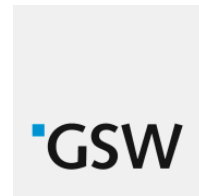


Press Release



5th GSW Housing Market Report and 2nd Accommodation Cost Atlas for Berlin:

Berlin: Rising Rents Coincide with Comparatively Low Accommodation Cost Load

- Quoted rent rates rose by 5.8 percent on average
- Charlottenburg-Wilmersdorf reports steepest increase and highest rent rates
- Accommodation cost load averages 26.6 of the spending power
- "Unter den Linden" boulevard shows highest accommodation cost load

Berlin, March 3, 2009 – In spite of rising rent rates, Berlin remains a city with comparatively low accommodation costs. During the second semester of 2008, quoted rent rates rose to 6.35 Euros per square metre and month, which translates into a mean increase of 5.8 percent compared to the previous semester. A look at the available spending power revealed a mean accommodation cost load of 26.6 percent for 2008. By contrast, tenants in Frankfurt paid an average of 32.1 percent of their spending power on accommodations, those in Munich 29.8 percent. This is the finding of the 5th Housing Market Report and the 2nd Accommodation Cost Atlas for Berlin that GSW most recently compiled in collaboration with Jones Lang LaSalle (JLL) and GfK GeoMarketing. About 65.800 rental listings and 4.300 sales listings were evaluated for the survey.

For the first time, the spending power of tenant leads was taken into account to determine the accommodation cost load. "Even with rent rates rising, Berlin remains a major city with a low accommodation cost load. There are simply no signs suggesting that low-income residents are being crowded out of Berlin," said Thomas Zinnöcker, CEO of GSW. Then as now, you will find an apartment on any kind of budget, he added.

Press Release

High-End Apartments are Getting Pricier – Modest ones Cheaper

Quoted rents in Berlin climbed to a mean rate of 6.35 Euros per square metre and month during the second semester of 2008. For the sake of comparison: The mean rate of the first semester of 2008 was 6.00 Euros per square metre. The Housing Market Report is compiled by calculating, on the one hand, a mean rent on the basis of all rental listings. On the other hand, the most expensive and the most affordable five percent of all rental listings are each collected in a separate segment. The so-called top and bottom market segment showed diverging developments. While the quoted rents in the top market segment perked up during the second semester of 2008, they actually declined in the bottom market segment compared to the previous semester. "The figures document that Berlin's residential rental market has a quality issue. Good apartments are in short supply, while there are more than enough modest ones," said Andrew Groom, European Director of Jones Lang LaSalle. Jones Lang LaSalle expects rent rates to continue to go up in 2009. A growing demand is matched by a stagnant, probably shrinking supply.

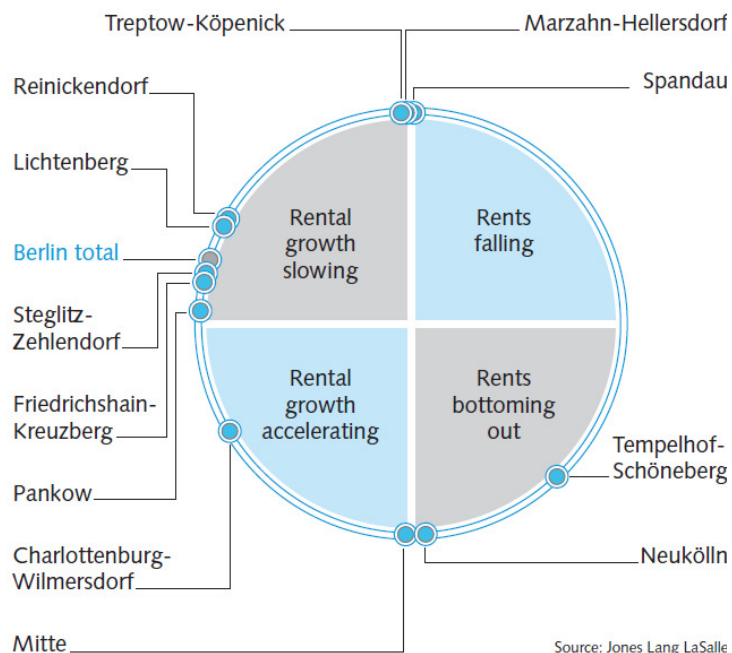
Differences in the Future Development of the Districts

The real estate clock developed by Jones Lang LaSalle shows that rent rates in the districts of Charlottenburg-Wilmersdorf and Mitte continue to grow at an accelerated pace. The districts of Neukölln and Tempelhof-Schöneberg, by contrast, are undergoing a phase of slowing decline of rent rates. For the city as a whole, the clock shows a slowed growth in rent rates. "The real estate clock makes it possible to identify the rent cycle that the real estate market of a given district is going through. In fact, the local markets can move around the clock in different directions and at different speeds," Groom elaborated

Property Clock: Flats for Rent

2nd half 2008

This diagram shows where, according to Jones Lang LaSalle's assessment, the housing markets are positioned within their rent price cycle at the end of December 2008. The local markets can move around the clock in different directions and at different speeds. The clock is a convenient method of comparing the relative positions of individual city districts in their rental cycles.



Press Release

Charlottenburg-Wilmersdorf Reports Steepest Rent Hike

In eight out of twelve districts in Berlin, quoted rent rates pushed upward, whereas in four they pointed slightly down. The district of Charlottenburg-Wilmersdorf reported the highest increase and simultaneously the highest rent rates. The middle-class, mainly inner-city district has had the highest rent level for years. The average square-metre rate was 7.95 Euros for apartments re-let during the second semester of 2008. The previous semester, that figure had stood at 7.30 Euros. This translates into an increase of around nine percent. The runner-up is the district of Mitte with a quoted rent average of 7.25 Euros per square metre. For the sake of comparison: The square-metre rent still stood at 6.70 Euros the year before. While this equals an increase of 8.2 percent, the rent hike impacted predominantly superior apartments in downtown locations. At the same time that quoted rent rates in the top market segments of Mitte rose, they dropped in the bottom segment, which is represented in the districts of Moabit and Wedding above all. A slight decline in rent rates was reported from Neukölln, Tempelhof-Schöneberg, Spandau and Treptow-Köpenick. During the second semester of 2008, the quoted rent average dropped from 5.30 Euros down to 5.25 Euros per square metre. This translates into a decrease of around one percent.

Current rental development

Rental price range for new lettings, 2nd half 2008 in €/m²/month

District	Lowest to highest monthly average (total market segment)					Total market segment average rent ¹⁾	Compared to 1st half of 2008	Lower market segment average rent ²⁾	Upper market segment average rent ²⁾	Trend ³⁾	
	4.0	5.0	6.0	7.0	8.0						
Charlottenburg-Wilmersdorf						7.55 – 8.10	7.95	7.30	4.50	14.90	↗
Friedrichshain-Kreuzberg						6.40 – 6.75	6.60	6.30	4.25	10.55	↗
Lichtenberg						5.40 – 5.85	5.55	5.40	3.75	8.60	↔
Marzahn-Hellersdorf						4.80 – 5.40	5.00	4.90	5.60	8.20	↘
Mitte						6.50 – 7.45	7.25	6.70	3.95	17.60	↗
Neukölln						5.10 – 5.30	5.25	5.30	3.55	8.35	↘
Pankow						5.90 – 6.60	6.45	6.10	3.75	11.25	↗
Reinickendorf						5.35 – 5.85	5.55	5.40	3.45	9.25	↗
Spandau						5.30 – 5.40	5.35	5.40	3.45	8.40	↘
Steglitz-Zehlendorf						6.65 – 7.10	6.95	6.60	4.30	11.30	↗
Tempelhof-Schöneberg						5.85 – 6.15	6.05	6.10	4.10	10.25	↘
Treptow-Köpenick						5.65 – 5.95	5.75	5.80	3.85	9.20	↘
Berlin average						6.25 – 6.40	6.35	6.00	3.75	12.50	↗

1) 100 % of offers 2) In each case, 5 % of the cheapest and most expensive rents quoted 3) 18-month trend total market segment

Source: GSW, Jones Lang LaSalle

Spending Power is Decisive for Accommodation Cost Load

The accommodation cost load in Berlin averages 26.6 percent of the available spending power. "The spending power is the total amount of cash people have left after taxes to spend on consumer goods and other expenditures such as rent, insurance premiums, travelling and so on," said Udo Radtke, the Berlin expert at GfK GeoMarketing. In order to determine the accommodation cost load across the 190 postal code areas of the German capital, GfK GeoMarketing appraised the specific spending power for each postal code area. The spending power is defined as the available regional income after taxes and security contributions, including government benefits. GfK GeoMarketing determines this figure once a year for Germany as a whole, down to the level of street sections; in its 2009 issue, the

Press Release

Accommodation Cost Atlas lists the spending power per household and month. Afterwards, the average gross rent (heating included) is divided by the spending power in the respective area in order to arrive at the accommodation cost load. "Assessing the accommodation cost load permits the detailed analysis of individual city areas, and the highlighting of evolving trends," said Zinnöcker. Wherever apartments on offer are too costly in proportion to the local income, there is reason to expect a shift in social structure. To prepare the ground for such a trend, he argued, an adequate housing supply must be on hand.

Upmarket Shopping Streets Report Peak Accommodation Cost Load

At 66.7 percent of the available spending power, the highest accommodation cost load in Berlin was identified for the post code area 10117, that is, the environs of "Unter den Linden" boulevard in the Mitte district. Nowhere else in Berlin are apartments as lavish and pricy as here. The apartments available in this postal code area belong almost exclusively to the high-priced segment. To a large extent, they were created after 1990 because of the directive to set aside 20 percent of all new floor space for residential usage, even in centrally located business buildings. "The spending power in this area is actually in the mid-segment with 2,452 Euros on average. This is what drives up the accommodation cost load," said Radtke.

Other areas with an excessive accommodation cost load are found in the catchment area of "Kurfürstendamm" in the western part of town. In the postal code area 10629 around Sybelstrasse and Mommsenstrasse, new tenants expend an average of 49.1 percent of their available spending power for their apartment. This is the second highest ratio in the capital. In the vicinity of Savignyplatz (postal code 10623), the accommodation cost load equals 48.7 percent. "We assume that these quarters will be open only to solvent residents anymore," Zinnöcker elaborated. The only kind of apartments exempt from this development are poor-quality ones on the ground floor or exposed to much traffic noise.

Kreuzberg: Figures Suggest no Crowding out of Low-Income Tenants

"The often-cited argument that less affluent tenants are being crowded out of Kreuzberg is not substantiated by the accommodation cost load stats we compiled," said Zinnöcker. The spending power in Kreuzberg is simply too low to do so. Admittedly though, there are a few projects for more affluent tenants. The figures for Kreuzberg in detail: Residents in the postal code area 10969 around Prinzenstrasse have the lowest spending power in all of Berlin at 1,810 Euros. Despite the smaller-sized apartments and more affordable rents, the accommodation cost load is no less than 33.9 percent. There are several factors to explain the low income figures: "The share of young and old people, jobless and aliens is particularly high in Kreuzberg. These groups have very little income, and the fact is reflected in the low spending power," said Radtke. In the postal code areas 10961, 10963 and 10967 along Stresemannstrasse and Urbanstrasse, the accommodation cost load rises up to 37.5 percent. This is caused by the fact that,

Press Release

on the one hand, the quoted rent rates exceed the city's average at 6.50 Euros. On the other hand, the spending power ratings are close to the bottom in Berlin. "Because of the low spending power, there is no reason to expect Kreuzberg to metamorphose into a high-priced residential quarter," said Zinnöcker.

Affordable Apartments Increasingly Rare in Inner City Locations

Affordable housing in Berlin is mainly found in the housing estates raised in the interwar or post-war years, such as in the Northwest of Wedding or south of the S-Bahn circle line in Neukölln, as well as in the housing projects in the districts of Reinickendorf, Spandau and Marzahn-Hellersdorf. In some areas of the Reinickendorf district the accommodation cost load clearly undercuts 20 percent. Out of all of Berlin's districts, Marzahn-Hellersdorf offers the most favourable relation of quoted rent rates to available spending power among local residents. The quoted rent average equals 5.05 Euros per square metre, with the mean spending power equalling 2,829 Euros. This translates into an average accommodation cost load of 19.6 percent.

Regressive Sales Prices for Multi-Family Homes

In 2008, the financial crisis caused the turnover in the investment market for residential and commercial real estate to drop to less than half of what it had been the year before. The average sales prices for multi-family homes declined citywide from 1,200 Euros down to 1,000 Euros per square metre last year. The districts with the highest sales quotes are Charlottenburg-Wilmersdorf and Steglitz-Zehlendorf with 1,600 Euros per square metre. The lowest value was recorded in Marzahn-Hellersdorf at 600 Euros per square metre. "The local conditions for residential real estate investments have further improved. The population is rising, and the rental quotes are climbing, so that buyers will realise a substantially higher initial net yield than they would have in previous years," said Groom.

Current purchase price trend

Purchase price development of apartment buildings, 2nd half 2008 in €/m²

District	Lowest to highest monthly average ¹⁾ (total)	Compared to 1st half of 2008 ²⁾	Average purchase price ¹⁾ (all months)	Compared to 1st half of 2008 ²⁾
Charlottenburg-Wilmersdorf	1,200 – 2,000	1,600 – 3,100	1,600	1,900
Friedrichshain-Kreuzberg	900 – 1,300	800 – 1,000	1,000	1,000
Lichtenberg	600 – 1,500	900 – 1,000	1,000	1,000
Marzahn-Hellersdorf	300 – 1,100	800 – 1,300	600	1,100
Mitte	600 – 1,000	800 – 1,000	1,000	1,000
Neukölln	600 – 900	900 – 1,500	800	900
Pankow	700 – 1,500	1,000 – 1,500	1,200	1,100
Reinickendorf	900 – 1,200	1,100 – 1,600	1,000	1,300
Spandau	600 – 1,600	1,000 – 1,200	900	1,100
Steglitz-Zehlendorf	1,200 – 2,300	1,300 – 2,500	1,600	1,700
Tempelhof-Schöneberg	900 – 1,200	1,100 – 1,400	1,000	1,300
Treptow-Köpenick	800 – 1,100	1,000 – 1,400	900	1,200
Berlin average	900 – 1,100	1,100 – 1,300	1,000	1,200

1) 100 % of offers 2) Database HousingMarketReport October 2008

Source: GSW, Jones Lang LaSalle

Press Release

Berlin's Exceptional Residential Areas

The biggest apartments

Postal code	City district	Location	Apartment size ¹⁾ in m ²
10117	Mitte	Unter den Linden	108.6
10623	Charlottenburg-Wilmersdorf	Savignyplatz	105.5
10629	Charlottenburg-Wilmersdorf	Sybelstraße	105.4
14193	Charlottenburg-Wilmersdorf	Grunewald	105.2
13053	Lichtenberg	Alt-Hohenschönh.	103.8

1) Average of offers

The smallest apartments

Postal code	City district	Location	Apartment size ¹⁾ in m ²
13351	Mitte	Rehberge	56.4
13349	Mitte	Schillerpark	59.0
13059	Lichtenberg	Wartenberg	59.0
13353	Mitte	Westhafen	59.4
10409	Pankow	Ostseestraße	62.8

The highest rent per square metre

Postal code	City district	Location	Basic rent ¹⁾ in €/m ² /month
10117	Mitte	Unter den Linden	12.6
14193	Charlottenburg-Wilmersdorf	Grunewald	10.6
10719	Charlottenburg-Wilmersdorf	Ludwigkirchplatz	9.7
14195	Steglitz-Zehlendorf	Dahlem	9.4
10178	Mitte	Alexanderplatz	9.3

1) Average of offers

The lowest rent per square metre

Postal code	City district	Location	Basic rent ¹⁾ in €/m ² /month
12687	Marzahn-Hellersdorf	Mehrower Allee	4.3
13439	Reinickendorf	Märk. Viertel Ost	4.4
12629	Marzahn-Hellersdorf	Cottbusser Platz	4.4
12619	Marzahn-Hellersdorf	Kaulsdorf-Nord	4.4
13435	Reinickendorf	Märk. Viertel West	4.5

The highest housing costs (basic rent)

Postal code	City district	Location	Housing cost ¹⁾ in €/month
10117	Mitte	Unter den Linden	1.365
14193	Charlottenburg-Wilmersdorf	Grunewald	1.119
14195	Steglitz-Zehlendorf	Dahlem	975
10719	Charlottenburg-Wilmersdorf	Ludwigkirchplatz	973
10629	Charlottenburg-Wilmersdorf	Sybelstr.	949

1) Average of offers

The lowest housing costs (basic rent)

Postal code	City district	Location	Housing cost ¹⁾ in €/month
13351	Mitte	Rehberge	284
12687	Marzahn-Hellersdorf	Mehrower Allee	289
12619	Marzahn-Hellersdorf	Kaulsdorf-Nord	302
12057	Neukölln	Sonnenallee Süd	312
12629	Marzahn-Hellersdorf	Cottbusser Platz	313

The highest vacancies

Postal code	City district	Location	Vacancy ¹⁾ in %
13593	Spandau	Heerstr./Wilhelmstr.	13.4
12627	Marzahn-Hellersdorf	Hellersdorf-Nord	10.0
12619	Marzahn-Hellersdorf	Kaulsdorf-Nord	8.8
12687	Marzahn-Hellersdorf	Mehrower Allee	8.5
12689	Marzahn-Hellersdorf	Ahrensfelde	8.4

1) Techem/Empirica vacancy index. Only city districts with sufficient data

The lowest vacancies

Postal code	City district	Location	Vacancy ¹⁾ in %
10319	Lichtenberg	Friedrichsfelde Süd	0.2
10367	Lichtenberg	Stadtpark	0.3
12437	Treptow-Köpenick	Baumschulenweg	0.3
12105	Tempelhof-Schöneberg	Mariendorf-West	0.4
10369	Lichtenberg	Fennpfuhl	0.4

The highest purchasing power growth

Postal code	City district	Location	Purchase power increase ¹⁾ in %
13405	Reinickendorf	K.-Schumacher-D.	2.4
12099	Tempelhof-Schöneberg	Tempelhof-Ost	2.3
12687	Marzahn-Hellersdorf	Mehrower Allee	2.2
12685	Marzahn-Hellersdorf	Marzahn-Mitte	2.0
10117	Mitte	Unter den Linden	1.9

1) 2008 to 2009 (forecast) 2) excl. postcode 14053 (no housing market) Source: GfK GeoMarketing

The biggest purchasing power decline

Postal code	City district	Location	Purchase power decline ^{1,2)} in %
13089	Pankow	Heinersdorf	-3.1
14055	Charlottenburg-Wilmersdorf	Eichkamp/Heerstr.	-2.8
12524	Treptow-Köpenick	Altglienicke	-2.4
12309	Tempelhof-Schöneberg	Lichtenrade-Südost	-2.2
13189	Pankow	Neumannstraße	-2.1

The highest total costs

Postal code	City district	Location	Total rent ¹⁾ cost in %
10117	Mitte	Unter den Linden	66.7
10629	Charlottenburg-Wilmersdorf	Sybelstr.	49.1
10623	Charlottenburg-Wilmersdorf	Savignyplatz	48.7
10719	Charlottenburg-Wilmersdorf	Ludwigkirchplatz	48.5
13053	Lichtenberg	Alt-Hohenschönh.	46.7

1) Rent asked (total) in relation to household purchasing power in %

The lowest total costs

Postal code	City district	Location	Total rent ¹⁾ cost in %
12357	Neukölln	Rudow-Ost	15.2
13437	Reinickendorf	Alt-Wittenau	15.4
12623	Marzahn-Hellersdorf	Mahlsdorf	17.1
12349	Neukölln	Buckow-West	17.1
13469	Reinickendorf	Waidmannslust	17.2

Press Release

The complete Housing Market Report is available as download on the Internet at **www.gsw.de/WohnmarktReport**.

Press Contact:

GSW Immobilien GmbH
Thomas Rücker
Charlottenstr. 4, D-10969 Berlin
Tel.: +49. (0) 30. 25 34-13 32
Fax: +49. (0) 30. 25 34-19 34
E-mail: thomas.ruecker@gsw.de

GSW

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

Jones Lang La Salle

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, real estate users, and real estate investors. The company is active in more than 750 cities in over 60 countries, and grossed an annual turnover of 2.7 billion Euros in 2008. It offers comprehensive integrated real estate and investment management know-how to owners and users of commercial real estate as well as to investors, covering the local, regional and international levels. The German branch offices of Jones Lang LaSalle in Berlin, Düsseldorf, Frankfurt, Hamburg, Munich, Cologne, Stuttgart and Leipzig employ a staff of more than 450 professionals.

GfK GeoMarketing

GfK GeoMarketing is one of Europe's biggest providers of GeoMarketing solutions, and has users and customers in every industry. The company's core areas are:

- Advisory services and expert opinions
- Market data
- Digital maps
- RegioGraph, the GeoMarketing software

In the area of real estate consulting, GfK GeoMarketing is one of the leading providers of economically independent advisory services for properties and locations. GfK GeoMarketing

Press Release

compiles surveys and expert opinions for customers in the retail business, municipalities, investors, and banks, as well as for project developers.

The company is a fully-owned member company of the globally active GfK group. With more than 115 subsidiaries and about 10,000 staff, GfK is present in 100 countries today. In the global ranking of market research institutes, it currently ranks fourth.