

Residential City Profile

Düsseldorf | 1st half of 2018
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Düsseldorf

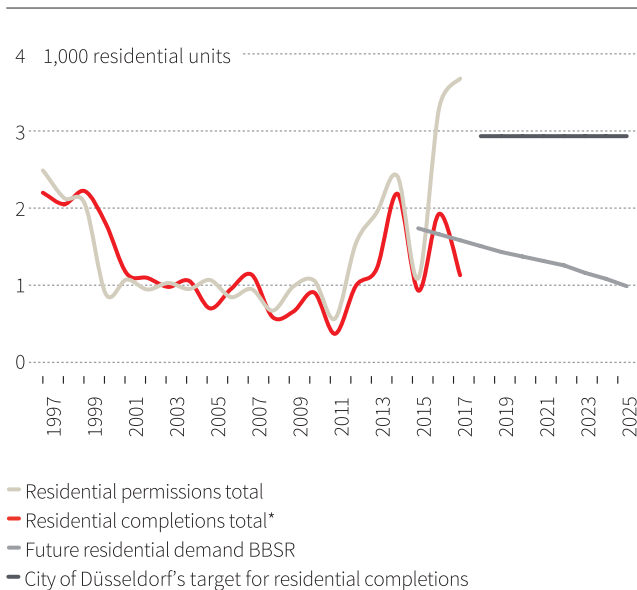


Housing market Düsseldorf

No reduction in excess demand in sight

As an important economic centre, Düsseldorf has recorded sustained positive net migration. With population growth of approximately 7.0% and an almost 8.0% increase in the number of households between 2013 and 2017, the city shows rapid growth relative to other major cities. In the same period however, just 19,000 new apartments were added to the housing stock due to restrained construction

Housing supply and demand for new buildings Düsseldorf



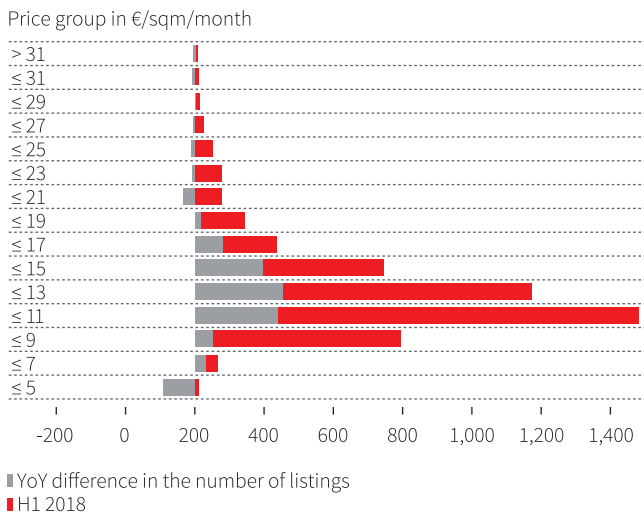
*Estimations 2017; Source: destatis, BBSR housing forecast, Municipal statistical offices, JLL; Status: July 2018.

activity, 25% below the house-building target set to cater for the increase in the number of households. 2014 saw the highest number of new apartments (2,250) released onto the market since the end of the 1990s, after which construction activity slowed down. The last available figure from 2016 shows a completion volume of just less than 2,000 apartments. However, given the substantial increase in the number of building permits granted in 2016 (approximately 3,400) and 2017 (approximately 3,750), an above-average number of completions is to be expected in the coming years which could reach the municipal housing construction target of 3,000 apartments per annum. However, considering the dynamic population growth and demand backlog from recent years, construction activity is likely to remain below actual demand, leading to further price rises in the housing market. Due to the rising rental levels in locations close to the city and river, buyers and tenants are increasingly focusing on apartments in peripheral locations. As a result, in some cases, the prices of apartments close to the outskirts have risen sharply since early 2016. Over the past few years, the local authorities have launched a number of public funding initiatives to encourage more house building in all price segments across the city. At the same time, potential plots for new residential development were examined as part of the Housing Action Plan. The creation of planning law for around 3,660 residential units is planned for 2019, with 40% of this to be realised in publicly-subsidised or price-controlled residential construction.

Selected developments under constructions			
Name	Location	Residential units	Completion date
Le Quartier Central	Derendorf	approx. 1,500	2020
Gartenstadt Reitzenstein	Mörsenbroich	approx. 1,050	2020
Vierzig549	Heerd	approx. 1,000	2025
le flair	Pempelfort	approx. 900	2019
win win Wohnen im Medienhafen	Hafen	approx. 410	2021

Source: JLL; Status: July 2018

Distribution of rental listings by price group



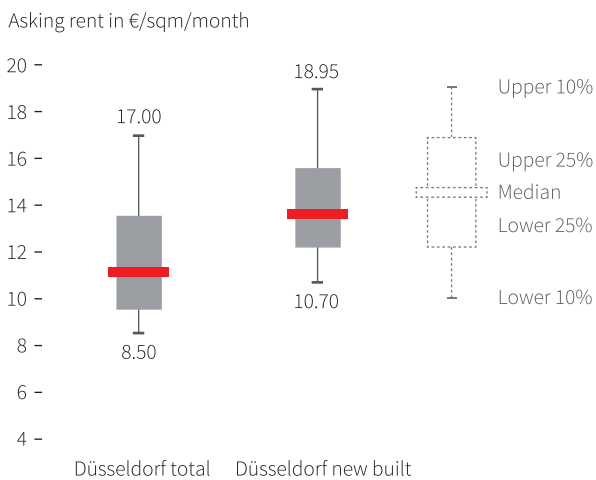
Source: IDN immodaten, JLL; Status: July 2018

Slowdown in rental growth in the top residential locations

Following 12 months of stagnation, the average asking rent increased again marginally by approximately 1.4% in the first half of 2018, to reach €11.15/sqm/month. Analysed over a 12-month period, the price increase across all rental price segments was strongest in the top segment (+11%). Rents are developing at different rates across the city districts. While considerable declines were observed in all price segments in locations close to the city centre and river (Districts 1 and 4), significantly higher rents were observed in the less expensive districts than in the same period last year. This shows that peripheral areas are benefiting from the shift in focus of potential tenants, and that this growth is due to the increasing construction activity in these locations. Rents in the median and top price segments rose by 22% and 26% respectively, especially in the southernmost city districts.

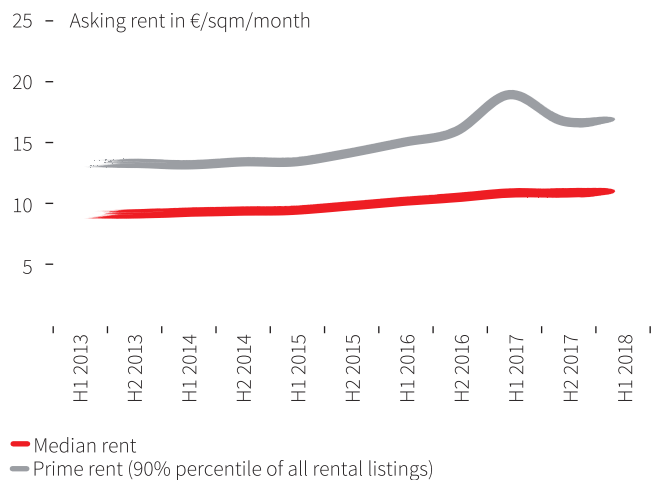
Despite declining to low growth rates for new city centre apartments (built since 2013), the highest asking rents of just over €15.00/sqm/month are still in evidence in the new-build segment.

Rental price bands for listed apartments Düsseldorf



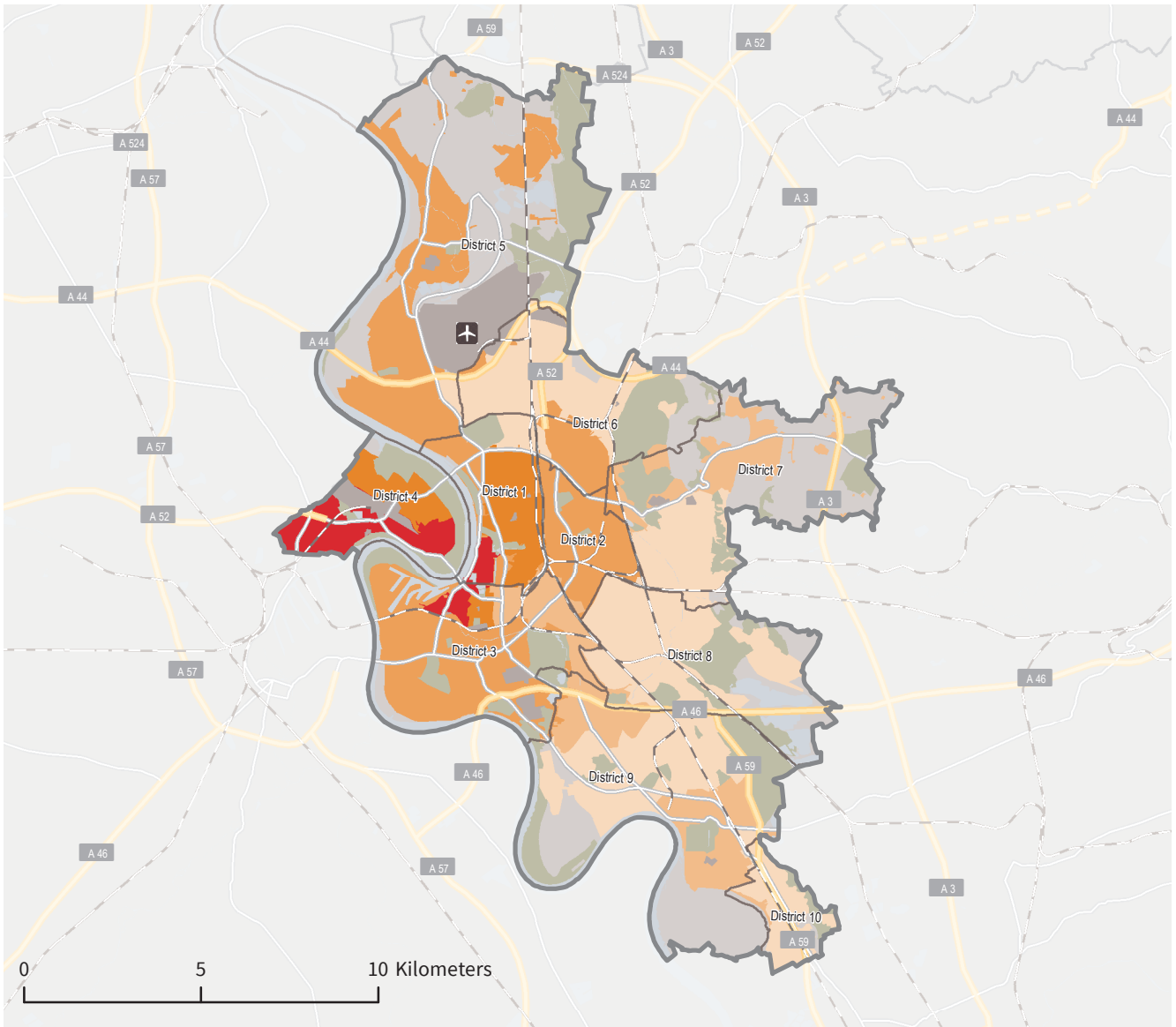
Source: IDN immodaten, JLL; Status: July 2018

Development of rental prices



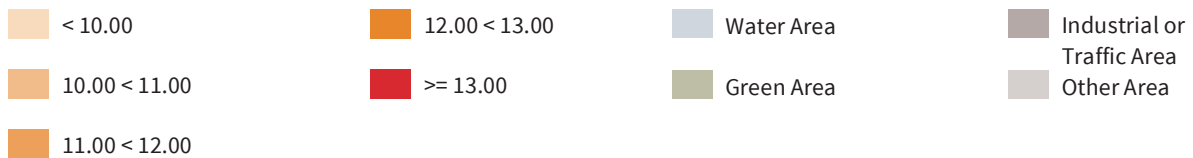
Source: IDN immodaten, JLL; Status: July 2018

Asking rental prices Düsseldorf



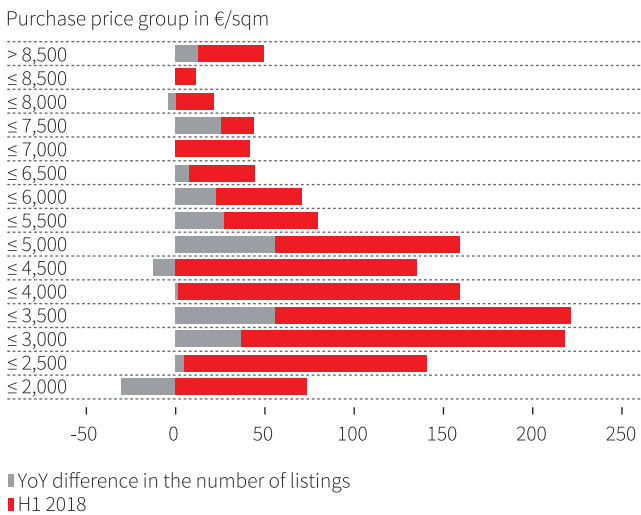
Rent Level

Average in €/sqm/month on postcode level



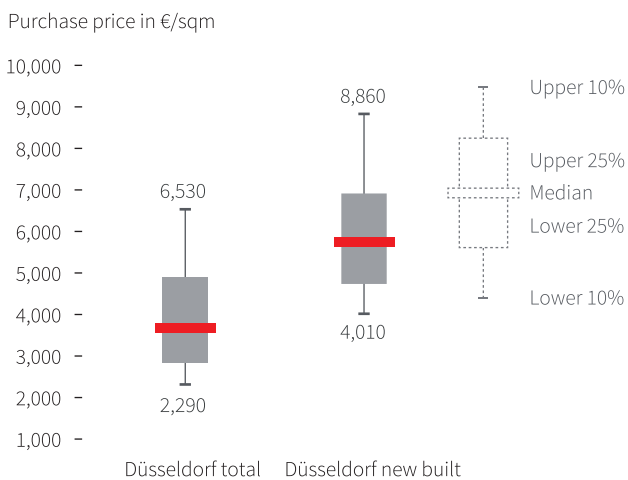
Source: JLL, IDN Immodaten GmbH, Infas Geodaten GmbH

Distribution of condo listings by price group



Source: IDN immodaten, JLL; Status: July 2018

Purchase price bands for condominiums Düsseldorf



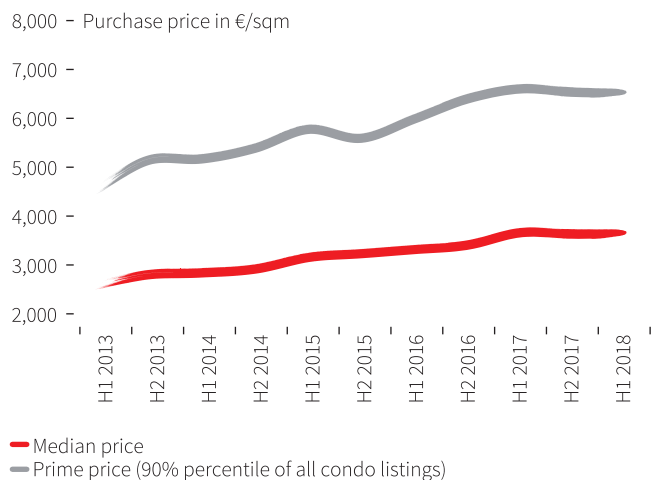
Source: IDN immodaten, JLL; Status: July 2018

Purchase prices stagnating

In the first half of 2018, the average asking price in the market for condominium apartments stagnated at the previous year's level of €3,660/sqm, and purchase prices even declined slightly to €6,530/sqm in the top price segment. Although purchase prices in the lower half of the market have increased by around 7.5% over the past 12 months to €2,290/sqm, they have not changed since the second half of 2017. However, in the new-build segment (built since 2013), asking prices for apartments have risen by around 15% over the past 12 months. Possible reasons for this are the continuing favourable interest rate and financing conditions, and the reduced attractiveness of alternative investment opportunities.

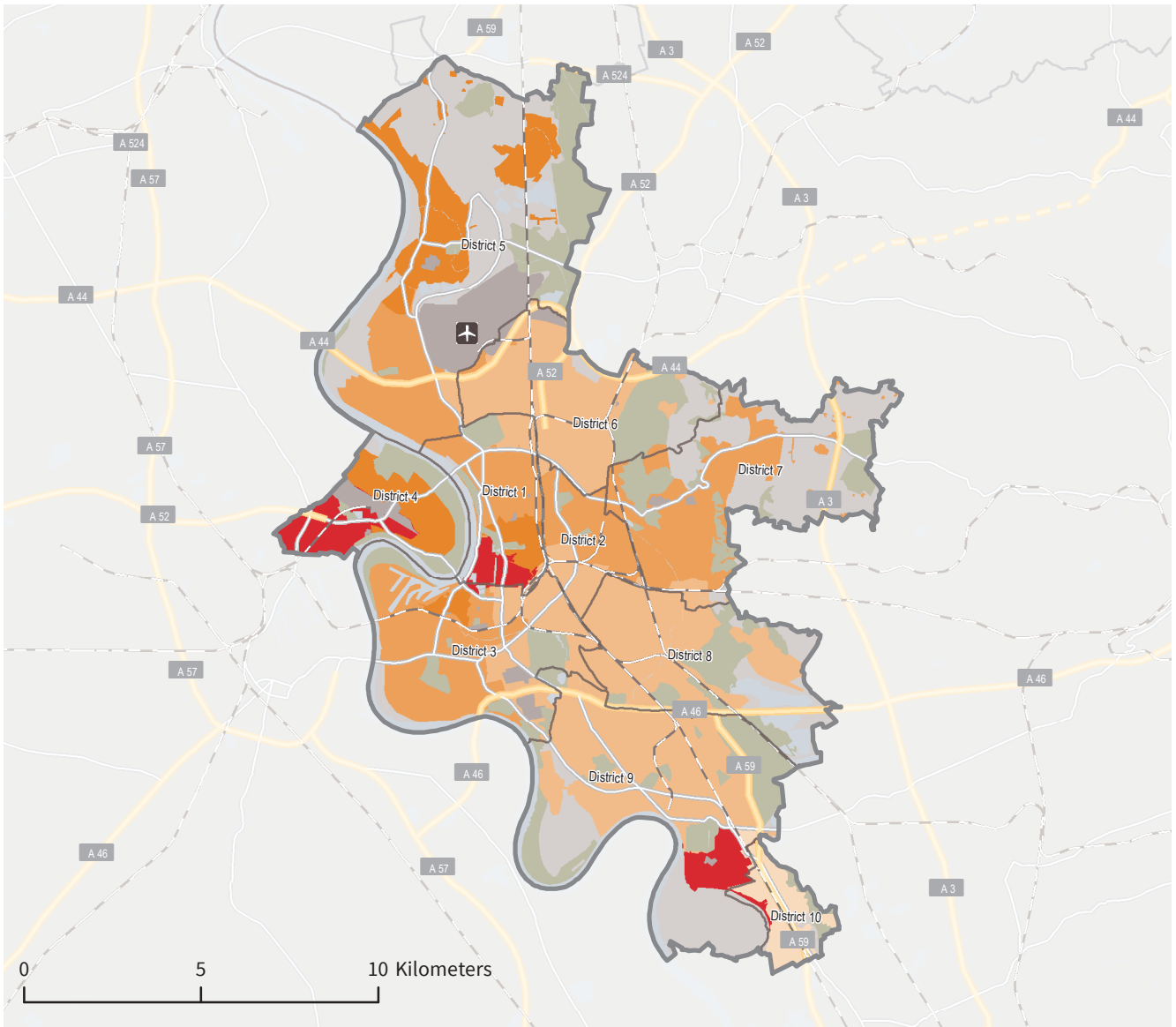
In general, at city district level, purchase prices are developing in line with the rental market. The already high prices in sought-after city centre and riverside locations have encouraged potential buyers to shift their attention to apartments on the outskirts of the city, driving up prices in most price segments. The strongest price increases in the course of the year are being observed in particular in District 10, in the south of Düsseldorf, due to increased demand from home buyers.

Development of purchase prices for condominiums

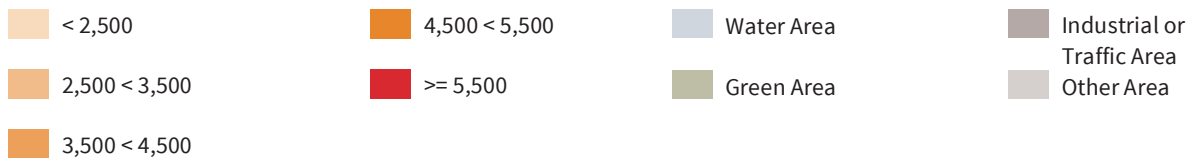


Source: IDN immodaten, JLL; Status: July 2018

Asking condominium prices Düsseldorf



Condominium price level
Average in €/sqm on postcode level



Source: JLL, IDN Immodaten GmbH, Infas Geodaten GmbH



JLL

*Achieve
Ambitions*



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