

## Press release

### **Study: Eastern Germany's mid-sized cities are becoming increasingly attractive**

- **TAG Housing Market Report Eastern Germany 2017 analyses 27 large and mid-sized cities in Eastern Germany**
- **Growing demand for housing in areas around major Eastern German cities**
- **Increase in popularity and new residents drives up rents and purchase prices, while vacancy rates fall**
- **Household housing cost burden remains stable or even declines due to strong purchasing power growth**

**Hamburg, 18 October 2017** – Eastern Germany's housing markets are on course for further growth. Urban populations continue to expand while vacancy rates fall. As a result, rents and property purchase prices are increasing in many locations. The good news: "Despite the fact that rents are rising, dynamic purchasing power growth means that household housing cost burdens remain stable or have even declined in some places", said Claudia Hoyer, Member of the Management Board at TAG Immobilien AG. This has been confirmed by the "Eastern Germany Housing Market Report 2017", published by TAG Immobilien AG today. As with last year's study, the real estate consultancy firm Wüest Partner Deutschland analysed data from 27 large and mid-sized cities in Eastern Germany, including data on population and economic growth, rents and purchase prices, property yields and the financial burden of housing costs across the region.

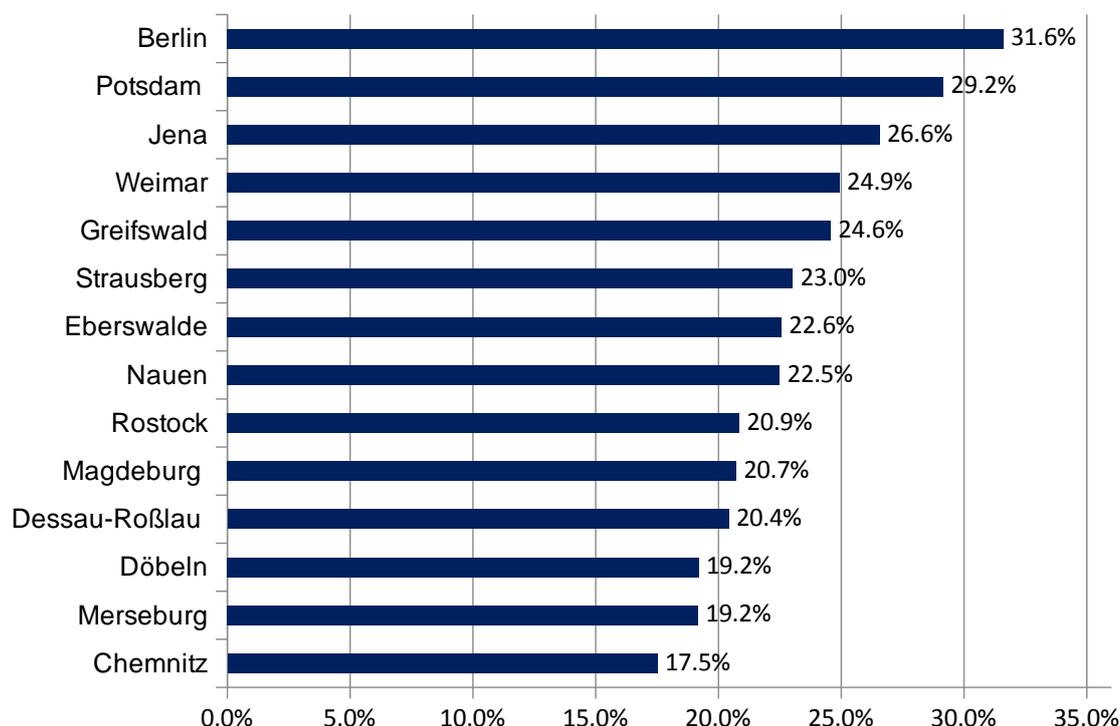
#### **Increased purchasing power keeps a lid on housing cost burdens**

TAG's second annual housing market report examines the development of housing cost burdens in Germany's new federal states for the first time. The housing cost burden describes, in percentage terms, the relationship between housing costs (i.e. rent, including service charges and incidental expenses) and average household net incomes, and ranges from 17.5% (in Chemnitz) to 26.6% (in Jena). In comparison, households in Berlin and Potsdam currently spend 32% and 29% of their net incomes on housing, respectively. In a number of Berlin districts, the figure has actually risen as high as 50%. "Housing costs in Berlin and Potsdam are not only higher than all other Eastern German regions in absolute terms, they are also higher in relation to households' available incomes", added

Hoyer. The report also reveals that these Eastern German cities have achieved a positive turnaround. All of the cities analysed by TAG and Wüest Partner Deutschland have attracted new residents. Double-digit vacancy rates are almost entirely a thing of the past in the regions surveyed. The population influx into Eastern Germany's cities has accelerated and has been a major driver in reducing vacancy rates, in some cases significantly.

### Housing cost burdens in selected Eastern German cities

(Trend: 2006 – 2017)



**Source:** TAG Immobilien AG / Housing Market Report Eastern Germany 2017

*Note: The cities above have been selected based on a change in housing cost burdens of more than +/- 1%.*

### Rising rents and purchase prices

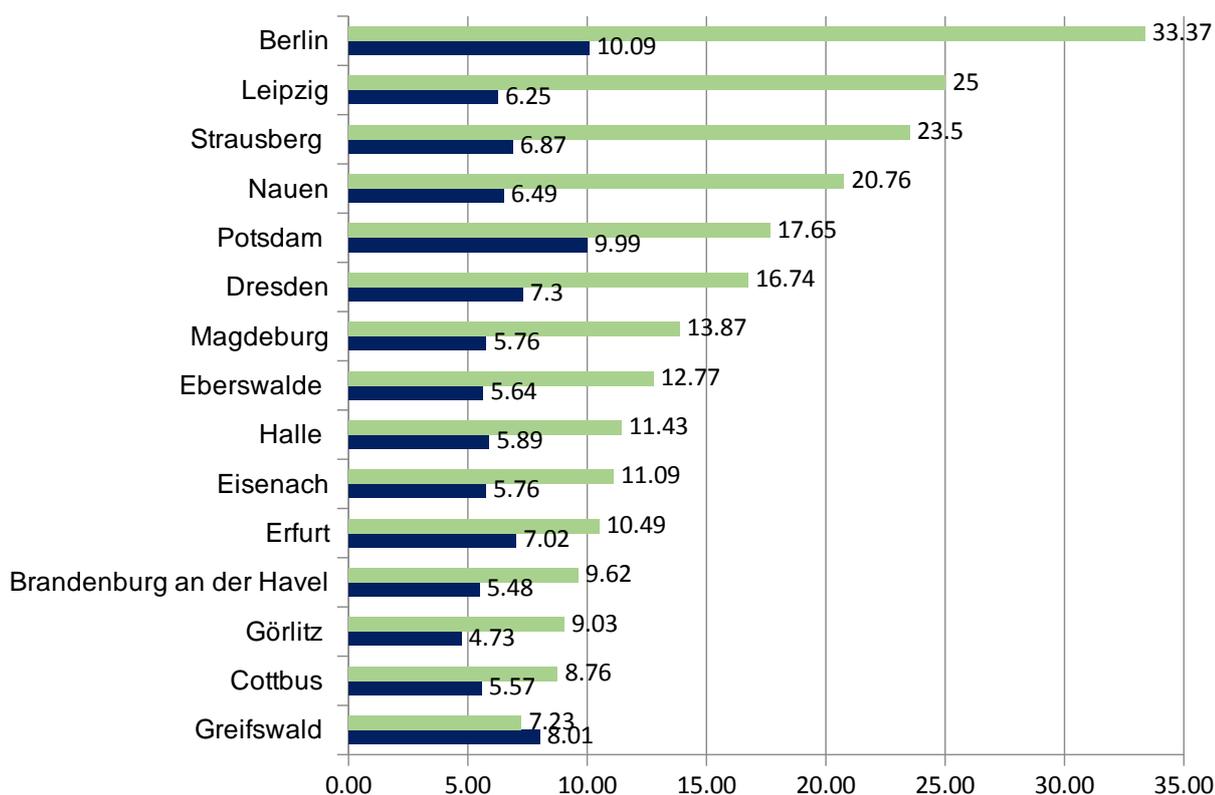
Since 2012, rents have risen significantly in 24 of the 27 large and mid-sized cities in Eastern Germany surveyed for the housing market report. In a majority of cases, these increases even reached double digits. Behind Berlin, where rents are up by 33.4% since 2012, Leipzig registered an increase of 25.0%, and Strausberg (Brandenburg) gained 23.5%. Like Strausberg, Nauen also benefits from close proximity to Berlin and has seen rents rise by 20.8% in the same period. Residential property prices have also surged. The most dramatic increases were seen in Nauen (+62.4% in the new-build sector) and Strausberg (+74.9% for existing properties) over the last five

years. Nevertheless, residential property remains relatively affordable in the region around Berlin. Despite the price rises described above, condominiums in Strausberg still cost an average of roughly EUR 1,600 per square metre – around half the Berlin average. At around EUR 690/sqm, the price of existing residential property in Görlitz (Saxony) is among the lowest in Eastern Germany – despite a jump of 39% over the past five years.

Developments in Mecklenburg-Western Pomerania are equally remarkable. While rents have risen moderately, the story is quite different for purchase prices. With prices for newly-built residential property up by 49.9%, Schwerin ranks fourth out of the 27 cities surveyed. The price per square metre now stands at just under EUR 2,900. In terms of purchase prices in the new-build sector, Eisenach (Thuringia) is the absolute leader, having registered price rises of 108.6% to around EUR 2,000.

### Current rents and rental trends in selected Eastern German cities

■ Rents (in €/sqm) and ■ Rental trend: 2012 – 2017 in %



**Source:** TAG Immobilien AG / Housing Market Report Eastern Germany 2017

*Note: The cities above have been selected based on a change in rents over the specified period of more than 7%.*

Further findings, including the complete Housing Market Report Eastern Germany 2017, can be downloaded for free [here](#).

### **About TAG Immobilien AG**

*TAG Immobilien AG is an MDAX-listed company with a more than 125-year history. Its primary focus is on the Greater Hamburg and Berlin areas, the Salzgitter region, as well as Thuringia / Saxony and North Rhine-Westphalia. The company currently manages via its brand TAG Wohnen nearly 83,000 dwellings and their associated commercial areas, garages and parking spaces. The company's goal is to improve the quality of housing for its tenants. In line with this, TAG adapts its holdings to modern living needs, gets involved in the communities of its residential quarters, and promotes a positive neighbourhood spirit. The Group continually reduces vacancies and increases the value of its total portfolio via the prudent management of its properties and future-oriented development of its overall portfolio.*

### **Press enquiries:**

#### **RUECKERCONSULT GmbH**

Lutz Ackermann

Member of the Management Board

Tel. + 49 (0) 30 2844987 66

Fax +49 (0) 30 2844987 99

[ackermann@rueckerconsult.de](mailto:ackermann@rueckerconsult.de)

#### **TAG Immobilien AG**

Dominique Mann

Head of Investor & Public Relations

Tel. +49 (0) 40 380 32 300

Fax +49 (0) 40 380 32 388

[pr@tag-ag.com](mailto:pr@tag-ag.com)