

Residential City Profile

Berlin | 2nd half of 2016
Published in March 2017

Berlin



Socio-economic trends Berlin

2nd half of 2016

Population and households 2015							
District	Population				Households		
	Total	Development since 2011 (%)	Migration balance*	Natural population growth*	Total	Development since 2011 (%)	Single-person households (%)
Mitte	363,236	9.0	5,657	1,534	203,800	6.5	59.9
Friedrichshain-Kreuzberg	278,393	4.9	2,079	1,660	164,400	6.9	62.9
Pankow	389,976	6.8	4,969	1,444	234,600	9.3	60.3
Charlottenburg-Wilmersdorf	330,468	4.9	4,186	-790	186,400	6.5	58.0
Spandau	234,630	6.3	3,941	-643	131,100	9.6	53.7
Steglitz-Zehlendorf	299,765	2.1	3,429	-955	159,000	7.7	52.3
Tempelhof-Schöneberg	341,161	3.6	3,120	-193	182,500	1.6	50.8
Neukölln	328,062	4.7	2,645	751	169,400	3.0	53.4
Treptow-Köpenick	253,333	4.9	2,311	-359	138,300	3.7	48.0
Marzahn-Hellersdorf	259,373	4.1	1,843	332	134,700	4.2	43.4
Lichtenberg	275,142	7.4	3,870	199	160,600	11.0	56.0
Reinickendorf	256,617	4.9	3,842	-734	133,400	7.5	46.9
Berlin	3,610,156	5.3	37,113	5,054	1,998,300	6.4	54.5

* District data due to statutory change in 2013; net migration is the difference between inward and outward migration – natural balance is the difference between the number of births and deaths.

Record inward migration in 2016

There was a much stronger growth of Berlin's population in the first six months of 2016 than in previous years. Between 2010 and 2015, the population grew by an average of almost 50,000 inhabitants per annum and this figure was almost reached in the first half of 2016, with an increase of around 43,000; the steady rise in the number of asylum seekers received at local registration offices accounted for a significant proportion of this result. Nonetheless, similar to previous years, a large proportion of inward migration is attributable to economic migration from other parts of Europe and abroad. This more than compensates for the suburbanisation tendencies which, in conjunction with increasing housing costs, are once again encouraging families in particular to move to Brandenburg. Given Berlin's strong economic performance, it can be assumed that inward migration and therefore demand for housing will remain high over the medium-term.

Economy and demographics by comparison

Single households 2015 (%)



Household size 2015 (person/household)



Unemployment rate 12/2016 (%)



Employment growth 15-16 (% Forecast)



Purchase power index 2016



Legend: Germany (grey), Berlin (red). Index (Germany=100)

Housing Market in Berlin

2nd half of 2016

Stock data 2015						
District	Residential buildings		Housing units		Housing completions*	
	Total	Multi-family buildings (%)	Total	Development since 2011 (%)	Total	thereof in multi-family dwellings
Mitte	13,077	94.3	191,835	2.1	906	903
Friedrichshain-Kreuzberg	9,525	96.0	149,321	2.5	1,609	1,609
Pankow	36,372	44.5	211,981	3.5	1,677	1,386
Charlottenburg-Wilmersdorf	17,821	74.0	182,968	1.1	365	341
Spandau	27,740	32.7	118,272	1.2	180	8
Steglitz-Zehlendorf	40,223	37.6	155,591	1.3	482	377
Tempelhof-Schöneberg	28,451	49.4	180,862	0.6	322	279
Neukölln	27,770	38.9	162,499	0.5	128	34
Treptow-Köpenick	36,695	31.5	135,838	3.5	1,216	996
Marzahn-Hellersdorf	30,729	23.5	134,050	1.9	465	85
Lichtenberg	16,428	57.1	149,404	3.2	1,128	896
Reinickendorf	35,471	28.6	130,054	0.9	253	143
Berlin	320,302	43.1	1,902,675	1.9	8,731	7,057

* Completions of units through new buildings

Increasing importance of municipal housing companies

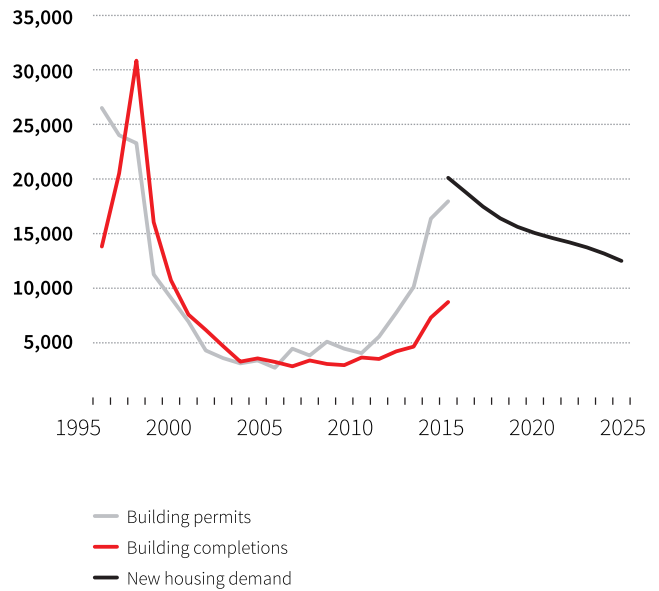
In Berlin's rental housing market, municipal housing companies are the most important suppliers of affordable living space, holding some 300,000 apartments in their portfolios, or nearly one-fifth of the total rented housing stock. The new Berlin coalition government intends to increase this by a third to 400,000 residential units by 2025. Half of the approx. 6,000 new apartments to be built by municipal housing companies every year are destined to be publicly subsidised apartments; however, this would not be enough to compensate for the reduction of the social housing stock. Since 2005, an average of over 8,000 apartments are removed from the social housing stock every year; according to a forecast by the Senate Administration, the stock of social housing will reduce from its

current level of over 210,000 to 80,000 by 2025. The strong construction activity by municipal housing companies is supported by the transfer of state-owned land at prices below market level, with approx. 1.6 million sqm of land transferred at an average price of €169 per sqm for the construction of 20,000 residential units between 2013 and 2016. According to the Valuation Board for Berlin, the same land in average-quality residential locations would normally be sold at prices between €350 and €2,000 per sqm. There is currently very little land for the construction of multi-family dwellings available for sale at prices of less than €400 per sqm in the city. This scarcity of building land and the consequent rising land prices remain the major obstacles to greater housing construction activity.

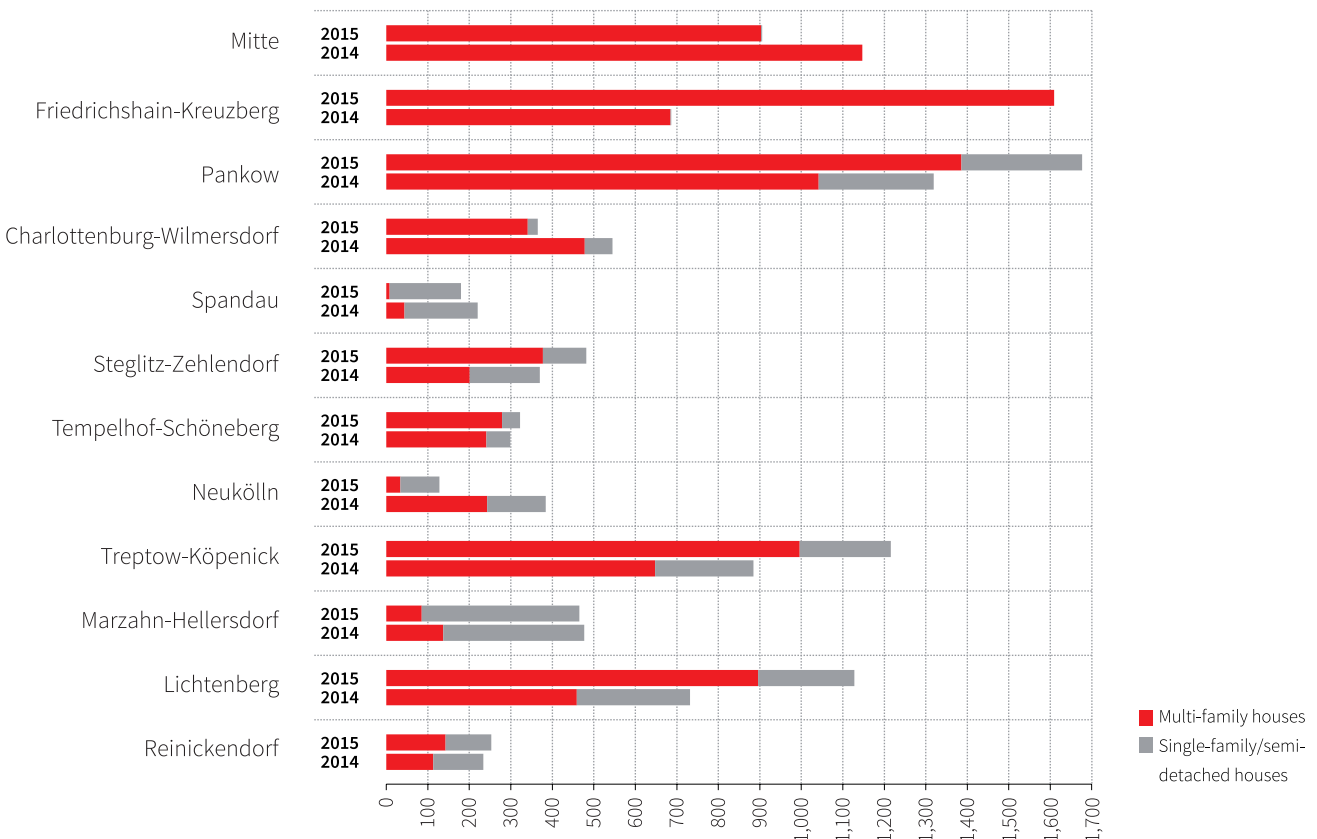
Record number of building permits issued

In the months until November 2016, building permits were issued for some 19,100 new-build apartments in Berlin; the total number of permits issued in 2016 as a whole is expected to reach a new record. At an estimated 21,000 residential units, this will be around a fifth higher than the number of permits issued in 2015. Construction activity therefore continues to increase, but remains below the current demand for more than 20,000 residential units per annum. At the same time, not all building permits are likely to lead to completions, as a certain proportion of the permits are held speculatively for the resale of land and the early securing of planning law. This is due to the increasing uncertainty surrounding building and planning policies, and to that fact that approval processes can take several years to complete.

Housing supply and demand for new buildings



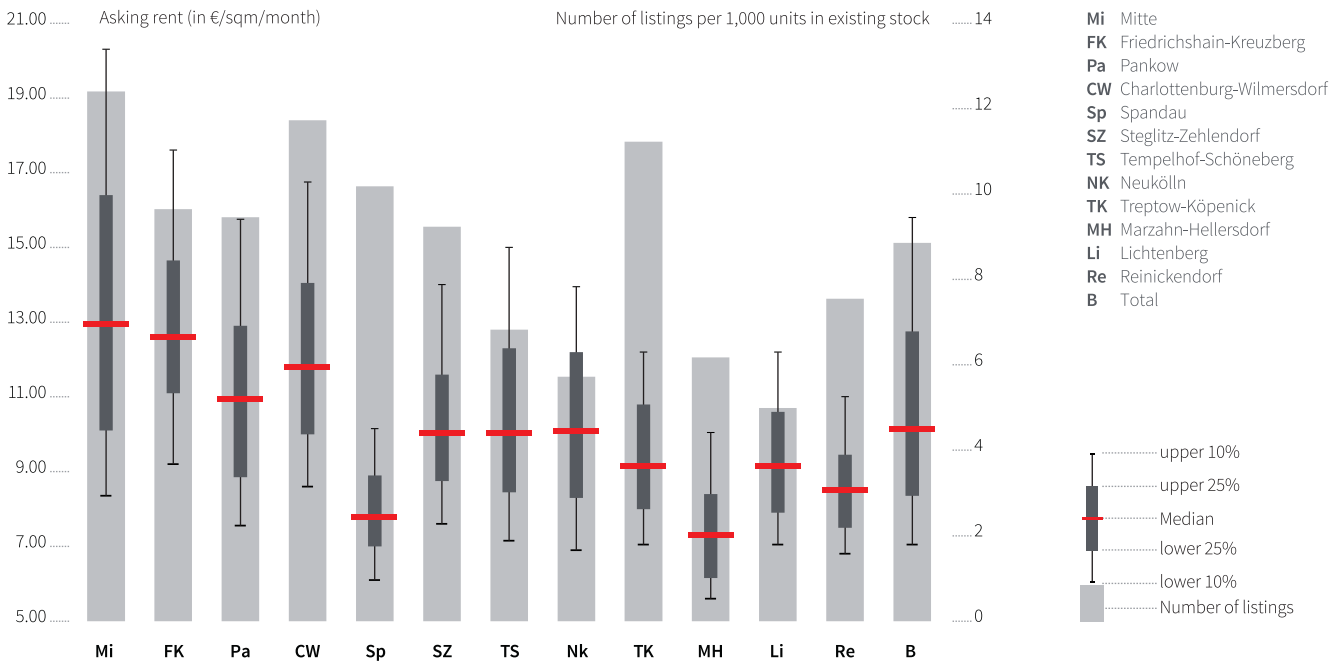
Residential building completions 2014 and 2015



Rental Housing Market in Berlin

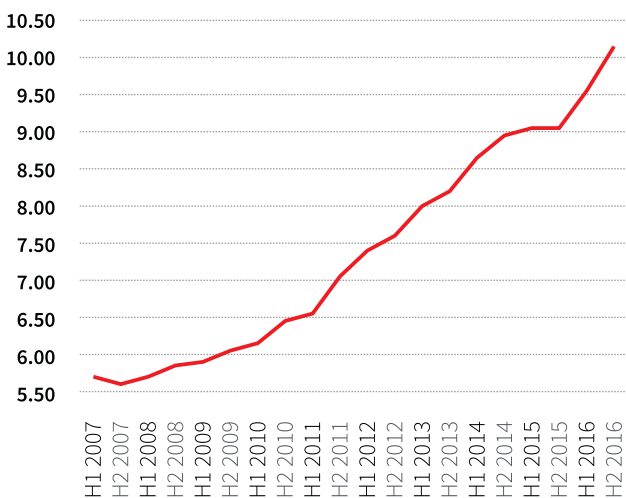
2nd half of 2016

Rental price bands for offered apartments



Development of rental prices

(Median in €/sqm/month)



Rents exceed €10.00 per sqm for the first time

Asking rents increased to €10.15/sqm/month in the second half of 2016, exceeding the €10.00 mark for the first time and equating to a rise of 12.3% year-on-year, the highest increase observed since 2012. Rents grew faster in the second half of the year compared to the first reaching 6.3%, which was the second highest since records began in 2004. Asking rents have risen at an average of 2.1% per half-year; since 2004, they have risen by over two-thirds, or €4.15/sqm/month. This would indicate that the stagnation of rents in 2015, possibly due to the introduction of the rental cap, was only temporary and that rents will continue to rise in 2017 in response to the strong demand in the housing market.

Rental price bands for offered apartments (2nd half of 2016 in €/sqm/month)

District	All apartments				New build (since 2012)	
	10%	Median rent* (50%)	Development since H2 2015 in %	90%	Median rent* (50%)	Development since H2 2015 in %
Mitte	8.35	12.95	13.5	20.30	16.35	14.4
Friedrichshain-Kreuzberg	9.20	12.60	13.6	17.60	14.00	7.0
Pankow	7.55	10.95	14.7	15.75	12.40	-1.2
Charlottenburg-Wilmersdorf	8.60	11.80	12.7	16.75	14.60	10.5
Spandau	6.10	7.80	10.0	10.15	10.95	16.1
Steglitz-Zehlendorf	7.60	10.05	9.5	14.00	12.75	6.4
Tempelhof-Schöneberg	7.15	10.05	11.7	15.00	13.60	16.9
Neukölln	6.90	10.10	19.2	13.95	10.50	15.5
Treptow-Köpenick	7.05	9.15	13.2	12.20	11.05	8.0
Marzahn-Hellersdorf	5.60	7.30	14.6	10.05	11.60	22.0
Lichtenberg	7.05	9.15	10.0	12.20	10.90	3.2
Reinickendorf	6.80	8.50	10.5	11.00	10.70	16.0
Berlin	7.05	10.15	12.3	15.80	13.20	5.8

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

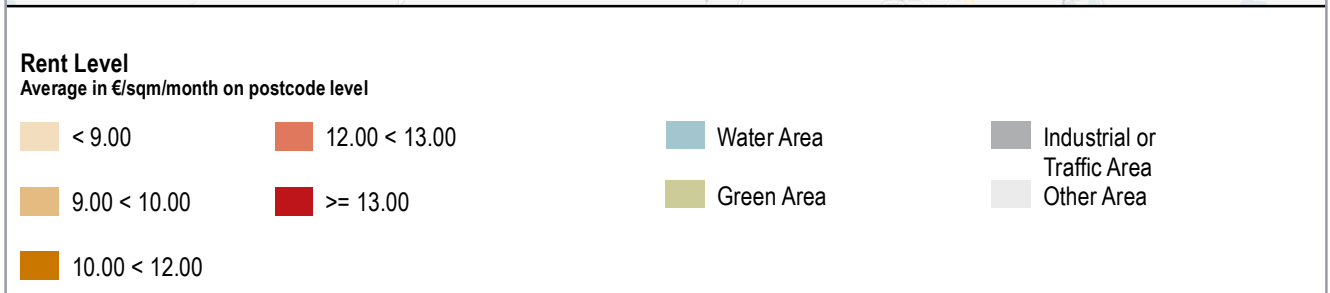
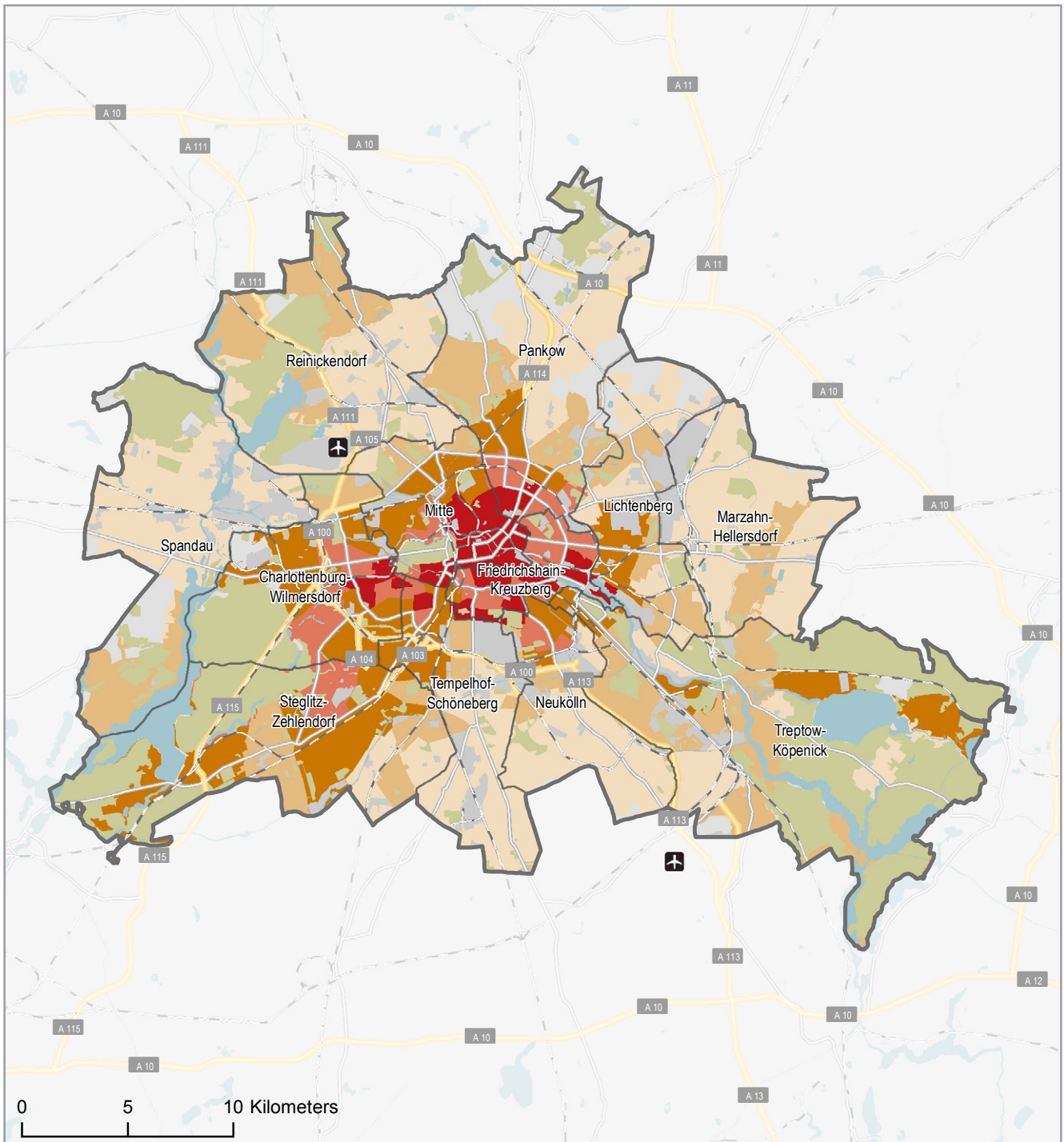
Highest rent rise in Neukölln

The supply of new-build rental apartments reduced by around a fifth year-on-year due to a reduction in city centre locations. The increased availability of rental apartments in peripheral areas such as Köpenick, Treptow and Spandau has not compensated for the shrinking supply in central locations. Across the city, the 6% rise in rents for new-build dwellings was less than half the rise observed for apartments in existing buildings. Nonetheless, rents for new-build apartments rose significantly more than existing rents in several locations. Relatively inexpensive locations such as Wedding, Neukölln, Spandau and Marzahn were most affected by this trend. There were also variations in rental trends across the districts in the case of existing apartments. The greatest rise was reported in Neukölln, which is currently experiencing the highest demand for housing in Berlin due

to its below-average rents. There has also been strong growth in several inexpensive suburban locations such as Marzahn-Hellersdorf, and strong rental growth rates have been reported for inner city locations. Whilst the strongest growth is being experienced mainly in the less expensive locations in Mitte such as Wedding, this trend is also evident in the upper segment of the housing market in all locations in Friedrichshain-Kreuzberg and Prenzlauer Berg (Pankow). Spandau and Steglitz-Zehlendorf count amongst the districts with slightly below-average rent rises in terms of their existing stock. In Lichtenberg and Reinickendorf, the weaker growth rates are concentrated on a small number of new-build apartments, whilst rents for existing apartments continue to rise at the average rate for Berlin.

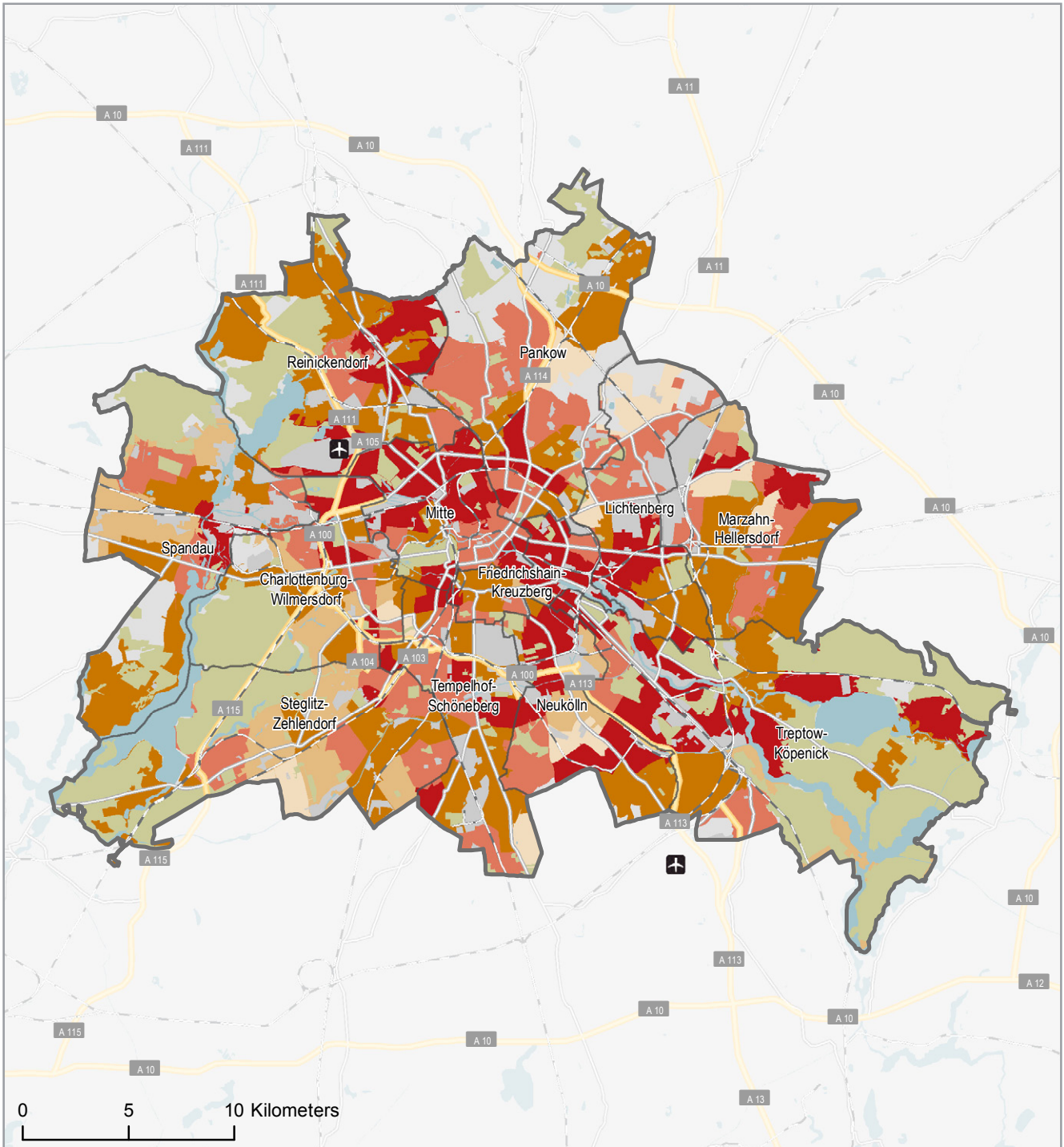
The residential property market Berlin

Asking rental prices in the second half of 2016



The residential property market Berlin

Development of asking rental prices between 2014 and 2016



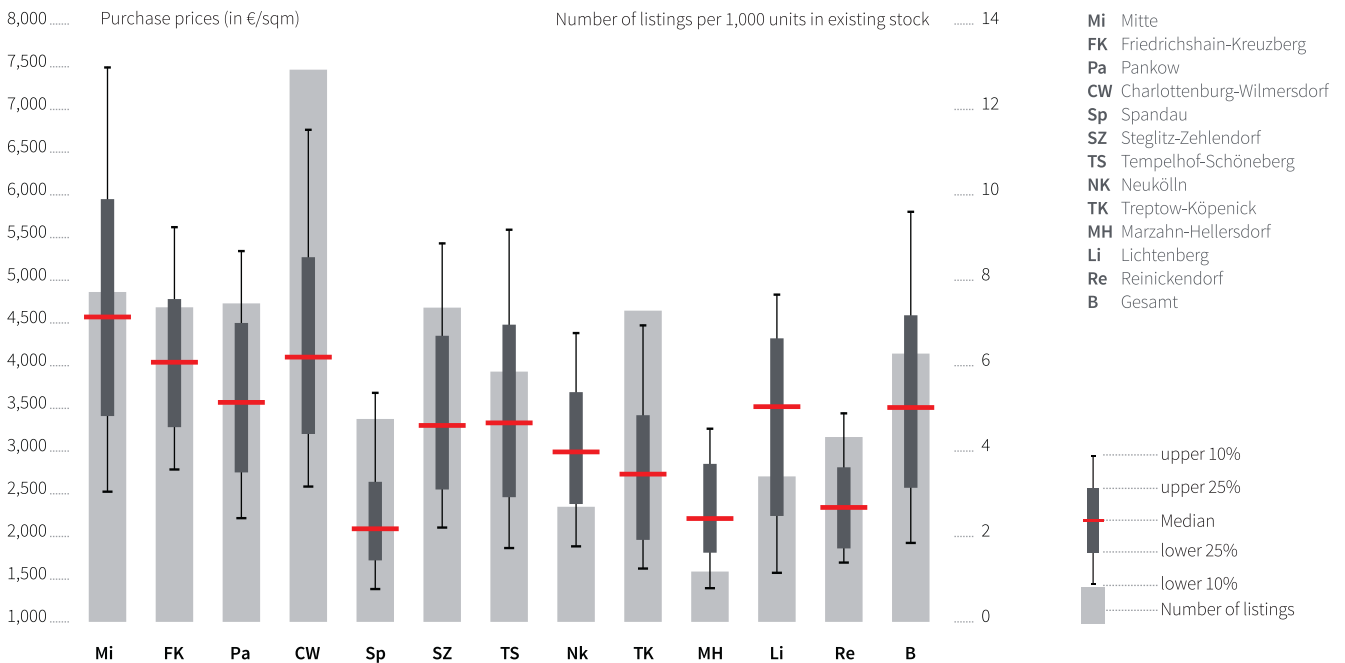
Development of Offered Rental Prices
in % 2nd half of 2014 - 2nd half of 2016 (on postcode level)



Condominium Market in Berlin

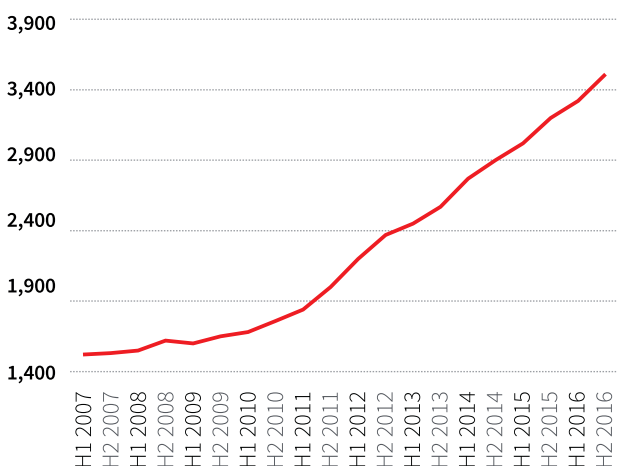
2nd half of 2016

Purchase price bands for condominiums



Development of purchase prices

(Median in €/sqm)



Strong price rise for condominium apartments

In the second half of 2016, asking prices for condominium apartments increased by 9.6% year-on-year to reach €3,510 per sqm. Whilst the growth rate remained below-average in the first half of the year, prices started to increase strongly again towards the end of the year, rising by 5.7% in the second half of the year compared to the first; this is roughly equivalent to the average half-yearly growth rate since 2010. Since 2004 when records began, prices for condominium apartments have risen by 115% or €1,880 per sqm, albeit from a low initial level. Berlin's prices have caught up with other major cities in western Germany such as Düsseldorf and Cologne. From an international perspective, the price level in Berlin is still low, which continues to drive demand for apartments from abroad.

Purchase price bands for condominiums (2nd half of 2016 in €/sqm)

District	All apartments				New build (since 2012)	
	10%	Median price* (50%)	Development since H2 2015 in %	90%	Median price* (50%)	Development since H2 2015 in %
Mitte	2,530	4,570	6.7	7,500	5,600	8.1
Friedrichshain-Kreuzberg	2,790	4,040	8.2	5,630	4,910	11.3
Pankow	2,220	3,570	15.0	5,350	4,320	19.9
Charlottenburg-Wilmersdorf	2,590	4,100	6.9	6,770	5,390	7.9
Spandau	1,390	2,090	24.4	3,690	3,790	13.0
Steglitz-Zehlendorf	2,110	3,300	7.0	5,440	5,130	15.6
Tempelhof-Schöneberg	1,870	3,330	22.8	5,600	5,440	28.6
Neukölln	1,890	2,990	15.1	4,390	3,960	9.8
Treptow-Köpenick	1,630	2,730	5.8	4,480	3,290	-4.1
Marzahn-Hellersdorf	1,400	2,210	21.1	3,270	2,980	0.1
Lichtenberg	1,580	3,520	44.8	4,840	4,090	29.4
Reinickendorf	1,700	2,340	17.5	3,450	3,660	9.5
Berlin	1,930	3,510	9.6	5,810	4,750	10.5

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

Reducing supply of new housing to buy

Compared to the rental market, the rise in asking prices for condominium apartments has been less uniformly distributed across the individual segments and city districts. The very high growth rates of up to 30% evident in some locations were recorded in the lower half of the market (10th and 25th percentiles). An average increase of 10% was achieved in the middle and upper segments (median and 75th percentile). Only the top segment (90th percentile) recorded below-average increases, which are still comparatively high at 5%. Trends in the price segments were also reflected locally in the districts. The highest growth rates were recorded in comparatively inexpensive districts such as Marzahn-Hellersdorf, Spandau, Neukölln, Tempelhof-Schöneberg and Reinickendorf. Price trends slowed down slightly in the inner-city districts of Mitte, Friedrichshain-Kreuzberg and Charlottenburg-

Wilmersdorf, partly due to the reduction in the supply of new-build dwellings compared to previous half-year periods. In Mitte for example, the supply of new-build condominium apartments reduced by 40% and in Friedrichshain-Kreuzberg by almost 60% compared to the same period the previous year. Across the city, there were around a third fewer new-build condominium apartments available on the market than in the second half of 2015. The supply of such apartments for sale increased only in Spandau, Tempelhof-Schöneberg and Lichtenberg. The high price rises in Lichtenberg and Tempelhof-Schöneberg (+29%) were also triggered by an expansion in the supply of new-build space and a simultaneous price jump in the new-build segment. In the existing housing segment, apartment prices have increased by around 15% year-on-year.

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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