg and Mitte but well ahead of other districts that, like Treptow-Köpenick, have a large proportion of peripheral

areas. Hardly any districts are exempted and the major projects are very evenly distributed. Adlershof, Altglienicke, Alt-Treptow and Köpenick each have more than 600 planned apartments. However, the focus is mostly on small and medium-sized projects. In Adlershof alone, there are 10 projects.

Condominiums in Alt-Treptow

The largest individual project is planned for Altglienicke, on the southern city periphery and

not far from the future international Berlin-Brandenburg airport. Over 400 apartments are slated to be built here for the state corporation "Stadt und Land". They will all be made available for rent. In the same road, Schönefelder Chaussee, the state-owned Degewo is also active, constructing almost 170 subsidised apartments that will be let at an average of €6.50 per square metre. Two larger private projects, with condominium apartments, are



Waterfront living: The area near Köpenick's historic center where the Dahme and Spree rivers meet is a particularly attractive residential location.

(12527), to the east. The rental value there is only €0.10 below that in Treptower Park, the frontrunner in the district. Grünau is the site of major new development projects, some of which have attractive waterside situations on the Dahme. The latest growth rate in median asking rents there was 9.9 per cent. In two respects, it is one of the luxury addresses in Treptow-Köpenick. The most expensive decile of apartments are on offer here at a median €14 per square metre, the same as in Niederschöne-

weide. In Rahnsdorf, the figure is even higher than that, although the limited number of offers restricts the statistical significance of that figure. The apartments in Grünau, like Rahnsdorf, average 86 square metres, the largest of the district that also results in the highest "warm" rent (including heating and services), €955 per month. Thanks to having the third-largest average household purchasing power in southeastern Berlin, however, the residents of Grünau are easily able to cope with this.

to be constructed in Alt-Treptow, in the inner-city northern part of the district. The first phase, the "Bouchégärten" will comprise around 280 apartments, while a project in Fanny Zobel Strasse will provide 220 apartments. Just around the corner, in Heidelberger Strasse, the state-owned WBM is constructing around 160 rental apartments. Forty of them will be subsidised and let for €6.50 per square metre, while the remainder will be let at an average of

around €12 per square metre, which is a hefty rent for a municipal corporation.

State of Berlin well represented

The 10 projects in Adlershof will mainly comprise rental apartments. Public undertakings are also active in the area, among them HOWOGE, so that in the Treptow-Köpenick district the state of Berlin is represented by four of its own housing com-

panies. In addition to condominium apartments, the private "Wohnen am Campus" project also includes terraced houses. With floor areas of 210 square metres, they will be sold at prices between around €410,000 and €450,000. Apartment buildings to be constructed on the northern side of Adlershof station include apartments from 29 square metres. Finally, Köpenick has a colourful mixture of projects, for sale and

rent, with prices from around €2,500 to €5,000 and apartments ranging from 38 to 225 square metres.

In the extreme southwest of the district is a quantitatively very small area and one that is very expensive. The small one is Bohnsdorf (12526), although by city periphery standards this has a fairly high median asking rent, €8.32 per square metre. This figure fluctuates heavily, not least because of the few offers in the last few years. In the wake of the sharpest increase in 2013 and 2014, it has now seen the greatest decline in Treptow-Köpenick. However, because of the small numbers of offers, both are of only limited statistical significance. Considerably more apartments on offer in Altglienicke (12524). For tenants this is one of the most favourable areas in the district, with a median of €7.51 per square metre and, in the recent survey, rental growth of only 2.7 per cent. This market, like that in Bohnsdorf, should be even

livelier than that in Adlershof, if and when the nearby airport is eventually opened. So far, activities have been rather quiet, both in the extensive areas of private houses in Altglienicke and in the slab construction blocks of the “Planetenviertel”. The housing cost ratio, 20.5 per cent, is the lowest in the district.

Numerous offers in Köpenick

From the western and southwestern areas of the district, we now turn to the furthest flung and partly very sparsely populated areas to the east of them. In the recent survey, in terms of numbers of apartments on offer Köpenick (12555) had the most extensive market in the district. Perhaps because of the heavy competition, the average rent per square metre is only risen by 2.2 per

| 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 % |
| 12435 | 138 | 9.03 (87) | 6.53 (72) | 13.00 (81) | 75 (72) | 841 (85) | 2,672 (147) | 31.5 (62) |
| 12437 | 339 | 8.01 (136) | 6.43 (87) | 11.95 (108) | 62 (166) | 632 (166) | 2,563 (163) | 24.7 (125) |
| 12439 | 197 | 8.39 (117) | 6.00 (121) | 14.00 (53) | 65 (151) | 686 (148) | 2,647 (152) | 25.9 (114) |
| 12459 | 577 | 7.46 (157) | 5.80 (140) | 11.47 (117) | 66 (146) | 633 (165) | 2,515 (171) | 25.2 (120) |
| 12487 | 268 | 8.17 (127) | 6.18 (108) | 11.50 (113) | 73 (83) | 758 (121) | 2,823 (114) | 26.8 (109) |
| 12489 | 419 | 8.33 (119) | 6.50 (75) | 11.38 (121) | 76 (66) | 796 (104) | 2,681 (144) | 29.7 (78) |
| 12524 | 199 | 7.51 (155) | 6.30 (100) | 10.33 (152) | 74 (79) | 713 (137) | 3,480 (33) | 20.5 (169) |
| 12526 | 42 | 8.32 (121) | 5.62 (162) | 10.30 (156) | 77 (64) | 803 (99) | 3,596 (26) | 22.3 (149) |
| 12527 | 136 | 8.93 (96) | 6.61 (67) | 14.00 (53) | 86 (25) | 955 (55) | 3,550 (30) | 26.9 (108) |
| 12555 | 605 | 8.69 (105) | 6.46 (80) | 11.31 (125) | 71 (103) | 769 (114) | 2,851 (109) | 27.0 (105) |
| 12557 | 469 | 8.02 (135) | 5.67 (154) | 11.40 (120) | 71 (98) | 728 (132) | 3,114 (71) | 23.4 (138) |
| 12559 | 160 | 7.44 (158) | 5.62 (163) | 9.83 (165) | 72 (92) | 694 (147) | 3,254 (57) | 21.3 (158) |
| 12587 | 227 | 8.41 (115) | 6.50 (75) | 13.00 (81) | 81 (38) | 863 (83) | 3,057 (80) | 28.2 (91) |
| 12589 | 44 | 8.92 (97) | 6.94 (46) | 14.88 (39) | 86 (26) | 949 (58) | 3,751 (21) | 25.3 (119) |
| District ¹⁾ | 3,820 | 8.12 | 6.01 | 12.00 | 71 | 736 | 2,971 | 24.8 |
| Berlin ¹⁾ | 43,949 | 9.00 | 5.84 | 14.46 | 73 | 835 | 2,990 | 27.9 |

1) median 2) includes operating costs (BBU 2014) 2.18 €/m² (eastern Berlin) and 2.41 €/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

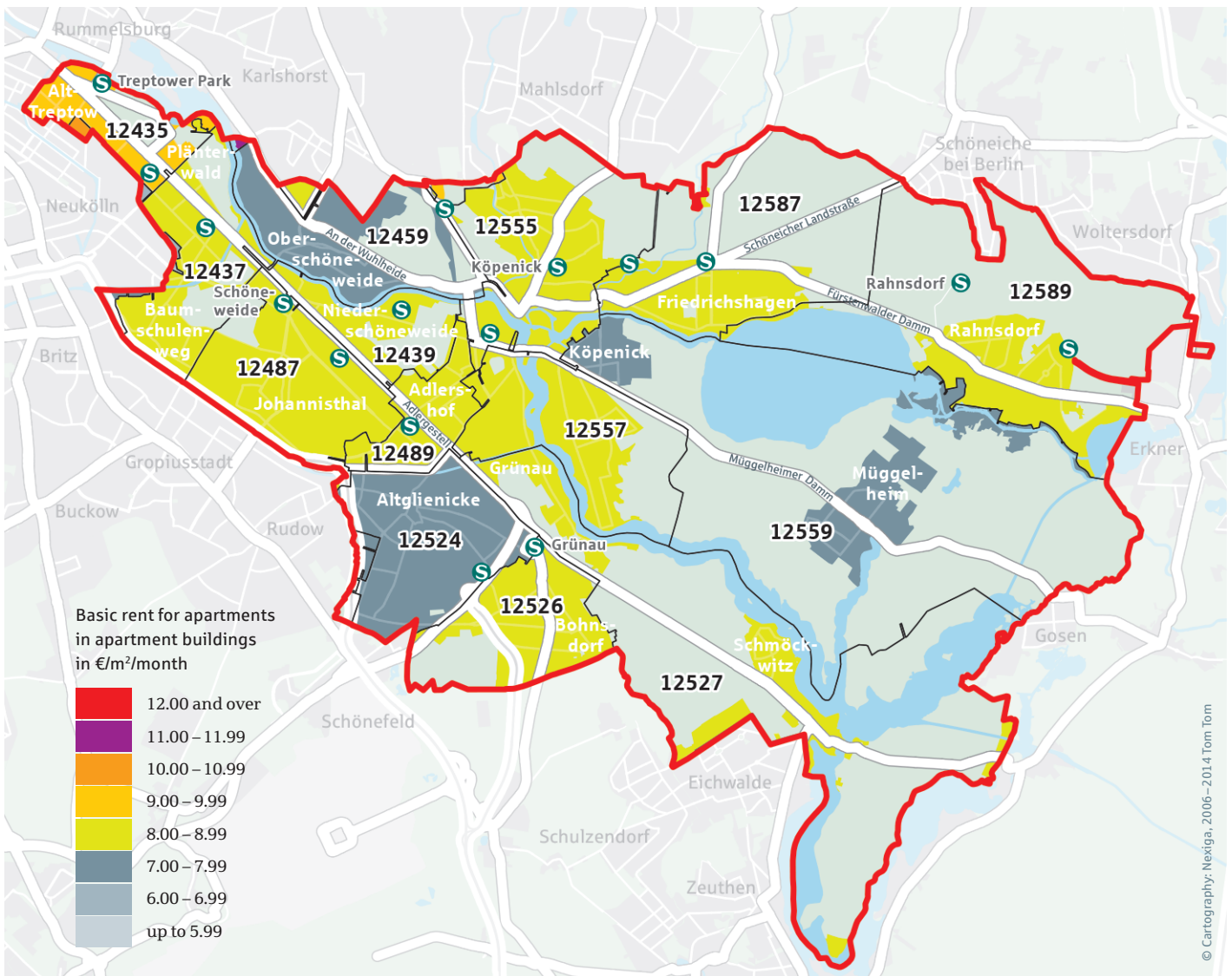
cent. However, at €8.69, it ranks fourth in the district. Otherwise, the many medium figures fit well with the average location in the southeast of Berlin. In Köpenick there are no noticeable swings in the levels of asking rents either upwards or downwards. The size of apartments in the area, 71 square metres on average, is just as mid-range as the household purchasing power, €2,851. This results in a housing cost ratio of 27.0 per cent.

The development prospects for the core of Köpenick are positive. There are many idyllic locations along the rivers Spree and Dahme as well as close to the forested areas that adjoin Uhlenhorst in the northern part of the area. Bahnhofstrasse in Köpenick is well developed, with two shopping centres. A regional railway station should provide rapid connections to the centre of Berlin in a few years' time.

There remain four particularly far-flung areas, benefiting from extensive woodland, lakes and rivers on the southeastern edge of Berlin. Among these, Rahnsdorf (12589) has the smallest market but also the highest rents, at €8.92. This fits well with the local household purchasing power, at €3,751 the highest in Treptow-Köpenick. Considerably more apartments are on offer in Wendenschloss (12557). This area includes extensive residential neighbourhoods to the south of the historic centre of Köpenick. The asking rents have recently risen by an impressive 13.5 per cent to €8.02. The household purchasing power, €3,114, is in the upper range for the district. The apartments on offer in the area are, however, relatively small, averaging 71 square metres. This leads to a fairly low housing cost ratio, 23.4 per cent.

Müggelheim: Peripheral location, low rents

The housing cost ratio is appreciably higher, at 28.2 per cent, to the northeast of here, in Friedrichshagen (12587). The reasons for this are the asking rents, which are €0.39 per square metre higher, the somewhat lower average household purchasing power and, above all, the much larger apartments (averaging 81 square metres), the size of which forces the total costs upwards. There remains only Müggelheim (12559) in the southeastern periphery, which encompasses the large-scale Salvador Allende Viertel estate, dating from the era of the German Democratic Republic. The overall situation so far from the city centre and the, at best mediocre, connections there hold the median asking rent down to €7.44, the lowest figure in the district.



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

The areas with the highest median asking rents are coloured red or purple on the map, areas with low rents are shown in tones of grey. In the neighbouring price classes are types of areas that have a great deal in common in terms of residential environment and building structure.

Rents in the top locations in the city **[A]** are all €13 or more per square metre. These are the most expensive areas of the city, even though their median asking rents stagnated in 2016.

The next inner-city locations **[B]** in the rental league table are all situated to the north of City East. They are mainly residential areas dominated by period buildings. Landlords are asking between €12.50 and €13 per square metre here.

The trendy areas **[C]**, which feature a wide range of nightlife and opportunities for going out, have median rents between around €10.50 and €11.20 per square metre.

Outside the inner city are historic areas **[D]**, with appealing centres and bourgeois flair. Depending on the distance from the city centre, rents range between €9 and €11 per square metre.

Rents in the most modest areas in the inner city **[E]** range between around €9 and €9.50 per square metre. Although not far from the centre, some of them are affected by traffic and have less attractive older and post-war buildings.

Town centre rather than metropolis – the motto of the suburban centres **[F]**. Apartments in the suburbs are available for €8 to €9 per square metre, although the Berlin city centre is some distance away.

In the leafy periphery **[G]** residents live in owner-occupied houses, small apartment buildings and occasionally new, more densely developed areas. The amenities are often mediocre but the residential environment and the asking rents, between €7 and €7.50, are family-friendly and affordable for senior citizens.

Large estates on the edge of the city **[H]** are dominated by high rise and terraced buildings dating from the 1960s to 1980s. Characterised by peripheral locations, they sometimes feature very massive post-war buildings. The asking rents are less than €7, in some cases even under €6 per square metre.

Examples of locations and rent levels

| [A] City | Area | District | Asking rent ¹⁾ |
|----------|------------------|----------|---------------------------|
| 10178 | Hackescher Markt | Mitte | 13.80 |
| 10117 | Unter den Linden | Mitte | 13.01 |
| 10785 | Potsdamer Platz | Mitte | 13.00 |

| [B] Top inner city | Area | District | Asking rent ¹⁾ |
|--------------------|-------------------|----------|---------------------------|
| 10119 | Rosenthaler Platz | Mitte | 13.00 |
| 10405 | Prenzlauer Allee | Pankow | 12.50 |
| 10115 | Chausseestrasse | Mitte | 12.50 |

| [C] Trendy areas | Area | District | Asking rent ¹⁾ |
|------------------|------------------|--------------------------|---------------------------|
| 10997 | Wrangelstrasse | Friedrichshain-Kreuzberg | 11.20 |
| 10961 | Gneisenaustrasse | Friedrichshain-Kreuzberg | 11.00 |
| 12047 | Maybachufer | Neukölln | 10.52 |

| [D] Middle class – peripheral | Area | District | Asking rent ¹⁾ |
|-------------------------------|-------------------------|--------------------------|---------------------------|
| 12161 | Friedrich Wilhelm Platz | Tempelhof-Schöneberg | 10.51 |
| 14197 | Rüdesheimer Platz | Charlottenburg-Wilmersd. | 9.50 |
| 12205 | Lichterfelde West | Steglitz-Zehlendorf | 9.46 |

| [E] Modest inner-city locations | Area | District | Asking rent ¹⁾ |
|---------------------------------|------------------|--------------------------|---------------------------|
| 10553 | Beusselstrasse | Mitte | 9.46 |
| 10969 | Prinzenstrasse | Friedrichshain-Kreuzberg | 9.26 |
| 10589 | Mierendorffplatz | Charlottenburg-Wilmersd. | 9.01 |

| [F] Suburban centres | Area | District | Asking rent ¹⁾ |
|----------------------|----------------------|------------------|---------------------------|
| 12555 | Köpenick | Treptow-Köpenick | 8.69 |
| 13507 | Alt-Tegel | Reinickendorf | 8.50 |
| 13053 | Alt-Hohenschönhausen | Lichtenberg | 8.18 |

| [G] Leafy periphery | Area | District | Asking rent ¹⁾ |
|---------------------|-----------------------|----------------------|---------------------------|
| 13125 | Karow/Buch | Pankow | 7.30 |
| 13591 | Staaken | Spandau | 7.30 |
| 12309 | Lichtenrade Southeast | Tempelhof-Schöneberg | 7.12 |

| [H] Large estates in the periphery | Area | District | Asking rent ¹⁾ |
|------------------------------------|-------------------------|---------------------|---------------------------|
| 13435 | Märkisches Viertel West | Reinickendorf | 6.30 |
| 13593 | Heerstr./Wilhelmstr. | Spandau | 5.97 |
| 12689 | Ahrensfelde | Marzahn-Hellersdorf | 5.75 |

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

Sources: CBRE based on data from empirica-systeme

Berlin's exceptional residential areas

The biggest apartments

| Post-code | District | Area | Apartment size ¹⁾ in m ² |
|-----------|----------------------------|---------------------|--|
| 14109 | Steglitz-Zehlendorf | Wannsee | 106 |
| 10719 | Charlottenburg-Wilmersdorf | Ludwigkirchplatz | 104 |
| 14129 | Steglitz-Zehlendorf | Nikolassee/Schlach. | 103 |
| 10623 | Charlottenburg-Wilmersdorf | Savignyplatz | 103 |
| 14195 | Steglitz-Zehlendorf | Dahlem | 102 |

1) average of offers

The smallest apartments

| Post-code | District | Area | Apartment size ¹⁾ in m ² |
|-----------|---------------------|-----------------------|--|
| 13051 | Lichtenberg | Malchow | 56 |
| 12057 | Neukölln | Köllnische Heide | 57 |
| 12681 | Marzahn-Hellersdorf | Bitterfelder Strasse | 57 |
| 10315 | Lichtenberg | Friedrichsfelde North | 58 |
| 13351 | Mitte | Rehberge | 58 |

Source: CBRE based on data from empirica-systeme

The highest average rents (net, excl. utilities)

| Post-code | District | Area | Basic rent ¹⁾ in €/m ² /month |
|-----------|----------|-------------------|---|
| 10178 | Mitte | Hackescher Markt | 13.80 |
| 10117 | Mitte | Unter den Linden | 13.01 |
| 10119 | Mitte | Potsdamer Platz | 13.00 |
| 10785 | Mitte | Rosenthaler Platz | 13.00 |
| 10405 | Pankow | Prenzlauer Allee | 12.50 |

1) median of offers

The lowest average rents (net, excl. utilities)

| Post-code | District | Area | Basic rent ¹⁾ in €/m ² /month |
|-----------|---------------------|----------------------|---|
| 12689 | Marzahn-Hellersdorf | Ahrensfelde | 5.75 |
| 13593 | Spandau | Heerstr./Wilhelmstr. | 5.97 |
| 12619 | Marzahn-Hellersdorf | Kaulsdorf North | 5.98 |
| 12687 | Marzahn-Hellersdorf | Mehrower Allee | 6.14 |
| 13469 | Reinickendorf | Waidmannslust | 6.28 |

Source: CBRE based on data from empirica-systeme

The biggest rent increases

| Post-code | District | Area | Change ¹⁾ from 2015 in % |
|-----------|------------------|--------------------|-------------------------------------|
| 13355 | Mitte | Humboldthain | +47.0 |
| 12055 | Neukölln | Richardplatz | +32.4 |
| 12051 | Neukölln | Silbersteinstrasse | +24.1 |
| 12049 | Neukölln | Schillerpromenade | +20.4 |
| 12439 | Treptow-Köpenick | Niederschöneweide | +19.9 |

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

The biggest rent decreases

| Post-code | District | Area | Change ¹⁾ from 2015 in % |
|-----------|--------------------------|--------------------|-------------------------------------|
| 10969 | Friedrichshain-Kreuzberg | Prinzenstrasse | -16.8 |
| 10783 | Tempelhof-Schöneberg | Bülowbogen | -11.3 |
| 12351 | Neukölln | Johannisthaler Ch. | -5.3 |
| 12435 | Treptow-Köpenick | Treptower Park | -4.9 |
| 10117 | Mitte | Unter den Linden | -3.3 |

Source: CBRE based on data from empirica-systeme

The highest purchasing power

| Post-code | District | Area | Purchasing power ¹⁾ in € |
|-----------|----------------------------|---------------------|-------------------------------------|
| 14195 | Steglitz-Zehlendorf | Dahlem | 4,953 |
| 14089 | Spandau | Gatow/Kladow | 4,430 |
| 14129 | Steglitz-Zehlendorf | Nikolassee/Schlach. | 4,417 |
| 13465 | Reinickendorf | Frohnau | 4,370 |
| 14193 | Charlottenburg-Wilmersdorf | Grunewald | 4,334 |

1) per household and month

The lowest purchasing power

| Post-code | District | Area | Purchasing power ¹⁾ in € |
|-----------|----------|-------------------|-------------------------------------|
| 13353 | Mitte | Sprengelkiez | 2,295 |
| 13359 | Mitte | Soldiner Strasse | 2,316 |
| 13349 | Mitte | Schillerpark | 2,381 |
| 12049 | Neukölln | Schillerpromenade | 2,397 |
| 13351 | Mitte | Rehberge | 2,398 |

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 | 46.7 |
| 10115 | Mitte | Chausseestrasse | 44.3 |
| 10119 | Mitte | Rosenthaler Platz | 43.6 |
| 10785 | Mitte | Potsdamer Platz | 43.2 |
| 10965 | Friedrichshain-Kreuzberg | Mehringdamm | 42.0 |

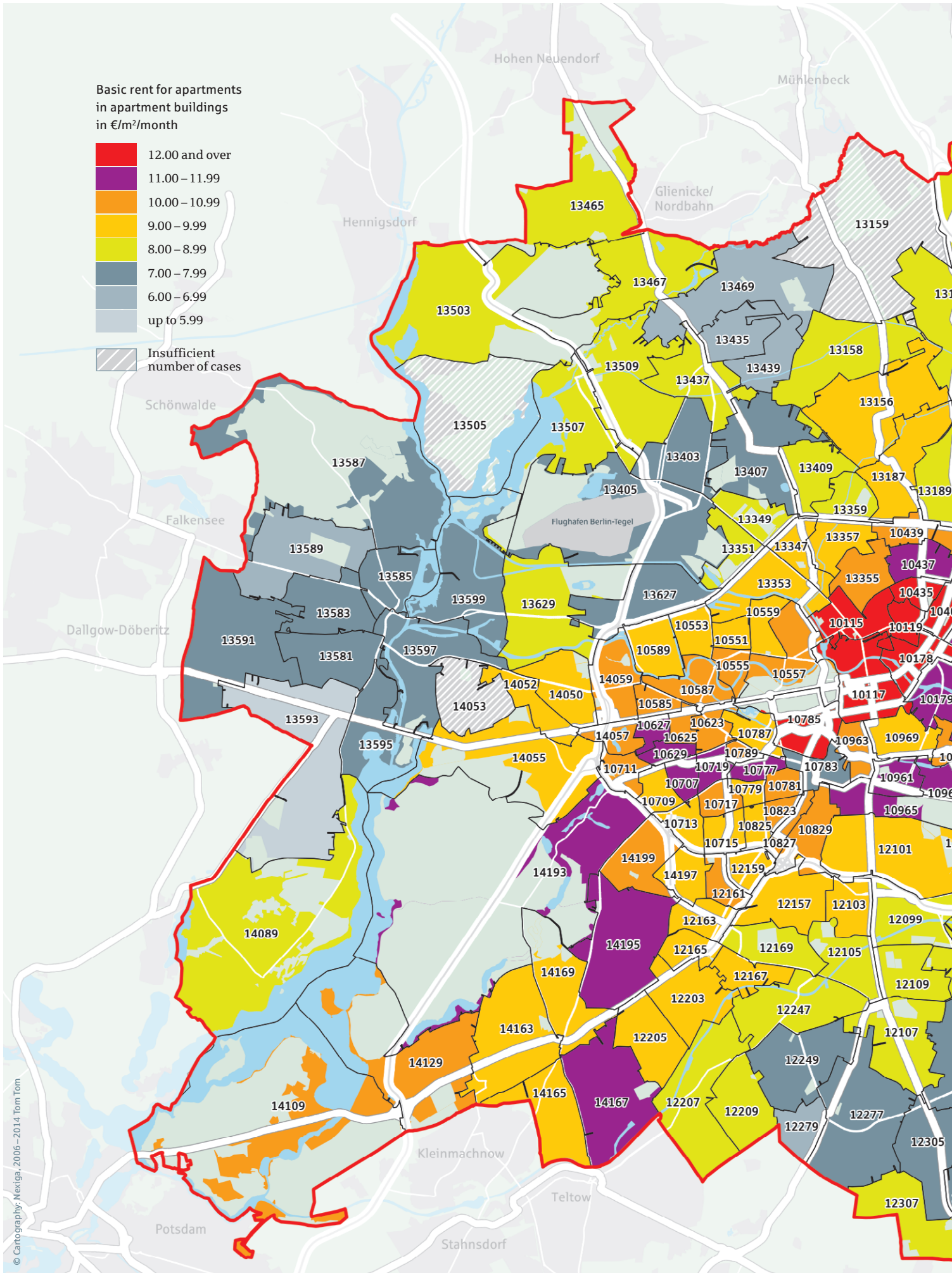
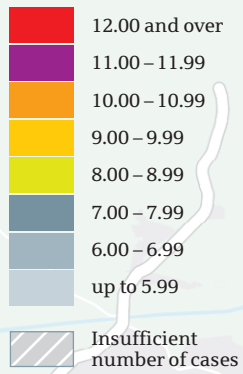
1) average asking rent (incl. utilities) in relation to household purchasing power

The lowest housing cost ratio

| Post-code | District | Area | Housing cost ratio ¹⁾ in % |
|-----------|---------------------|----------------------|---------------------------------------|
| 12681 | Marzahn-Hellersdorf | Bitterfelder Strasse | 17.2 |
| 13051 | Lichtenberg | Malchow | 17.3 |
| 12689 | Marzahn-Hellersdorf | Ahrensfelde | 17.9 |
| 12683 | Marzahn-Hellersdorf | Biesdorf | 18.0 |
| 12687 | Marzahn-Hellersdorf | Mehrower Allee | 18.3 |

Source: CBRE

Basic rent for apartments
in apartment buildings
in €/m²/month



Berlin rent prices 2016

