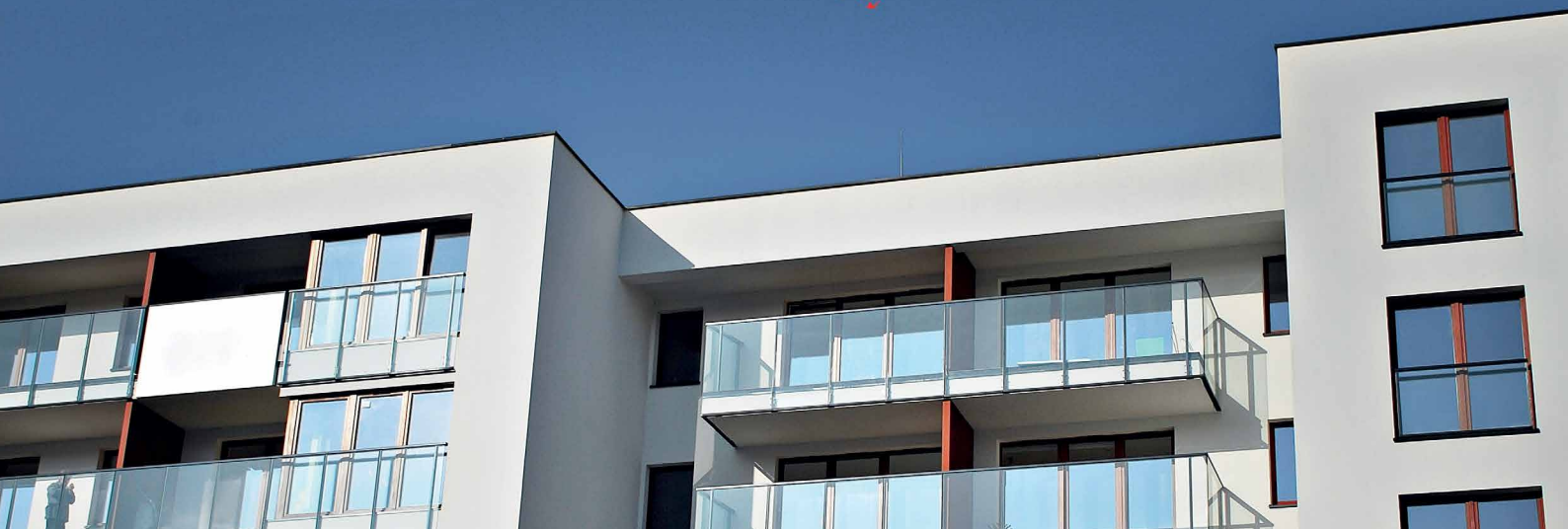


Residential City Profile

Berlin | 1st half of 2017
Published in August 2017

Berlin



Socio-economic trends Berlin

1st half of 2017

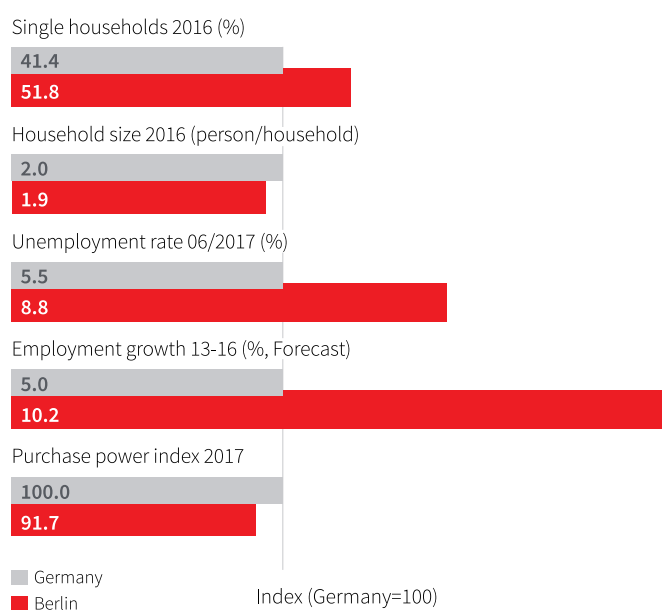
Population and households 2016							
District	Population				Households		
	Total	Development since 2011 (%)	Migration balance*	Natural population growth*	Total	Development since 2011 (%)	Single-person households (%)
Mitte	371,407	11.5	12,752	1,412	212,349	10.9	60.8
Friedrichshain-Kreuzberg	281,323	6.0	5,955	2,007	164,719	7.1	61.4
Pankow	397,406	8.9	4,655	1,657	214,895	0.1	52.0
Charlottenburg-Wilmersdorf	336,249	6.8	7,935	-300	182,509	4.2	54.4
Spandau	239,942	8.7	4,263	-368	124,387	4.0	48.3
Steglitz-Zehlendorf	304,086	3.5	3,014	-773	152,014	3.0	46.1
Tempelhof-Schöneberg	346,108	5.1	6,614	386	183,535	2.2	51.5
Neukölln	327,522	4.6	2,107	740	169,842	3.3	52.7
Treptow-Köpenick	259,524	7.5	3,343	-42	134,622	0.9	45.7
Marzahn-Hellersdorf	262,015	5.1	-151	352	132,847	2.7	41.8
Lichtenberg	283,121	10.5	5,242	607	159,506	10.2	51.2
Reinickendorf	261,919	7.0	3,485	-351	133,032	7.2	46.7
Berlin	3,670,622	7.1	59,214	5,327	1,964,258	4.6	51.8

* Net migration is the difference between inward and outward migration – natural balance is the difference between the number of births and deaths.

Further rise in demand for apartments anticipated

The average population growth of around 45,000 per annum recorded in the period between 2011 and 2015 was again exceeded in 2016. At over 60,000, Berlin experienced the strongest population growth since Reunification. In addition to the registration of refugees, inward migration of labour to Berlin was the major contributor to growth; the city, with its booming IT and start-up economy, attracts numerous workers from abroad. Although Germany experienced a few years of negative population growth, its population increased again significantly in 2016 and the inflow from elsewhere in Germany to Berlin has also played a significant role, even offsetting some of the loss caused by suburbanisation. Berlin's economy, which is exceptionally dynamic compared to other German cities, will continue to drive high population growth, suggesting that demand will continue to grow in the residential market.

Economy and demographics by comparison



Housing Market in Berlin

1st half of 2017

Stock data 2016						
District	Residential buildings		Housing units		Housing completions*	
	Total	Multi-family buildings (%)	Total	Development since 2011 (%)	Total	thereof in multifamily dwellings
Mitte	13,139	93.9	194,023	3.2	2,022	2,019
Friedrichshain-Kreuzberg	9,585	95.9	150,177	3.0	801	801
Pankow	36,709	44.3	214,136	4.1	1,395	1,163
Charlottenburg-Wilmersdorf	17,860	73.7	183,897	1.4	410	400
Spandau	27,851	32.5	118,602	1.3	201	96
Steglitz-Zehlendorf	40,519	37.4	156,696	1.9	1,019	805
Tempelhof-Schöneberg	28,539	49.2	181,149	0.6	262	189
Neukölln	27,875	38.7	162,842	0.7	296	196
Treptow-Köpenick	37,071	31.4	138,723	5.4	2,252	1,986
Marzahn-Hellersdorf	31,124	22.5	134,887	2.3	460	75
Lichtenberg	16,789	56.2	150,845	3.6	1,178	920
Reinickendorf	35,583	28.6	130,540	1.2	485	386
Berlin	322,644	42.8	1,916,517	2.4	10,781	9,036

* Completions of units through new buildings

Social apartments and luxury living in Berlin

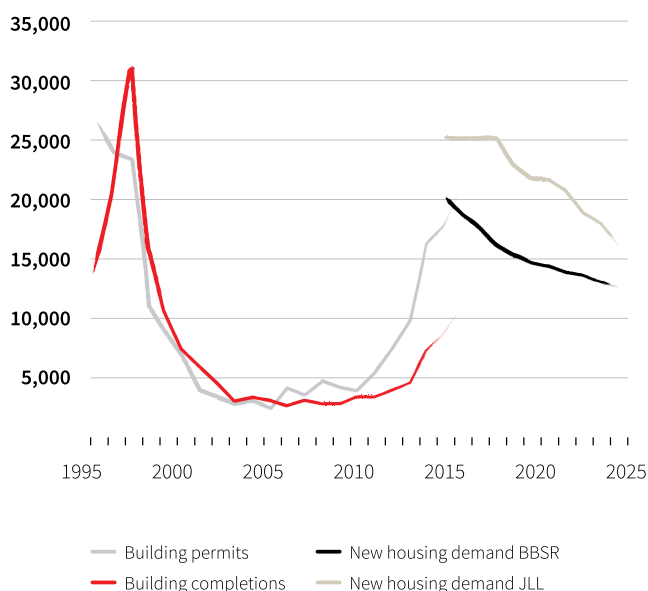
Unlike other major cities, the supply bottleneck in the housing market has only recently been recognised by the Berlin Senate, and they are increasing their efforts to create new affordable housing. The complexity of the Berlin public sector, which is also reluctant to release new development land, and the high propensity of the city's population to protest are just two of the many obstacles to greater residential construction in the capital. High price rises over the past few years are evidence of the poor availability of building land and strong investor interest. Furthermore, since the beginning of the year investor demand for projects for which new planning law has been created, has been dampened by the imposition of social housing quotas of 30% of the living space. Therefore, building permit figures barely increased in the first half of the year, although the high vo-

lume of space currently under construction should lead to a further increase in completion figures in the next few years. The Berlin Senate has great hopes for more affordable housing construction by municipal housing companies, which are expected to increase their housing stock by a third to 400,000 residential units by 2025. A large part of this is to be of new-build construction, with 50% of the newly built apartments being built as social housing. A comparatively high proportion of social housing in Berlin should therefore be constructed in the medium-term and the new-build market is likely to be split into low-priced social housing and homes in the upper price bracket. The mid-price bracket is increasingly difficult to satisfy economically, as land prices for multi-family dwellings in central locations rarely fall below €1,200 per sqm.

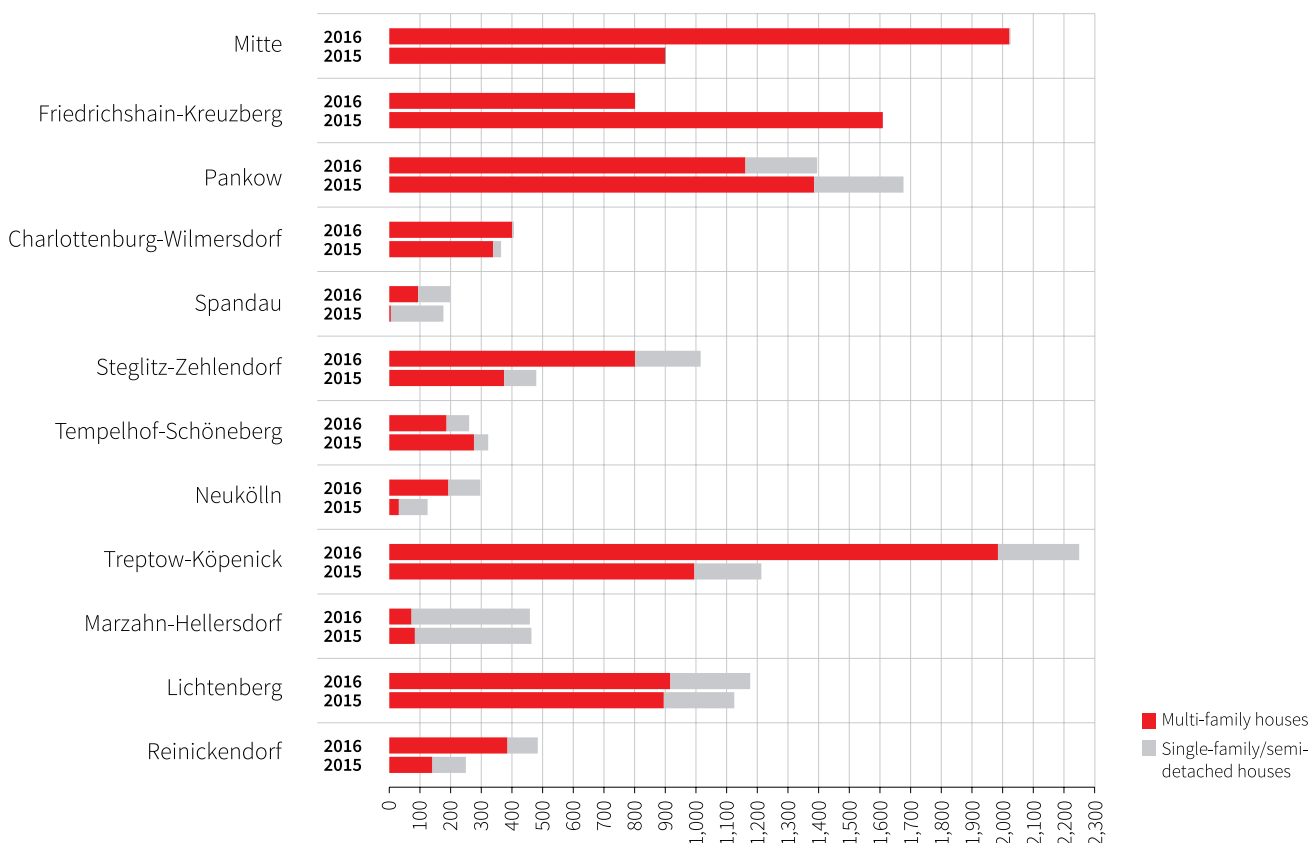
Gap between demand and supply continues to widen

Whilst a record number of building permits for new homes was granted and over 21,000 new residential units were approved in 2016, there was a slight decrease in the number of permits issued in the first quarter of 2017; however, equilibrium was regained over the subsequent months and the number of building completions, which reached almost 11,000 units in 2016, should continue to grow significantly in 2017. An increase to 15,000 new homes is conceivable, but this is still well below the current requirement of more than 20,000 residential units per annum. If the excess demand over the past few years is added, there is a supply gap of at least 80,000 homes in addition to the annual new housing requirement.

Housing supply and demand for new buildings



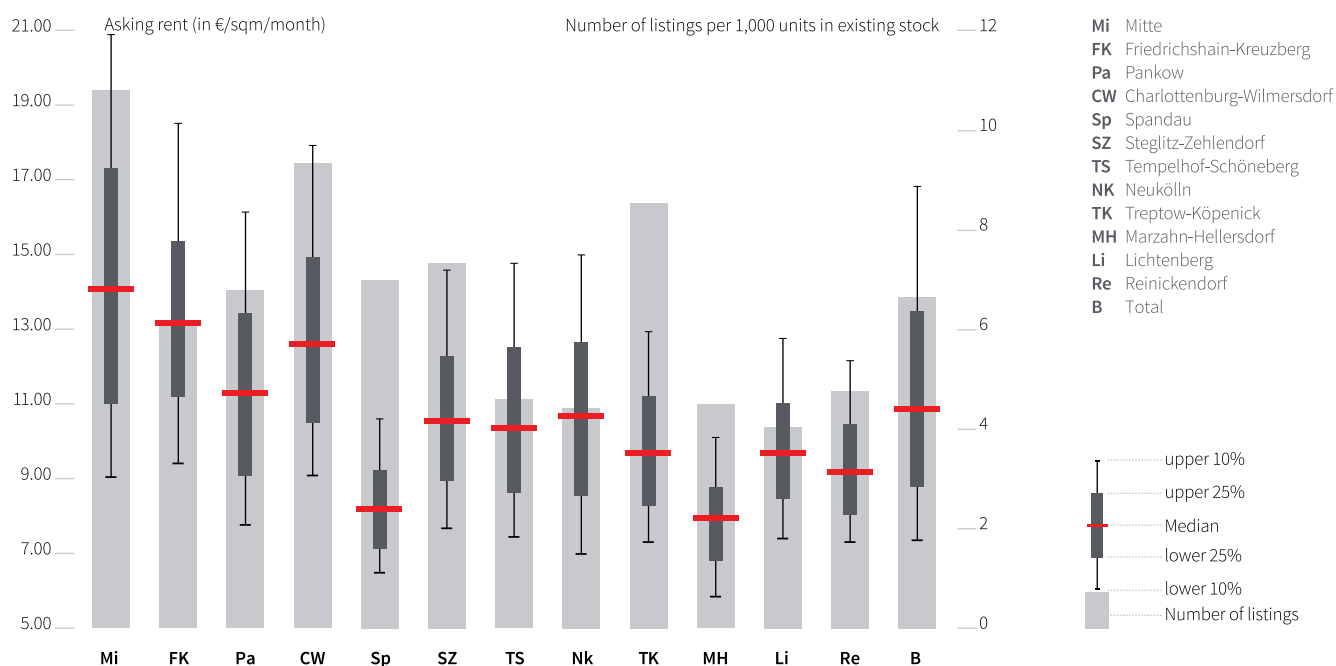
Residential building completions 2015 und 2016



Rental Housing Market in Berlin

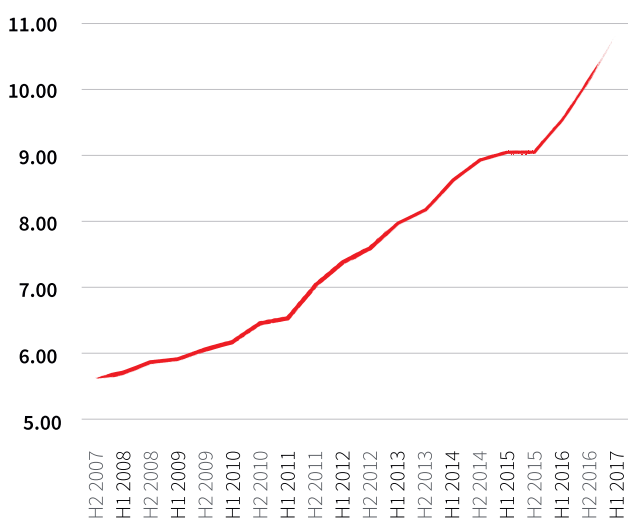
1st half of 2017

Rental price bands for offered apartments



Development of rental prices

Median in €/sqm/month



Sharp rise in rents in Berlin

Asking rents in Berlin increased to €10.80/sqm/month in the first six months of 2017, approaching the €11.00/sqm/month mark. The last time rents increased as sharply was in the first half of 2012. Then, the annual increase was 13.1%, compared to the current 12.8%. Since 2016, the housing market has returned to a phase of strongly rising rents. The upswing in the Berlin housing market began in the second half of 2006, initially with moderate increases (+3.0% per annum) until 2011, and then with significantly stronger momentum (+8.0% per annum). Overall, rents have risen by an average of 6.1% since the beginning of the cycle in 2006, and have almost doubled over that period. Given the high demand and lack of supply, rents can be expected to increase further over the next six months.

Rental price bands for offered apartments (1st half of 2017 in €/sqm/month)

District	All apartments				New build (since 2012)	
	10%	Median rent* (50%)	Development since H1 2016 in %	90%	Median rent* (50%)	Development since H1 2016 in %
Mitte	9.00	14.00	18.1	20.90	16.80	12.0
Friedrichshain-Kreuzberg	9.35	13.05	7.6	18.50	14.20	3.1
Pankow	7.70	11.20	10.3	16.15	12.65	1.1
Charlottenburg-Wilmersdorf	9.05	12.50	12.1	17.90	15.05	3.5
Spandau	6.45	8.10	10.4	10.60	10.90	9.1
Steglitz-Zehlendorf	7.65	10.45	7.9	14.60	13.55	8.5
Tempelhof-Schöneberg	7.40	10.30	12.1	14.75	11.30	-4.0
Neukölln	6.95	10.60	17.0	15.00	10.35	9.3
Treptow-Köpenick	7.25	9.60	12.4	12.95	11.55	6.6
Marzahn-Hellersdorf	5.80	7.85	13.4	10.10	10.10	-2.2
Lichtenberg	7.35	9.60	7.2	12.75	10.55	0.3
Reinickendorf	7.25	9.10	12.4	12.15	11.20	8.2
Berlin	7.30	10.80	12.8	16.80	14.00	9.4

* Median rent: 50 per cent of the listings are above 50 per cent below this figure

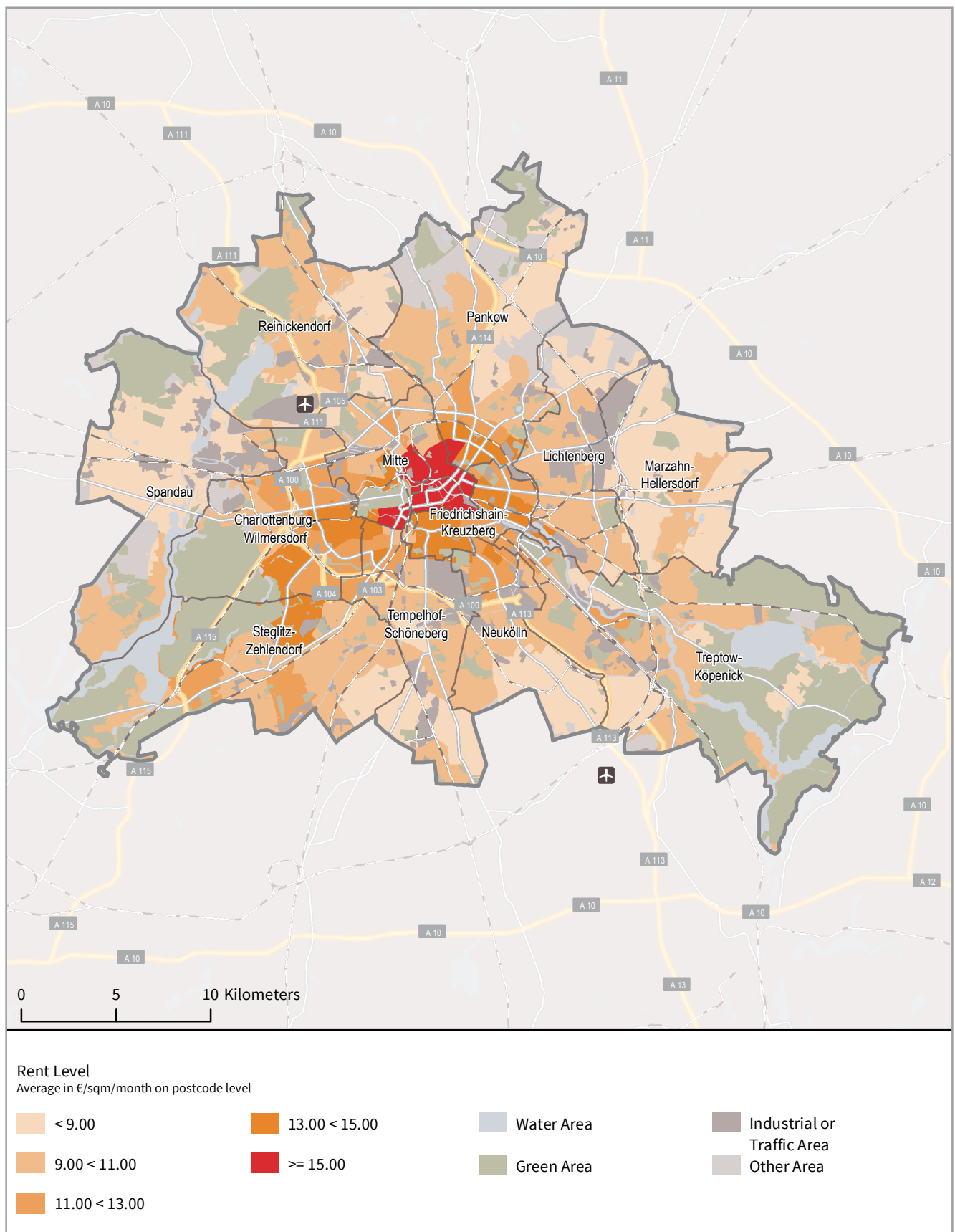
Mitte, Neukölln and Lichtenberg experience the greatest rental growth

The current strong rise in rental prices is being observed across all price segments and locations in Berlin, with the highest growth rates currently being observed in Mitte. Here, rents for existing apartments, ranging from the poorer quality locations in Wedding and Moabit to the high-priced locations around Torstraße, are increasing by between 15% and 19% per annum, because these inner-city areas remain the most popular residential locations amongst the new arrivals. A second focus of rent rises is Neukölln and Lichtenberg, where rents are lower than in Mitte; however, at the same time, these areas have developed popular neighbourhoods. Moreover, across the city the top segment (90th percentile) has benefited from high rent rises of around 15% per annum. In addition to the rising rents, the supply bottleneck in the housing market is also evident from the decli-

ning number of apartments on offer. Compared to the same period last year, the number of residential units on offer has decreased by a third. Even new-build apartments are being advertised less frequently, despite the rise in the volume of completions. However, rent rises for new-build apartments, i.e. apartments completed since 2012, are 9.4% weaker than for existing apartments. In inner-city and up-market residential areas, rental prices range from €13.00 – 17.00/sqm/month. For locations outside the urban railway ring, rents for new-build apartments range from €10.00 – 12.00/sqm/month, whereby the lower end of the range is almost exclusively rents charged by municipal housing companies politically committed to capping average asking rents at under €10.00/sqm/month.

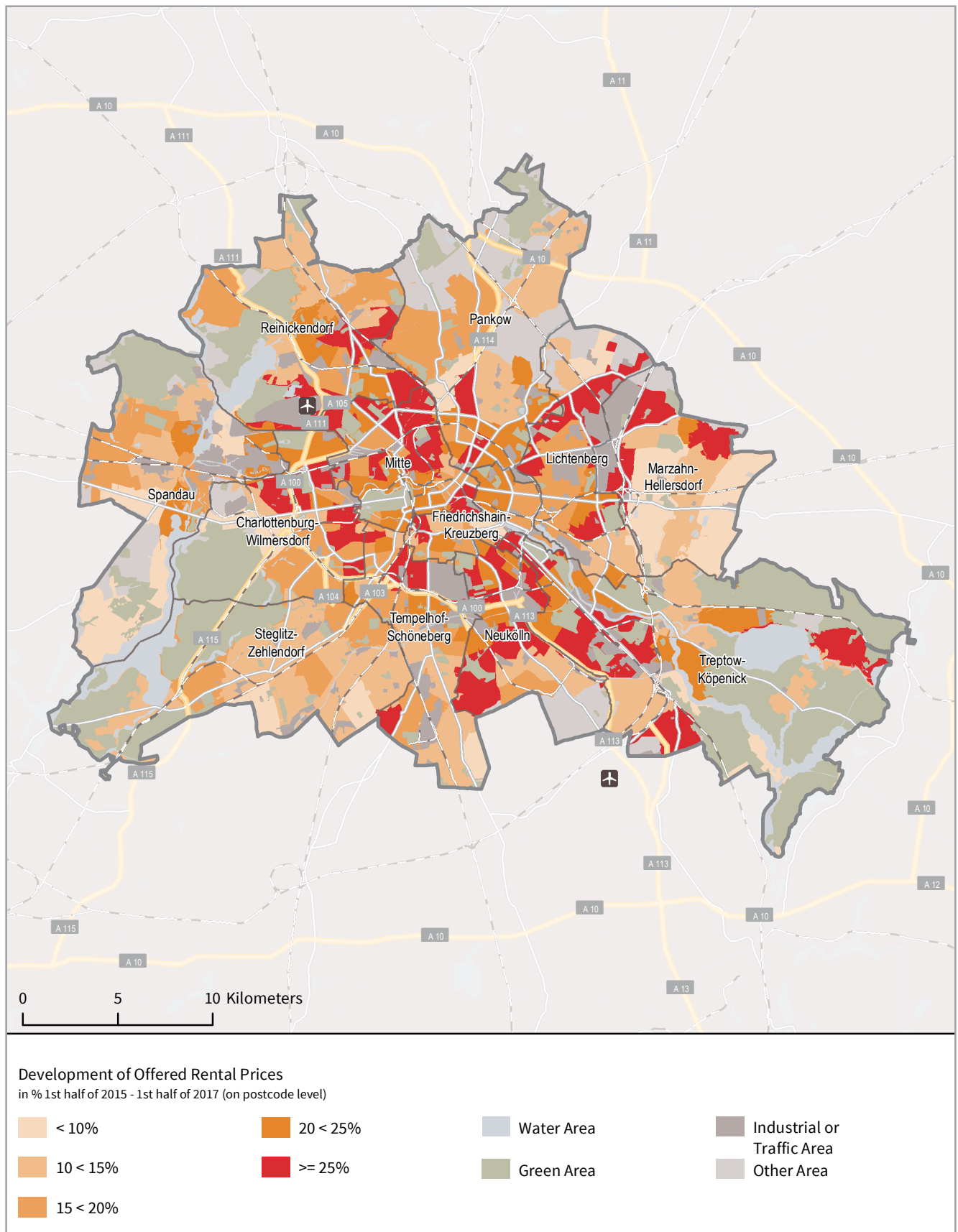
The residential property market Berlin

Asking rental prices in the first half of 2017



The residential property market Berlin

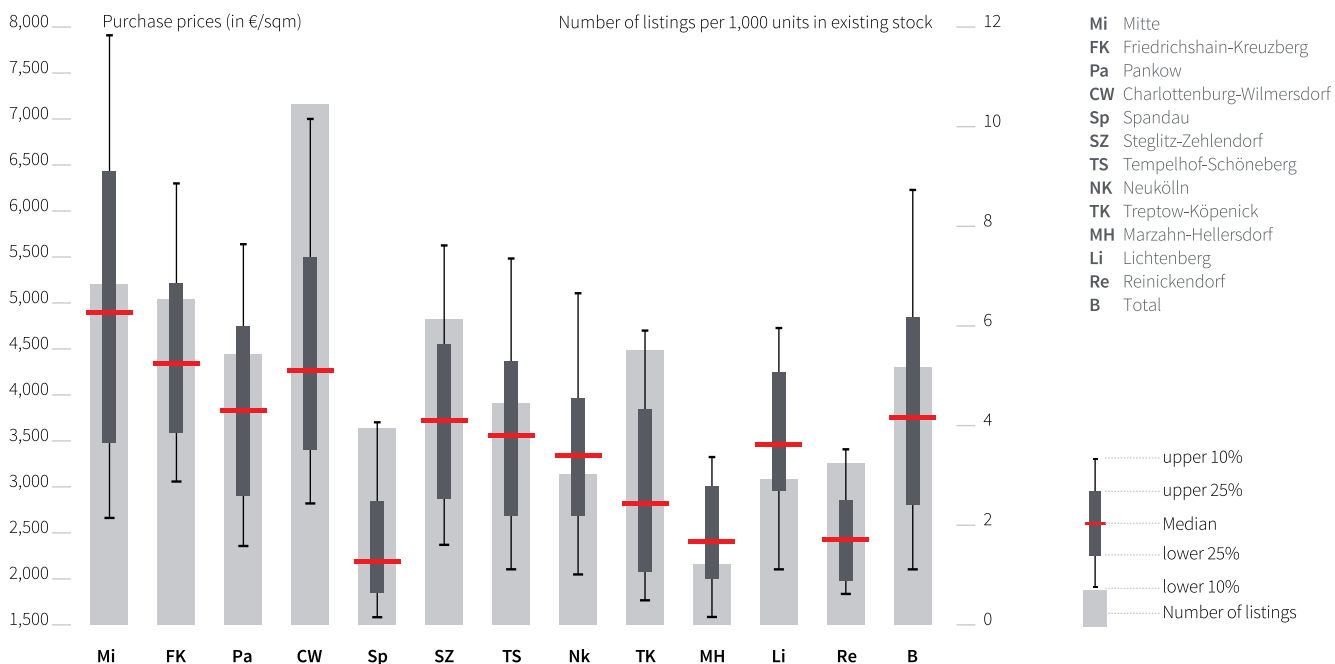
Development of asking rental prices between 2015 and 2017



Condominium Market in Berlin

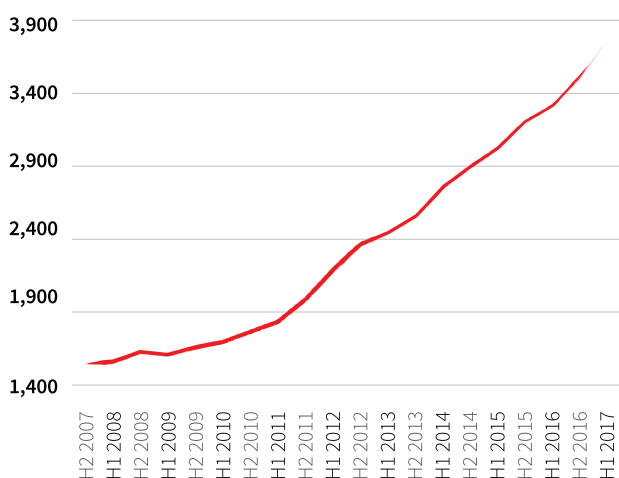
1st half of 2017

Purchase price bands for condominiums



Development of purchase prices

Median in €/sqm



Sharp price rises continue for condominium apartments

The sharp rise in purchase prices for condominium apartments continued in the first six months of 2017. Compared to the same period last year, asking prices for condominium apartments rose by around 12.5% to €3,730 per sqm. The trend of higher price rises observed over the past six months is therefore ongoing, and prices are continuing to grow at a similar rate as in the period between 2011 and 2014. The average growth rate since the onset of the current upswing which started in 2009, is 10.9% per annum. Purchase prices have risen by an average of 6.5% per annum, or by a total of around €2,130 per sqm since records began in 2004. If prices continue to rise, which appears likely at present, it is possible that the average purchase price will break through the €4,000 per sqm barrier, bringing Berlin up to the price level of Stuttgart.

Rental price bands for offered apartments (1st half of 2017 in €/sqm/month)

District	All apartments				New build (since 2012)	
	10%	Median price* (50%)	Development since H1 2016 in %	90%	Median price* (50%)	Development since H1 2016 in %
Mitte	2,640	4,870	13.4	7,920	6,300	25.2
Friedrichshain-Kreuzberg	3,040	4,330	12.1	6,300	5,630	25.0
Pankow	2,340	3,810	13.0	5,640	4,480	14.7
Charlottenburg-Wilmersdorf	2,800	4,250	8.1	7,000	6,250	24.5
Spandau	1,560	2,170	11.2	3,710	3,950	28.2
Steglitz-Zehlendorf	2,350	3,690	18.4	5,630	5,090	15.2
Tempelhof-Schöneberg	2,090	3,530	13.8	5,490	4,820	2.2
Neukölln	2,030	3,320	19.9	5,110	5,120	34.3
Treptow-Köpenick	1,750	2,800	1.5	4,710	3,970	21.4
Marzahn-Hellersdorf	1,560	2,390	25.3	3,330	3,060	43.7
Lichtenberg	2,090	3,450	24.2	4,730	4,270	32.7
Reinickendorf	1,820	2,410	15.0	3,410	3,530	20.4
Berlin	2,090	3,730	12.5	6,240	5,110	14.9

* Median rent: 50 per cent of the listings are above 50 per cent below this figure

Strongest price growth observed in the lower half of the market and new-build segment

Compared to the previous half-year, the pattern of prices across the various segments remains virtually unchanged, although the increases in this half-year are higher. The lower half of the market has seen higher price increases, of an average of 16% in the 10th percentile. In some areas of Lichtenberg and Neukölln, prices in this category have increased by up to 50% within a year. The slowest growth is currently being experienced by the top segment (90th percentile), although prices have still risen by 9% year-on-year. Several districts including Mitte have seen prices increase by 16%, which means that the average price in the top segment is now approaching €8,000 per sqm. A comparison of price trends between the districts reveals below-average growth in Treptow-Köpenick and Charlottenburg-Wilmers-

dorf, due to the low supply of expensive new-build apartments. Comparatively low-priced districts such as Marzahn-Hellersdorf and Reinickendorf, and the new trendy areas of Neukölln and Lichtenberg are still experiencing above-average price increases. Even Steglitz-Zehlendorf is back as the most popular residential location outside the city centre, following a significant upswing in prices. In the new-build segment, the average price level has exceeded €5,100 per sqm and continues its upward trajectory, due in part to the sharp rise in land prices. While prices in average and poorer quality locations outside the urban railway ring range mainly between €3,500 and €4,500 per sqm, new-build apartments are on offer in inner-city locations at an average of over €6,000 per sqm.

Division of Berlin districts and areas

District	Area
Mitte	Hansaviertel, Tiergarten, Moabit, Gesundbrunnen, Wedding, Mitte
Friedrichshain-Kreuzberg	Friedrichshain, Kreuzberg
Pankow	Prenzlauer Berg, Weißensee, Blankenburg, Heinersdorf, Karow, Pankow, Blankenfelde, Buch, Französisch Buchholz, Rosenthal, Wilhelmsruh
Charlottenburg-Wilmersdorf	Charlottenburg, Charlottenburg-Nord, Grunewald, Halensee, Schmargendorf, Westend
Spandau	Spandau, Haselhorst, Siemensstadt, Wilhelmstadt, Gatow, Kladow, Hakenfelde, Falkenhagener Feld, Staaken
Steglitz-Zehlendorf	Dahlem, Düppel, Lankwitz, Lichterfelde, Nikolassee, Schlachtensee, Steglitz, Südende, Wannsee, Zehlendorf
Tempelhof-Schöneberg	Schöneberg, Friedenau, Mariendorf, Marienfelde, Lichtenrade
Neukölln	Neukölln, Britz, Buckow, Rudow, Gropiusstadt
Treptow-Köpenick	Alt-Treptow, Plänterwald, Baumschulenweg, Johannisthal, Niederschöneweide, Altglienicke, Adlershof, Bohnsdorf, Oberschöneweide, Köpenick, Friedrichshagen, Rahnsdorf, Grünau, Müggelheim, Schmöckwitz
Marzahn-Hellersdorf	Marzahn, Hellersdorf, Biesdorf, Kaulsdorf, Mahlsdorf
Lichtenberg	Malchow, Wartenberg, Falkenberg, Neu Hohenschönhausen, Alt-Hohenschönhausen, Fennpfuhl, Alt-Lichtenberg, Rummelsburg, Friedrichsfelde, Karlshorst
Reinickendorf	Frohnau, Heiligensee, Hermsdorf, Lübars, Konradshöhe, Märkisches Viertel, Reinickendorf, Tegel, Waidmannslust, Wittenau

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Chart "Purchase price bands for condominiums": IDN ImmoDaten, JLL; Chart "Development of purchase prices": IDN ImmoDaten, JLL; Table "Purchase price bands for condominiums": IDN ImmoDaten, JLL



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