Press Release

GSW and JLL Create More Transparency on Berlin's Housing Market

- 3rd GSW / JLL Housing Market Report and 1st Housing Cost Atlas Show Major Differences from One Quarter to the Next
- Housing Cost Atlas Shows Apartment Rents and Housing Cost Loads on Postal Code Level

Berlin's housing rents continue to rise in the largest part of the city while recent purchase prices show stagnation. The first detailed survey for 189 city quarters demonstrates: Rental apartments in particularly popular city districts are on the market for rates four times as high as the cheapest ones. Rent loads vacillate between 15 and 50 percent of the net household income.

Berlin, March 5, 2008 – Rents for Berlin apartments new on the market increased at a mean rate of 1.7 percent during the second half of 2007, and averaged Euro 5.90 per month and square metre. The purchase price median for condominiums was Euro 1,500 per square metre, unchanged from the first semester. It must be remembered though that purchase prices had been subject to a substantial increase previously.

These are the findings of the third Berlin Housing Market Report that GSW compiled in cooperation with the international real estate consulting firm Jones Lang LaSalle. Both companies are expecting rent rates and purchase prices to keep rising. As Andrew Groom, European Director of Jones Lang LaSalle, suggests: "The fundamentals indicate a renewed upward development. While real estate prices and rent rates follow the economic situation, they do so with a time lag because decisions to relocate or buy are not made until after the income has increased."

The survey captured the data of about 172,000 rental offers and 3,180 sales offers in 2007. The results do not compare to the biannually published Berlin Rent Table

UK_V1_Stand

that evaluates primarily the rents of existing housing stock in Berlin by sampling a contingent on the order of 8,000 apartments. Berlin's rental apartment supply totalled 1.65 million apartments in 2006, subject to an annual fluctuation of about 10 percent.

Berlin's First Housing Cost Atlas Sets Housing Costs in Relation to Residents' Income

Together with the Housing Market Report, GSW and Jones Lang LaSalle published the first issue of a Housing Cost Atlas for Berlin. It quotes prices and sizes of apartments to let in 189 postal code areas in Berlin, including income figures for the respective quarters, and thus the relative rent load of households. The Housing Cost Atlas refines the information provided by the traditional Housing Market Report: "The absolute housing costs alone hardly tell the whole story of a given quarter," explained Thomas Zinnöcker, CEO of GSW Immobilien GmbH. "You learn far more when putting them in relation with the income of residents." The average Berlin renter spends 24.2 percent of his or her household income on net rent, and another 5.8 percent on service charges.

Methodology of the Housing Market Report

The Housing Market Report is based on a survey of 85,989 rental units to let and 1,589 units for sale. Actually, a total of 171,978 units to let and 3,178 units for sale was captured in 2007. Yet the top and bottom 25 percent were ignored in each district in order to cleanse the market picture of outliers. The mean rent rates and purchase prices were calculated as median on the basis of the prices quoted in each district.

Rent Rates Show Slight Increase Compared to the First Semester

With a 1.7 percent mark-up, seven out of twelve of Berlin's districts manifested slight increases in rent rates during the second half of 2007. However, there are wide discrepancies from one district to the next. Offers in Lichtenberg were 7.6 percent more costly than they were during the first semester, whereas Berlin-Mitte, including Tiergarten and Wedding reported a 4.9 percent drop.

Purchase Prices Remain Stable on Attained Level
Following an upward trend of several years (about 15 percent in 2006), prices for apartments in multi-family homes lingered largely on the same level in most districts in 2007: Residential space sold for Euro 1,500 per square metre, the same price as during the first six months of the year. Most popular during the second semester of 2007 were the districts of Charlottenburg-Wilmersdorf (Euro 1,900 / m²) and Steglitz-Zehlendorf (Euro 1,700 / m²). These districts manifest a fundamentally sound social structure, while living environment and infrastructure show a robust development. “Investors enter into lesser risks here,” says Andrew Groom, “in return for which the investors are prepared to accept a lower initial net yield.” Neither of these two districts showed any change in pricing compared to the first semester of 2007. The steepest price hikes during the second semester were reported for condominiums in multi-family homes in Friedrichshain-Kreuzberg. Here, prices rose from a mean figure of Euro 1,200 / m² up to Euro 1,300 / m², which translates into an 8.3 percent increase.

The price performance in eastern Berlin presents a different picture: Average purchase prices in Lichtenberg (Euro 1,300 / m²) and Marzahn-Hellersdorf (Euro 1,200 / m²) dropped by 7.1 percent or 14.3 percent, respectively, compared to the first six months of 2007. Yet the negative performance in Lichtenberg cannot be interpreted as a trend, because previous offers had been particularly pricy, and these were no longer on the market in the second semester of 2007. Similarly, the southern district of Tempelhof-Schöneberg (Euro 1,500 / m²) showed a substantial downturn of benchmark prices by no less than 11.8 percent. Then again, the district is characterised by a starkly heterogeneous structure, and this heterogeneity is reflected in the investment options and prices within the district. The drop in prices therefore does not suggest a trend for the district as a whole.

First Housing Cost Atlas Enhances Transparency…
Together with the Housing Market Report, this publication represents the most comprehensive survey on Berlin’s residential real estate market so far. The 44,491 data records reflected in the Housing Cost Atlas were mined from the rental supply survey conducted for the Housing Market Report. The data represents those rental offers that were associable without a doubt to postal code areas within the Berlin city limits: “With a rental supply of this magnitude that covers a residential gross

lettable area of 3.3 million square metres, and that was sorted by postal code, then set in relation to the income data for the respective areas, we have made a housing market analysis available that is without precedent in Berlin, or anywhere in Europe," elaborates Andrew Groom. "With the Housing Cost Atlas, we intend to create a broad information basis for prospective tenants and investors and to help develop Berlin's residential market into one of the most transparent housing markets in Europe," adds Thomas Zinnöcker.

… and Suggests Trends in Berlin's Quarters

– "Unter den Linden" Commands the Highest Prices
In the heart of Berlin, in the area of Unter den Linden / Friedrichstrasse, bearing the postal code of 10117, the relation of income to rent offers is extreme: Here, disposable net income per household averaged Euro 2,210. The net rents asked in turn average Euro 1,097, equalling 49.6 percent of the income. The figure for gross rents actually stands at 58.9 percent. Meanwhile, the supply side is dominated by large and rather lavish apartments. The rents for existing housing supply do, however, substantially undercut these figures. The situation is similar, if not as conspicuously so, on either side of Kurfürstendamm. The supply side is defined by apartments in historic buildings that tend to cost 40 percent of the local household income. In central districts such as these, Berlin is catching up to other metropolises.

– Around Kollwitzplatz, the Location Drives the Price
Anywhere in Berlin's Mitte district you will find areas marked by relatively low household income, a high degree of centrality, and apartments of above-average size. Cases in point are the – frequently expensively – refurbished historic buildings in Prenzlauer Berg between Kollwitzplatz and Friedrichshain (postal code 10405). Starting in the 1990s, this quarter quickly developed into one of the most popular residential and nightlife quarters. A monthly household income median of Euro 1,679 is matched by an average rent of Euro 914 for newly let apartments (heating included). Thomas Zinnöcker comments: "Apartments in this quarter often have very tall ceilings, and those on offer tend to have an average size of more than 80 square metres, these being the largest apartments in the entire district. Above all though, people pay for the very location – the quarter is simply en

vogue." A similar situation characterises the western part of Kreuzberg (postal code 10963): While the monthly net household income equals Euro 1,496, rent rates (heating included) average Euro 689.

– Reinickendorf Residents Pay Less for Housing
Particularly low housing cost loads, by contrast, are found in some of the capital's outlying districts. Most of these are quarters with a settled, conservative constituency, as for instance Alt-Wittenau in Reinickendorf (postal code 13437): Here, households often show an above-average net income of Euro 2,423 per month, whereas rental apartments are on the market for a mean rent of Euro 501, that is, 20.7 percent of the income. "Theoretically speaking, local residents could allocate a considerably higher share of their income toward housing, but they evidently prefer not to," Zinnöcker explains. "You could call them site-sufficient."

Quarters Marked by Low Rents
Quarters with a relatively low housing cost load are found at the southern end of Sonnenallee (Köllnische Heide, postal code 12057). Here, apartments are let for just 19 percent (net) and 27.4 percent (heating included) of the household income median, which at Euro 1,525 clearly undercuts the mean Berlin household income of Euro 1,808. Similar constellations are found at Rehberge in Mitte (Wedding, postal code 13351), on the southern end of Hermannstrasse in Neukölln (postal code 12051) and in large parts of Marzahn-Hellerdorf.

The complete Housing Market Report and Housing Cost Atlas is available as download on the Internet at www.gsw.de.

Press Contact:
GSW Immobilien GmbH
Thomas Rücker
Kochstr. 22, 10969 Berlin, Germany
Tel.: +49 (0) 30 / 25 34-13 32
Fax: +49 (0) 30 / 25 34-19 34
Mail: thomas.ruecker@gsw.de

GSW Immobilien GmbH manages more than 75,000 apartments and thus one of the largest housing portfolios in Berlin. The business activities of GSW focus on the commitment to an above-average sense of contentment among its tenants, on the provision of residential real estate for owner occupancy and for capital investments, as well as on a continuous expansion of the company's housing portfolio.

Jones Lang LaSalle is one of the world's leading real estate brokers and consultants, and provides strategic, multi-disciplinary services, and issue solutions for real estate owners, users, and investors. The company is active in more than 450 cities in over 50 countries. The German branch offices of Jones Lang LaSalle in Berlin, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart and Wiesbaden employ a staff of more than 530 professionals.

Enclosure: Special Residential Areas in Berlin

Data basis: 44,591 rental offers from the 2007 Housing Cost Atlas
Not represented are postal code areas where less than 50 offers were captured.

Largest and Smallest Apartments

Postal code	District	Location	Apartment size (Average number of m² per offer)
14052	Charlottenburg-Wilmersdorf	Westend	111.93
10707	Charlottenburg-Wilmersdorf	Olivaer Platz	103.88
10117	Mitte	Unter den Linden	101.69
10623	Charlottenburg-Wilmersdorf	Savignyplatz	97.13
14129	Steglitz-Zehlendorf	Nikolassee	94.88
13351	Mitte	Rehberge	62.91
12359	Neukölln	Buschkrugallee	62.51
10409	Pankow	Michelangelostraße	61.97
13509	Reinickendorf	Borsigwalde	61.54
12057	Neukölln	Köllnische Heide	58.02
		Berlin average	73.3

Highest and Lowest Rents per Square Metre

Postal code	District	Location	Rent rate (Net rent offered / m^2 / month, in Euro)
10117	Mitte	Unter den Linden	10.79
14193	Charlottenburg-Wilmersdorf	Grunewald	9.42
10719	Charlottenburg-Wilmersdorf	Ludwigkirchplatz	9.21
10178	Mitte	Alexanderplatz	8.79
10119	Mitte / Pankow	östliche Torstr.	8.35
12627	Marzahn-Hellersdorf	Hellersdorf-Nord	4.52
13439	Reinickendorf	Märkisches Viertel Ost	4.51
12685	Marzahn-Hellersdorf	Marzahn-Mitte	4.48
12619	Marzahn-Hellersdorf	Kaulsdorf-Nord	4.44
12687	Marzahn-Hellersdorf	Mehrower Allee	4.38
		Berlin average Median, Housing Cost Atlas	5.96

Median Housing Market Report	5.90

Highest and Lowest Housing Costs (Net Rent)

Postal code	**District**	**Location**	**Rent** (Net rent offered / month, in Euro)
10117	Mitte	Unter den Linden	1,097.09
14052	Charlottenburg-Wilmersdorf	Westend	872.38
14193	Charlottenburg-Wilmersdorf	Grunewald	859.60
10719	Charlottenburg-Wilmersdorf	Ludwigkirchplatz	849.75
10707	Charlottenburg-Wilmersdorf	Olivaer Platz	820.11
12051	Neukölln	Hermannstr. Süd	313.55
12687	Marzahn-Hellersdorf	Mehrower Allee	311.45
13351	Mitte	Rehberge	305.20
12629	Marzahn-Hellersdorf	Cottbusser Platz	305.12
12057	Neukölln	Sonnenallee Süd	289.37
		Berlin average	437.00

Highest and Lowest Vacancy Quotas

Postal code	**District**	**Location**	**Vacancy, in percent**
12629	Marzahn-Hellersdorf	Cottbusser Platz	13.9
12689	Marzahn-Hellersdorf	Wuhletalstr.	13.4
13125	Pankow	Karow/Buch	11.6
12683	Marzahn-Hellersdorf	Biesdorf	10.3
12619	Marzahn-Hellersdorf	Kaulsdorf-Nord	9.1
12347	Neukölln	Britz-West	0.8
12351	Neukölln	Buckow-West	0.8
13407	Reinickendorf	Aroser Allee	0.6
12437	Treptow-Köpenick	Baumschulenweg	0.5
10319	Lichtenberg	Friedrichsfelde Süd	0.4
		Berlin average	5.2

Techem/Empirica, vacancy index as of December 31, 2006; includes only districts with sufficient data basis.

Press Release

Highest and Lowest Household Incomes

Postal code	District	Location	Net household income, in Euro
14195	Charlottenburg-Wilmersdorf / überwiegend Steglitz-Zehlendorf	Dahlem	3,042
14129	Steglitz-Zehlendorf	Nikolassee	2,902
13465	Reinickendorf	Frohnau	2,900
14109	Steglitz-Zehlendorf	Wannsee	2,888
14089	Spandau	Gatow/Kladow	2,858
10997	Friedrichshain-Kreuzberg	Wrangelstr.	1,251
12689	Marzahn-Hellersdorf	Wuhletalstr.	1,242
13357	Mitte	Gesundbrunnen	1,229
12049	Neukölln	Hermannstr. West	1,208
13359	Mitte	Soldiner Str.	1,181
		Berlin average	1,808

Monthly net household income, source: GfK, in-house calculations

Highest and Lowest Rent Load

Postal code	District	Location	Rent load, in percent
10117	Mitte	Unter den Linden	49.6
10405	Pankow	Prenzlauer Allee	44.8
10707	Charlottenburg-Wilmersdorf	Olivaer Platz	39.7
10719	Charlottenburg-Wilmersdorf	Ludwigkirchplatz	38.9
14052	Charlottenburg-Wilmersdorf	Westend	38.8
12621	Marzahn-Hellersdorf	Kaulsdorf	17.2
13089	Pankow	Heinersdorf	16.3
12357	Neukölln	Rudow-Ost	15.3
12683	Marzahn-Hellersdorf	Biesdorf	15.3
13437	Reinickendorf	Wittenau	14.7
		Berlin average	24.2

Rents on offer (net), set in relation to household income, in %. Includes only areas with statistically sufficient supply of apartments.