



ZIEGERT

CONDOMINIUM REPORT BERLIN 2017/2018

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KNIGHT FRANK**

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**From
Boom to
Growth**



Dear readers,

We are pleased to present to you what is now the sixth issue of the Condominium Report Berlin. The title, FROM BOOM TO GROWTH, refers to the curve the Berlin residential market will presumably trace in the coming twelve months. This is because, from population development to construction activity and the level of interest rates, all socioeconomic indicators are in place for a further upswing in Berlin's residential market. Immigration into Germany has, indeed, fallen by quite a bit, but Berlin – as capital of the strongest and most stable European national economy – has gained a great deal of appeal internationally. Most recently, the city has been attracting more and more US and UK buyers.

The decline in the number of building permits issued in the first quarter of 2017 is another clear signal that the backlog in demand will persist, and that the trend towards migration to the ex-burbs will continue, one that our survey of developers has confirmed.

One cause for the construction boom outside the city limits also seems to be the way Berlin deals with property developers. In his foreword, Michael Voigtländer does not mince words about this: "Nowhere else," he says, "is there as much vehement resistance to investors as in Berlin." It is in this vein that we too would like to appeal to politicians to recognize the interest of all Berlin and finally support private residential construction. Condominiums, built and sold at a profit, also relieve Berlin's housing market. € 6.5 per square meter are actually possible – as a monthly interest rate for threshold households in Berlin and when banks, property developers and the government of the State of Berlin pull together to make it happen.

We hope you will find this an interesting read,
Nikolaus Ziegert and Sven Henkes

Owner
ZIEGERT – Bank- und Immobilienconsulting GmbH

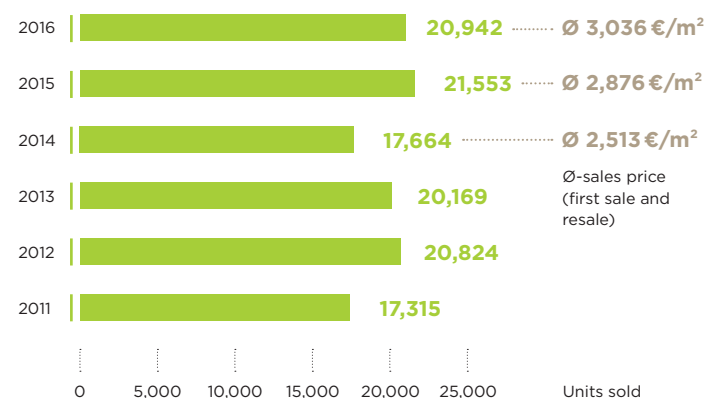
Managing Director

GENERAL

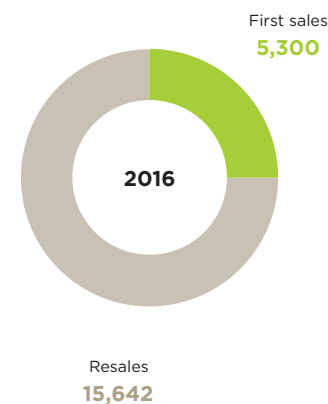
In an EU marked by uncertainties, the German real estate market is considered to be especially crisis-proof. Berlin's comparatively moderate prices also promise that the market will offer sustainable growth.

CONDOMINIUMS SOLD

With the exception of 2014 (increase in the property transfer tax), the number of units sold in Berlin has ranged around 20,000 annually. This figure is steadily increasing.

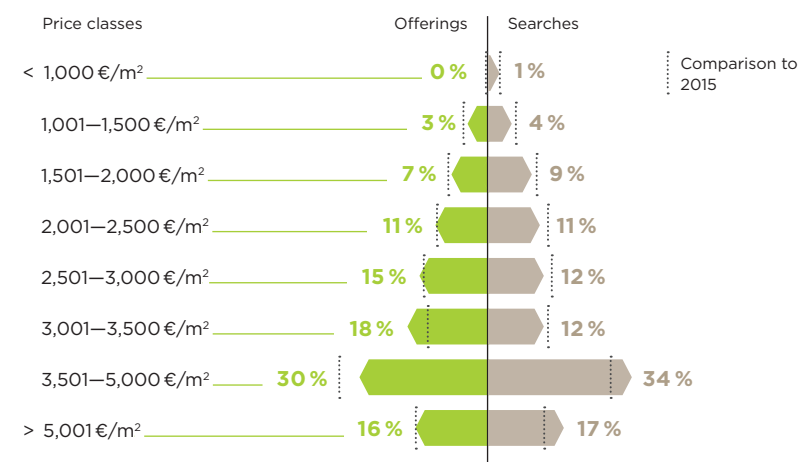


Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte Berlin
(Panel of Experts for Property Appraisals Berlin)



SUPPLY AND DEMAND FOR CONDOMINIUMS IN BERLIN 2016 VS. 2015

Since 2014, demand has clearly shifted into higher-priced segments. In 2016, for the first time, demand exceeded supply for units priced above €5,000 per square meter. Acceptance of current market prices can now be found among broad segments of the population.



Offerings and searches for condominiums at ImmobilienScout24;
Source: ImmobilienScout24 MarktNavigator Profi



GERMANY

- / Brexit vote, Trump's protectionism and growing populism in some European countries are making future developments of the European Union less predictable.
- / Thanks to Germany's economic prowess, investments here are, however, regarded as particularly safe for the future. The German real estate market is therefore rightly considered a safe harbour in Europe.
- / In addition, the federal economic structure assures not only diversity on the German real estate market, it also results in a particularly high degree of stability.
- / The differences among income and population groups in Germany are also less striking than in a number of neighboring countries. Socio-political protests are therefore less likely than elsewhere.
- / The European Central Bank's key interest rate has been 0 % since March 2016. No one expects any drastic reversal in the near future as the onus of higher interest payments would cause further deterioration in the currently weak national economies of Greece and Italy.

BERLIN

- / Berlin's economy has posted strong growth since 2006: The economy is presently growing at an average rate of 2 %, above Germany's national average of 1.2 %. Per-capita GDP, however, remains lower than the national average.
- / 31 million overnight stays were booked by tourists in Berlin in 2016, third place among European destinations. Foreign guests were responsible for 46 % of all overnight stays. This goes hand-in-hand with the growing demand for serviced apartments in central locations.
- / Not only the cost of living, which is low in both a German and international context, is making Berlin a residential location in high demand. Rich cultural offerings, a diverse restaurant scene and, above all, Berlin's spirit of giving space to develop creativity freely are also appealing to visitors and buyers alike.
- / Berlin is becoming more and more interesting for foreign investors. This is also on clear display in ZIEGERT's figures: In 2016, 25 % of those purchasing newly built condominiums came from outside Germany, the largest numbers coming from Switzerland, the UK, the USA, Russia and China.

ECONOMIC PERFORMANCE

From 2015 to 2016, real GDP in Berlin grew by 2.7 %. Together with Saxony, Berlin posted the highest growth of any German State.










Indexed development of GDP for Berlin and Germany: Index 2010 = 100;
Source: Amt für Statistik Berlin-Brandenburg, Statistisches Bundesamt
(Office for Statistics Berlin-Brandenburg, Federal Office for Statistics)

MARKET

Even during an ongoing building boom, the demand for living space keeps growing. Only a fraction of the building permits issued actually end up becoming residential projects.

METROPOLISES COMPARED: DEVELOPMENT OF SUPPLY AND DEMAND

The conspicuously low residential ownership rate in Berlin harbours great potential for the condominium market.

Metro-region*	Residents 2016	Population prognosis 2015–2030	Construction completions per 1,000 residents 2016	Sold condominiums per 1,000 residents 2016	Ownership rate 2016	Prime price segment Q4 2016 in €/m ²
 BERLIN	4,494,545	+7%	2.41²	5.70²	15%^{1,2}	7,621²
 LONDON	8,832,400	+18%	3.44	7.62	52%	31,510
 VIENNA	3,131,317	+13%	1.81	1.63	23%	17,743
 NEW YORK	20,292,520	+7%	0.54	1.20	32%	36,854
 MOSCOW	12,330,126	+5%	N/A	4.10	82%	12,302
 SINGAPORE	5,619,550	+22%	3.60	2.70	84%	20,545
 MELBOURNE	4,645,327	+34%	2.90	9.30	70%	8,734

* A metro-region is the highly dense area around a metropolis that also extends beyond that city's limits.

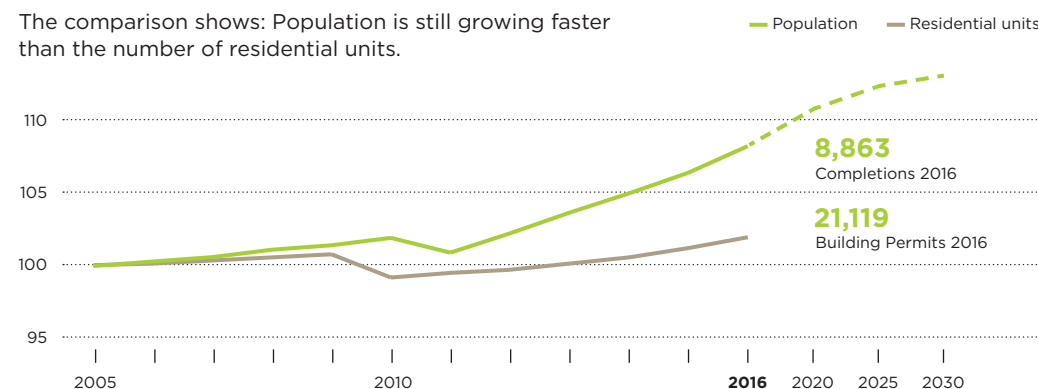
The ex-urban area is closely interlinked with the core metropolis in functional terms.

Sources: Knight Frank Research, Amt für Statistik Berlin-Brandenburg (Office for Statistics Berlin-Brandenburg), Douglas Elliman, Gutachterausschuss für Grundstückswerte Berlin (Panel of Experts for Property Appraisals Berlin), Molior, Oxford Economics, Urban Redevelopment Authority (URA), SingStat

¹ 2014 ² City of Berlin

RESIDENTS VS. RESIDENCES

The comparison shows: Population is still growing faster than the number of residential units.



Indexed development of population and housing inventory: Index 2005 = 100




Permitted and completed residential units in multi-unit construction (new residential structures with three or more units);

Source: Amt für Statistik Berlin-Brandenburg (Office for Statistics Berlin-Brandenburg), Senatsverwaltung für Stadtentwicklung und Umwelt Berlin (Senate Administration for Urban Development and the Environment Berlin)



ZIEGERT DEMAND INDEX

All Berlin neighborhoods are posting a rising demand for condominiums.

Indicator 2016	Prognosis	
	↑	Highly dynamic demand
	↗	Growing demand
	→	Stable demand

Self-prepared indicator drawn together from a variety of sources; Source: ZIEGERT Research

POPULATION DEVELOPMENT

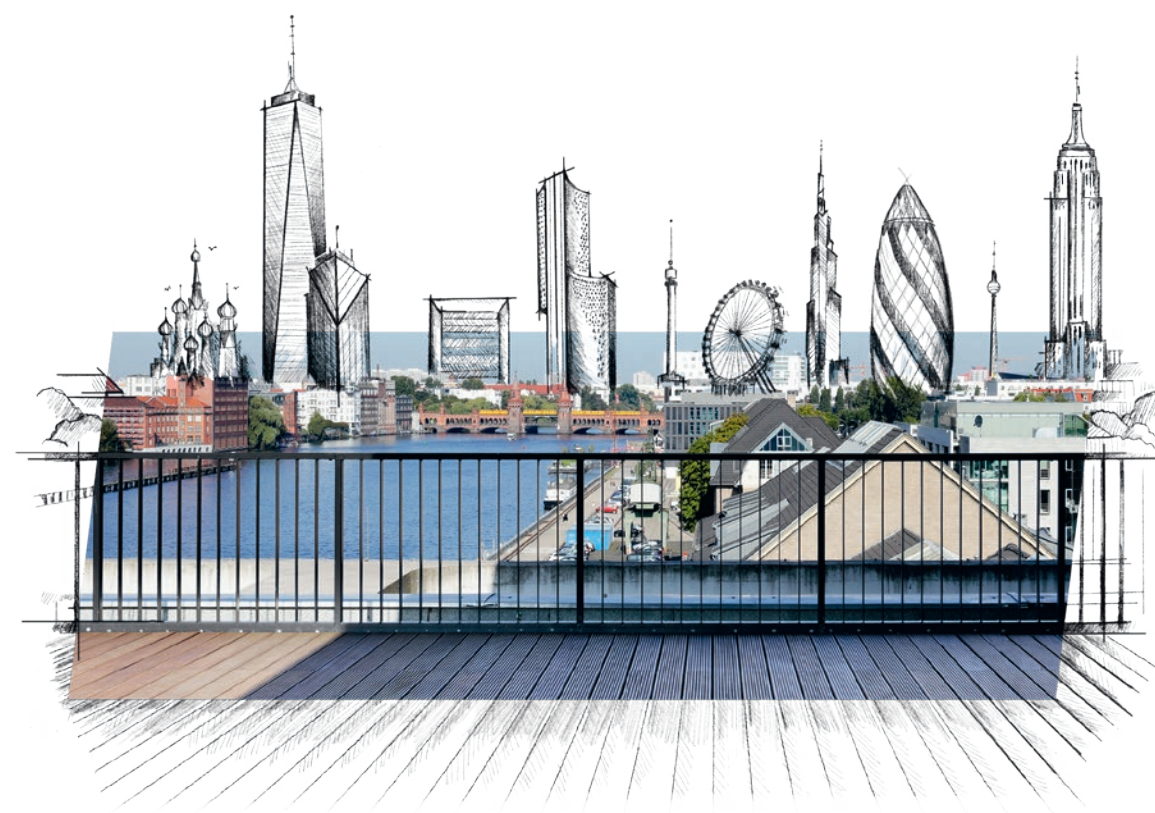
- / The trend in Germany towards urbanization continues uninterrupted. It is primarily the top seven cities that are benefiting from immigration from within and outside the country.
- / In 2016, Berlin counted a population of around 3.67 million, 60,000 more than the previous year. The percentage growth of 1.7% also exceeded that of the prior year.
- / Not only Berlin itself is growing, its surroundings are becoming more and more appealing too. By 2030, population growth of 7% is expected for the metropolitan Berlin-Brandenburg area. This figure for the City of Berlin itself will be a bit lower at 6%.
- / Very strong growth can presently be found in the neighborhoods of Lichtenberg and Treptow-Köpenick. A particularly large number of new construction projects are in development there (condominium and rental). In addition, acceptance of those areas as residential locations has also grown significantly in recent years.
- / ZIEGERT figures show that new Berliners are attracted to the city center. Many established Berliners, on the other hand, are moving from the center to the suburbs due to the more affordable prices there. In 2016, almost 83% of new Berliner owner-occupants purchased a condominium in a central location in the city.

HOUSING INVENTORY

- / The number of construction completions in multi-story residential units has been rising rapidly since 2012. More than 8,800 residential units were completed in 2016, four times the number completed in 2012. This, however, does not suffice to cover the ever higher demand.
- / Building activity is especially high in Mitte, Treptow-Köpenick and Pankow. The enormous demand and a sufficient number of potential sites are both reinforcing this trend.
- / By 2030, if population inflows continue unabated, almost 194,000 new residential units will be needed in Berlin.
- / According to the regional planning office, the Landesplanungsabteilung, for Berlin-Brandenburg, potential inner city sites for subsequent densification ("brown-field up-zoning") offer room for more than 50,000 residential units.

MARKET VOLUMES

- / In spite of lower turnover in 2016, sales for fully and partially owned residential properties grew by 13% to 5,920.7 million €.
- / A condominium in Berlin is much more affordable than in other metropolises. This also applies to the luxury segment: One square meter of a high-end apartment costs four times as much in New York as it does in Berlin.

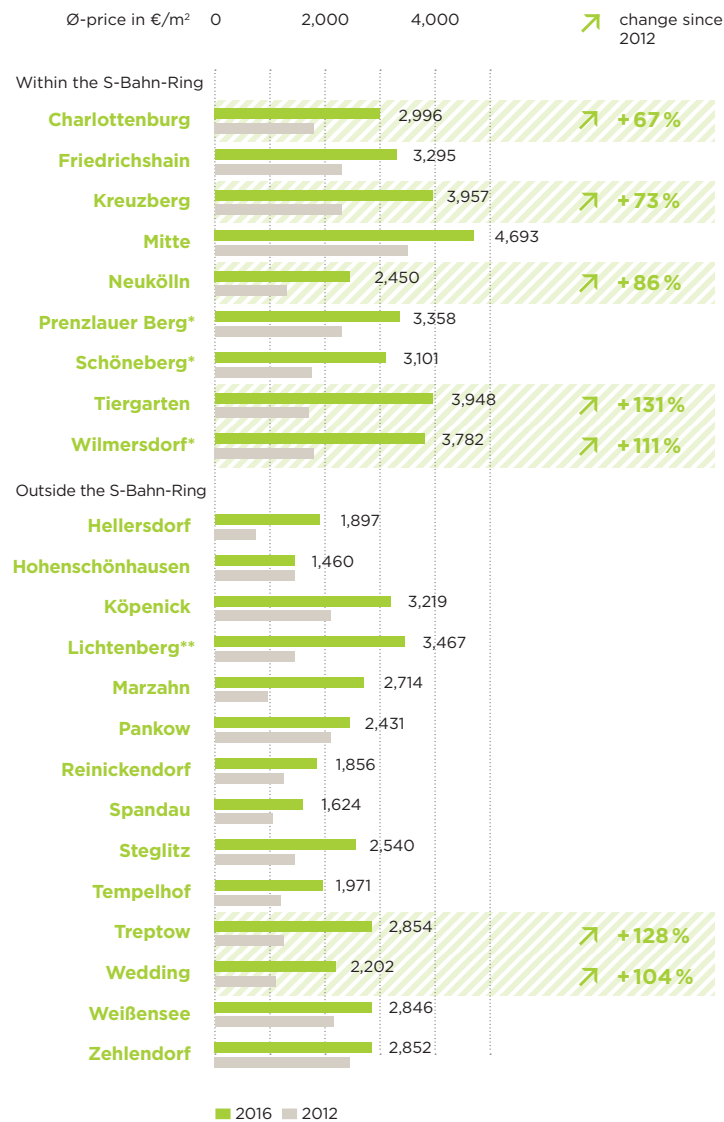


PRICES

Residential property sales rose by 13 % from 2015 to 2016,
and this despite slightly lower figures for turnover.
This underscores strong pricing growth.

MEAN PRICE FOR CONDOMINIUMS SOLD

Average sales prices have risen in all neighborhoods since 2012. Prices outside Berlin's S-Bahn-Ring have also started to increase significantly.

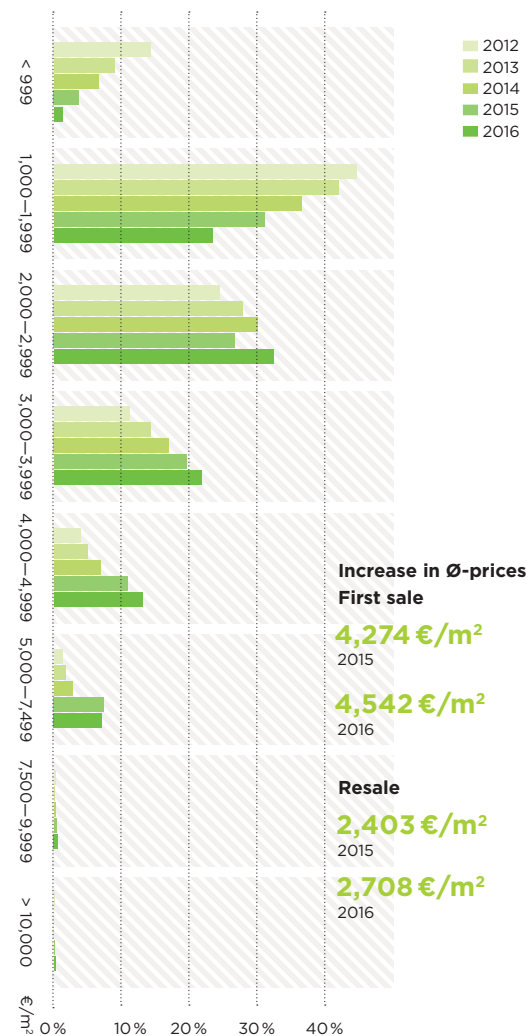


* Most of the neighborhood's surface area lies within the S-Bahn-Ring

** Unusually high pricing level in 2016 due to a large number of sales of high-priced student housing units in the Lichtenberg neighborhood and high-priced condominiums in the Friedrichsfelde neighborhood.
Square meter prices have not been posted for all multi-story units sold;
Source: Gutachterausschuss für Grundstückswerte Berlin
(Panel of Experts for Property Appraisals Berlin)

CONDOMINIUMS SOLD ACCORDING TO PRICE CLASSES

Sales figures are increasingly shifting towards higher price segments. From 2015 to 2016, the average price obtained for a first sale rose by 6.3%.



Percentage grouping of condominiums sold based on square meter pricing. Square meter prices have not been posted for all multi-story units sold; status of data 16 June 2017;
Source: Gutachterausschuss für Grundstückswerte Berlin
(Panel of Experts for Property Appraisals Berlin)



INCOME

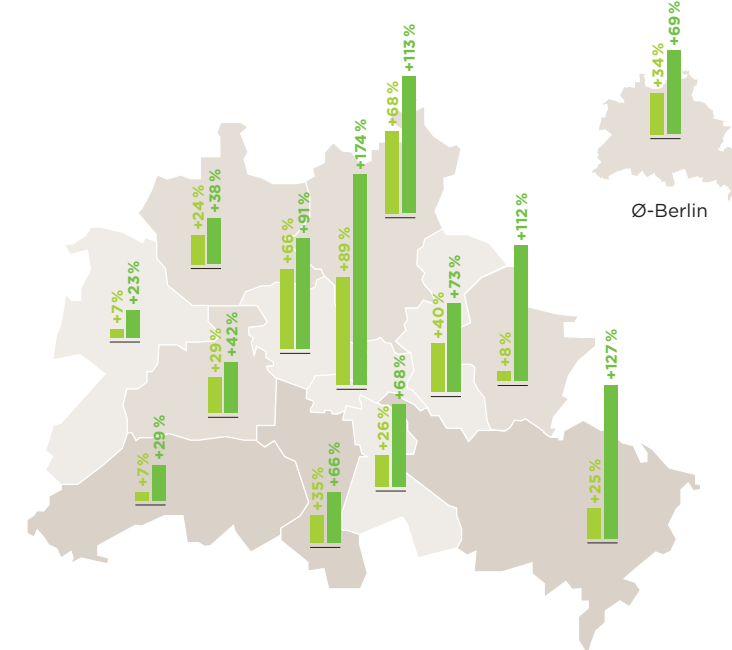
- / The average monthly net household income was around €1,775 in 2015, making it much lower than the same figure for other large German cities.
- / Since 2010, incomes have grown the most in Pankow and Treptow-Köpenick, in each neighborhood by 17%.
- / At the moment, 27% of all Berlin households could finance a condominium costing up to €340,000.
- / The number of higher earners (those with a monthly net household income above €3,200) in Berlin has grown by 3.4% since last year, the strongest showing being in Lichtenberg at around +14.1%.

PURCHASE PRICING

- / At 9.6%, purchasing prices have increased much more from 2015 to 2016 than rents did in the same period at only 5.6%.
- / Even two years after the introduction of rent controls in Berlin, no effect has yet been seen. Rents on offer have continued to rise in all neighborhoods, the biggest increase being 17.1% in Neukölln.
- / In 2016, almost one in every 100 condominiums sold was priced above 7,500 €/m². This brings Berlin closer to the level seen in other German cities with populations of one million or more.

PURCHASING PRICE PROGNOSIS

- / A further rise in square-meter prices is expected for the coming years. However, it will no longer be quite as high across all neighborhoods as it has been in recent years.
- / After offering prices have increased by almost 10% annually since 2010, ZIEGERT experts are reckoning with a much more moderate increase until 2019: +5% per year is the conservative forecast.
- / Increased speculation is continuing to drive building lot prices higher in Berlin. Even in central locations, this means that the construction of rental apartments or condominiums is sometimes no longer worthwhile. In view of the higher number of tourists and students, micro-apartments and services apartments seem to point a way out of this conundrum. But in such cases, one should also keep up with a third-party use strategy.



Ø-net household income 2015

- < 1,700 €
- 1,700–1,900 €
- > 1,900 €

Increase in income groups 2005/2015

- 2,600–3,200 €
- > 3,200 €

INCOME DISPARITIES AND DEVELOPMENT

The average income of Berlin's households has increased by almost 13% since 2010. The group of higher earners with a net household income above €3,200 has grown by a particularly large margin.

Source: Amt für Statistik Berlin-Brandenburg
(Office for Statistics Berlin-Brandenburg)

CLIENTS

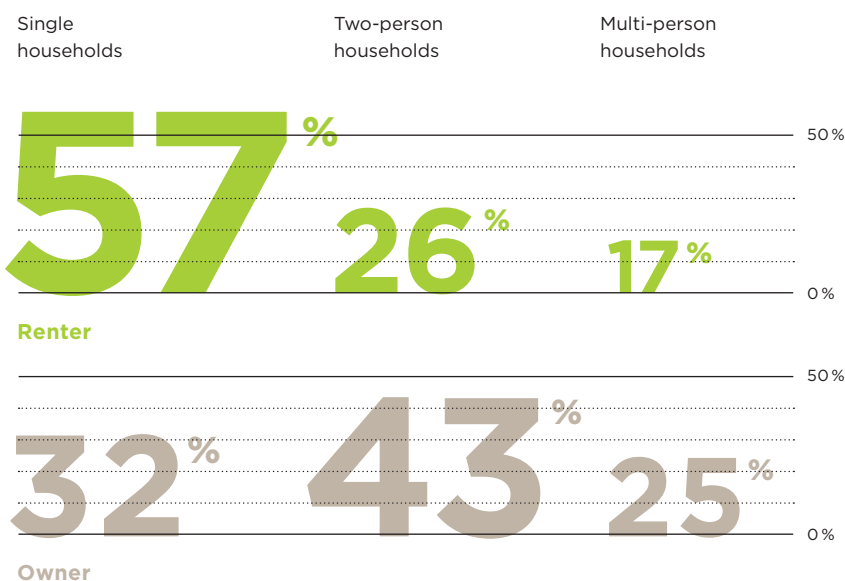
RENTERS AND OWNERS

In 2016, Berlin remained a city of renters once again.
However, more than a quarter of all households could finance a condominium.
Such a move not only serves to prepare for retirement, it also contributes
to stabilizing and shaping each neighborhood.



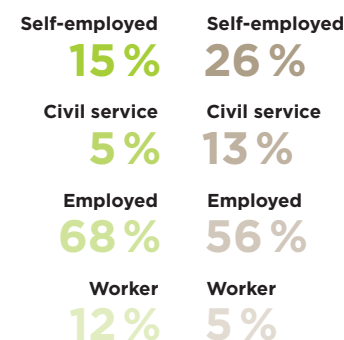
HOUSEHOLD SIZE

The largest proportion of homeowners live in two-person households.



CAREER

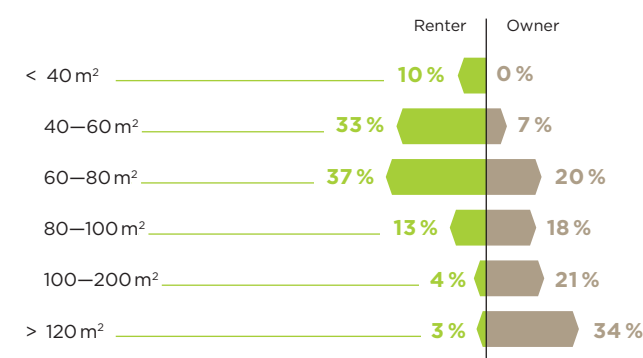
of the main income earner



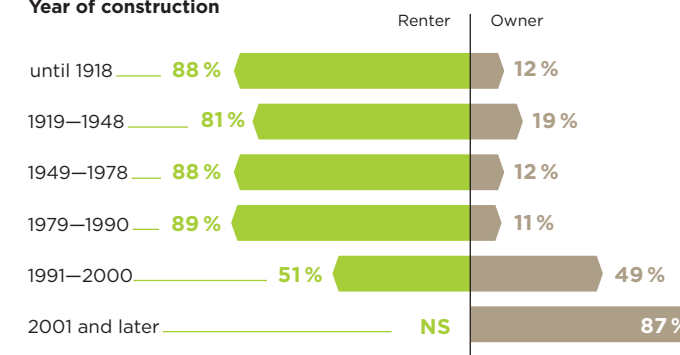
RENTER | OWNER-OCCUPANT

Ø-living space per person	36.8 m ²	50.5 m ²
Ø-number of people per unit	1.8	2.1
Ø-size of unit	65.5 m ²	106.2 m ²
Ø-monthly gross rent per unit	494 €	—
Ø-monthly gross rent (excl. utilities) per m ² of space	7.67 €	—

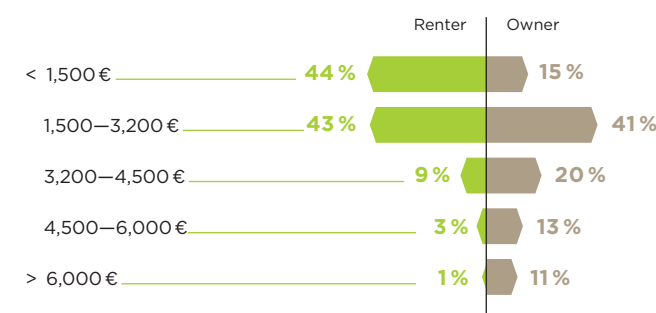
Living space (per unit) from ... to less than ... m²



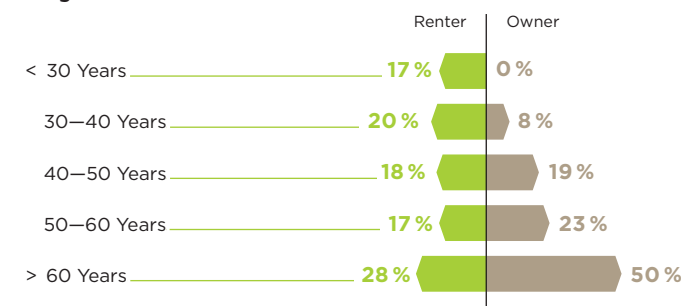
Year of construction



Monthly net household income



Age of main income earner



- / Only 14.9% of all Berliners live in owner-occupied units. This is the lowest value for any German city with a population of over one million.
- / Owner households have, on average, a higher monthly net income than renter households. Still, 55.9% of owner households earn less than €3,200 a month. This shows that even a lower average income does not preclude the ownership of residential property.
- / In almost 50% of all owner households, the main income earner is over 60 years old. This means that, in Berlin, property owners are much older than renters. This can be explained, among other reasons, by the longer time it takes to accrue assets.
- / In 2014, renter households had to use an average of almost one-third of their disposable income to pay the rent.
- / For 80.6% of ZIEGERT clients in 2016, this was their first real estate purchase. Through our consulting work, we have made a significant contribution to asset formation in Berlin.
- / Among property owners, the proportion of self-employed is more than 26%, much higher than among renters.
- / The overwhelming share of single households lives in rented spaces.
- / Around half of renter households in Germany are either striving to purchase property or can imagine such a purchase. The Federal government is supporting this goal through home-ownership retirement plans and credit union savings plans. There have been further discussions on breaking down the barriers to home ownership, but without any results so far.
- / Continuing low interest rates are creating a good springboard for financing home ownership. Here the buyer should make sure to lock in a fixed rate for as long as possible over the lifetime of the mortgage.

Results of the micro-census on the living situation in 2014, issued in April 2017, and the micro-census on the living situation in 2010. The rate for the rent burden on a household indicates the proportion of the net household income required to be applied to paying the gross rent (excl. utilities). Source: Amt für Statistik Berlin-Brandenburg (Office for Statistics Berlin-Brandenburg)

CONDOMINIUM REPORT

BERLIN 2017/2018



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Demand, supply, prices and clients — Berlin's development at a glance

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»A strong influx of population, economic growth and ultra-low interest rates are creating favorable overall conditions for developing the Berlin property market.«

Foreword by Prof. Dr. Michael Voigtländer

16—17 SAFE HARBOUR BERLIN

»Berlin is a creative and fashionable city and widely accepted as the digital and cultural heart of Germany.«

Paddy Dring, Head of Residential Sales at Knight Frank in an interview with ZIEGERT

18—19 PROJECT DEVELOPER SURVEY

The sector has an optimistic view of the future. However, there are obstacles.

20 DEVELOPMENT IN INTEREST RATES

There are no signs of any increase in mortgage rates in the medium term. In spite of this, it makes sense to exploit the current low interest rate level.

21 MARKET FOR RENTAL APARTMENT BUILDINGS

High demand facing low supply is causing market factors to soar to new heights.

22 INSTITUTIONAL INVESTORS

The battle to get into projects at the earliest possible date requires creativity — but certainty remains the prerequisite.

23 POTENTIAL FOR RENTED APARTMENTS

Lower yields are compensated for by higher gains on resale.

24—25 NEIGHBORHOOD PROTECTION ZONES

Neighborhoods are identifying more and also areas with preservation statutes — now even outside the S-Bahn-Ring.

26—27 TOWER LIVING

Some parts of Berlin are growing upwards. Nikolaus Ziegert explains the quality of life towers offer.

28—29 DENSIFICATION

Inner courtyards and rooftops offer potential for almost 55,000 apartments — when exploiting it, keep an eye on building codes and local neighborhood interests.

30—31 STAKEHOLDER DIALOG

»In future, it will primarily be a matter of planning properties to be socially and ecologically sustainable, this with an eye to the long-term interests of larger groups of users and claimants.«

Alexander Boether, Head of Sustainability and Responsible Investment at ZIEGERT

32 RESIDENTIAL AND COMMERCIAL

Commercial space in the ground floor of residential properties has become much sought-after and promises good yields, even outside of the top locations.

33 URBAN ZONES

»This instrument is intended to give municipalities the maneuvering room they need to make living and working coexist side-by-side.«

Prof. Angela Mensing-de Jong, Docent for Design and Urban Planning at the HTW Dresden

34—35 DEVELOPMENT IN THE SOUTHEAST

Berlin is growing out into the ex-burbs, especially to its southeast. Urban centers along rail lines are particularly appealing out there.

36 HOUSE OR APARTMENT?

The pros and cons almost balance each other out. But it's worth it to keep tabs on future developments.

37 PROPERTY PURCHASES FOR THE SELF-EMPLOYED

When incomes are well documented over the long run, financing for the self-employed is no longer an issue at all.

38 PARENTS ARE BUYING FOR THEIR CHILDREN

Those who buy early are securing economic opportunity for the coming generation.

39 EXCLUSIVE MARKETING

Only outstanding consulting work will fulfill the high expectations held by the buyers of luxury properties.



40—89 NEIGHBORHOOD PROFILES

Here you will find the most important facts and figures about Berlin's various neighborhoods — from sales figures through projects in planning right down to population forecasts and portraits of each of the neighborhoods and their various sub-neighborhoods.

42 CHARLOTTENBURG-WILMERSDORF

46 FRIEDRICHSHAIN-KREUZBERG

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THE FUTURE BELONGS TO BERLIN

Foreword by
Prof. Dr. Michael Voigtländer,
 Cologne Institute for Economic Research (IW)

Several forecasts concerning the potentials offered by Berlin's residential property market have raised fears of a reversal in fortunes soon. The German Bundesbank has warned about a possible overheating of regional property markets, specifically in large cities, and in its spring real estate report the ZIA (German Property Federation) made explicit mention of a possible reversal in prices in Berlin.

Large institutional investors on the property market have, however, not let any such talk unsettle them. In fact, a majority of those surveyed as part of the IW Property Index specified Berlin as the most attractive location for property market investment. Small private investors and owner-occupants should also keep an eye on risk, of course, but still never lose sight of the opportunities. And there are some out there.

Berlin is a growing city. 3.5 million people now live in Berlin, and according to estimates made by the Cologne Institute for Economic Research (IW), that number will grow to four million by 2035 (see graph). This growth will suffice, but will only succeed if enough living space is made available. Otherwise, people will move out into the sur-

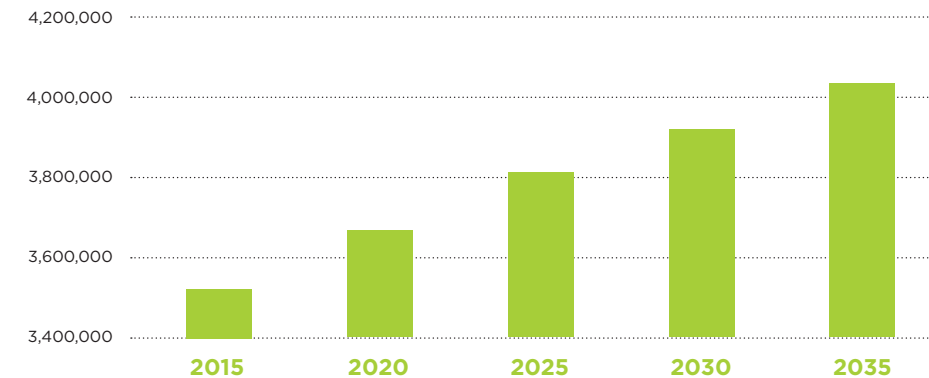
»In a city with population and economic growth, residential and commercial real estate will continue to be attractive.«

rounding countryside. Although this does not mean that Berlin will become unattractive, it only means that the demand will not be met. And indeed, Berlin is making it difficult for itself in this respect. Between 2011 and 2015 alone, over 100,000 apartments fewer were built than the demographics would have required. By 2035, more than 30,000 new apartments will have to be built. If fewer are built than in recent years, then the property market will respond just as any market would; if demand exceeds supply, prices will go up.

SUSTAINABLY DYNAMIC ECONOMIC DEVELOPMENT

In Berlin, it is not only the population that is growing; the economy is too. There still are no large corporations here from the German DAX Index, but Berlin has grown enormously, particularly in the IT sector. In the past four years alone, the number of tech employees has shot up by almost 15%. Many new well-paid jobs have been created in the capital, ones that draw in specialists from both inside and outside Germany. Berliners' purchasing power rose by more than 16% from 2010 to 2015, and the gap with other western German cities has continued to narrow. When incomes and population grow, rents rise too. And Berlin can also benefit in the long term from structural changes. Across the globe, cities are developing into ever more significant engines for economic growth as knowledge-intensive services become more and more important. Cities play a crucial role in this change because customers and specialists come into close contact with each other in the urban setting. As Germany's largest city, Berlin can take special advantage of this.

POPULATION CHANGE IN BERLIN



Change in population in Berlin acc. to the Cologne Institute population forecast;
 Source: Cologne Institute for Economic Research (IW), status December 2016

»In Berlin, it is not only the population that is growing: the economy is too. There still are no large corporations here from the German DAX Index, but Berlin has grown enormously, particularly in the IT sector.«

Therefore, opportunities are good in the long run. In a city with population and economic growth, residential and commercial real estate will continue to be attractive. But what about the short-term risks people are talking about now? One thing is clear: the general framework conditions are extremely favorable at the moment: strong population influx, good economic growth and ultra-low interest rates. It is well possible that these conditions could deteriorate again. An abrupt up-tick in interest rates, however, seems unlikely: The ECB will raise them only very slowly and cautiously at best as otherwise the public and private budgets in southern Europe could be negatively impacted. Furthermore, interest rates are so low because all over the world more is being saved than invested – here too, no sudden shift is expected. The good economy and the influx of people could, however, come to a more sudden end, though this would not necessarily put a damper on the upward move in prices. Due to the huge lag in construction activity, no change here is expected either.

OBSTACLES FOR INVESTORS

But there is one sizable risk in Berlin: politics. Nowhere else is there as much vehement resistance to investors as here. Neighborhood protection zones (Milieuschutzgebiete), pre-emptive public sector purchasing rights, urban construction contracts – all these and many more are making the purchase of properties in the capital more difficult. The aim seems to be to preserve present structures and hold up the city's future development. But a change in structures is precisely what is needed to permit economic prosperity and create the freedom to invest in social infrastructure and pin-point help to households who need it most. But still, the long-term investor will outlive political cycles and can hope that rationality will also, someday, return to the federal capital. //



FOREWORD BY
Prof. Dr. Michael Voigtländer,
 Cologne Institute
 for Economic Research (IW)

SAFE HARBOUR

An interview with Paddy Dring,
Head of International Residential Sales
at Knight Frank



Liam Bailey, Sven Henkes, Nikolaus Ziegert and Paddy Dring (ltr) at the announcement of the ZIEGERT and Knight Frank partnership

BERLIN IN NUMBERS

19%
of all students in Berlin come from abroad.

11 Million
tourists visit Berlin each year.

31.1%
of all German start-ups chose Berlin as the location for their headquarters.

Source: Knight Frank Research

Berlin features prominently in the 2017 WEALTH REPORT produced by our colleagues at Knight Frank. As a result of its recent strong price growth, the city currently ranks 13th in their Prime International Residential Index which tracks the price of luxury residential prices across 100 markets worldwide. Such growth combined with the launch of Mediaspree, a new urban development project boasting a prime waterfront position in the city, is helping to raise the profile of the German capital in the eyes of global investors and occupiers alike.

Mr Dring, what is your impression of Berlin?

PADDY DRING »Berlin is a creative and fashionable city and widely accepted as the digital and cultural heart of

Germany with a youthful and vibrant dynamic. Today the city is one of the most important centres for contemporary art in continental Europe and is a true culinary trendsetter.

Given my passion for real estate, I am particularly intrigued by the fascinating blend of modern and historic architecture. Add to this the city's competitive property prices, its enviable lifestyle and low cost of living and I think there are few cities left that can compete on all levels.«

How do foreign buyers view Berlin's housing market at the moment?

PADDY DRING »Berlin has definitely come under the spotlight of investors over the past two or three years. Both buy-to-let investors and those looking for a city-based second home are seeking a centrally-located property which is easily managed or maintainable. Compared to other European gateway cities, Berlin is well-positioned in terms of pricing, and offers strong tenant demand, good market transparency and political stability.

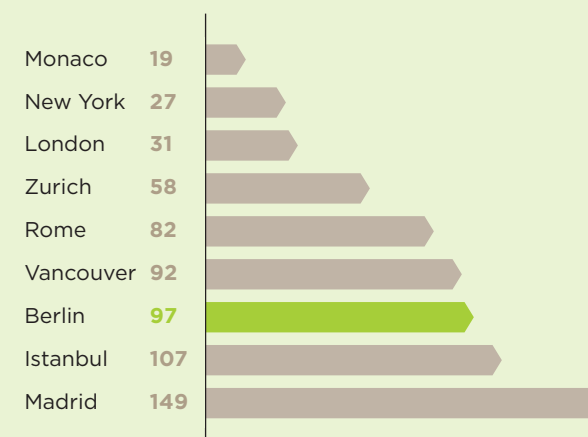
REAL ESTATE SEARCHES IN GERMANY — TOP 10 NATIONS

- | | |
|-------------|-------------|
| 1 UK | 6 Turkey |
| 2 Ireland | 7 Hong Kong |
| 3 Russia | 8 India |
| 4 USA | 9 Norway |
| 5 Singapore | 10 Austria |

Source: Knight Frank Global Property Website

CITIES COMPARED

How many square metres of prime property €1m buys across the world



Currency conversion based on each exchange rate dated 30.12.2016;
Source: Knight Frank Research, Douglas Elliman

For those seeking a more permanent move, Berlin offers outstanding state education as well as a number of private international schools. It has affordable but first rate medical facilities. Plus, English is the city's second language employed frequently across all walks of life, from business, to education and healthcare. This makes communication so much easier than in many other places.«

Have you noticed any changes lately?

PADDY DRING »What I have noted is that, regardless of their nationality, our investors are very sensitive to price trends and the location of their potential investment is critical, especially those who are looking to hold the asset long-term.

Overall, demand in Berlin is robust. Well over half of the buyers originate from Berlin or elsewhere in Germany and from an international perspective we are seeing a growing number of enquiries from Asian buyers.

Prices in Berlin have strengthened over the last five years from a low level. Add to this Germany's great economic stability and it's easy to see why Berlin is increasingly deemed a safe haven, even for buyers from countries where capital controls are in place and for buy-to-let investors. Given the city's homeownership rate of less than 15%, strong tenant demand, and the availability of cheap financing, the trend to invest in Berlin is likely to persist.«

How much capital are clients prepared to commit?

PADDY DRING »According to our analysis, international buyers are focused on the €1m – €5m price bracket, with a notable trend toward smaller units. Buyers are increasingly looking to diversify their property portfolios and spread their investments across a larger number of countries and currencies than previously.

At the same time, equity stakes are getting smaller. Buyers are being shrewd in taking advantage of favourable finance terms to leverage their investments.« //

ASKING BERLIN'S PROJECT DEVELOPERS

Building permits take longer

For this year's Condominium Report, ZIEGERT carried out its first-ever survey of the 100 largest developers in Berlin, asking them about the current prospects and challenges facing residential projects in the capital. The results reveal an industry that basically views the future with optimism, but still recognizes serious challenges from both political and economic conditions. Almost three-quarters (73.8%) of the companies surveyed are planning further residential construction projects in Berlin, including a number of medium-sized and large-scale projects already in preparation. By the same token, respondents said that the supply of building lots is getting scarcer, and both land and building costs have posted noticeable increases. Furthermore, companies stated that staffing at permitting offices, measured in terms need, has worsened in recent months, also that the period needed to process building permits has grown longer over the past years. This means that politicians still have a lot to do to accelerate private residential construction in Berlin. //

POLICY AND ADMINISTRATION

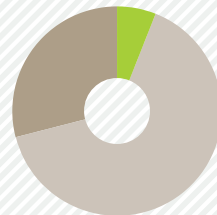
HOW HAS STAFFING AT BUILDING PERMIT OFFICES CHANGED?*

*in recent years

improved
6 %

worsened
65 %

unchanged
29 %



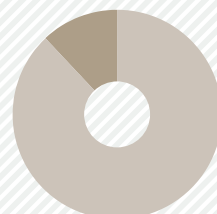
HOW HAS THE PROCESSING TIME FOR BUILDING PERMITS CHANGED?*

*in recent years

shorter
0 %

longer
88 %

unchanged
12 %



MARKET AND COST

HOW HAS THE SUPPLY OF BUILDING LAND CHANGED?*

*in the past five years

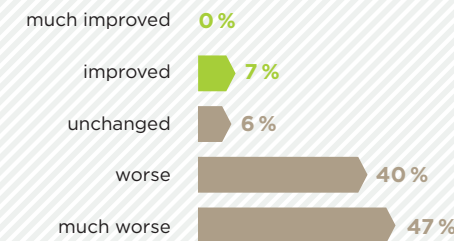
much improved
0 %

improved
7 %

unchanged
6 %

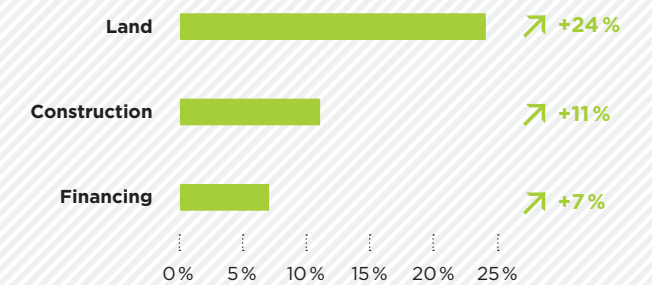
worse
40 %

much worse
47 %



HOW HAVE THE COSTS FOR THE FOLLOWING ITEMS CHANGED?*

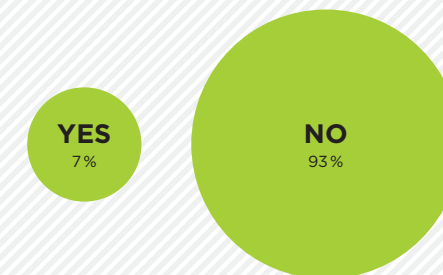
*in comparison to last year



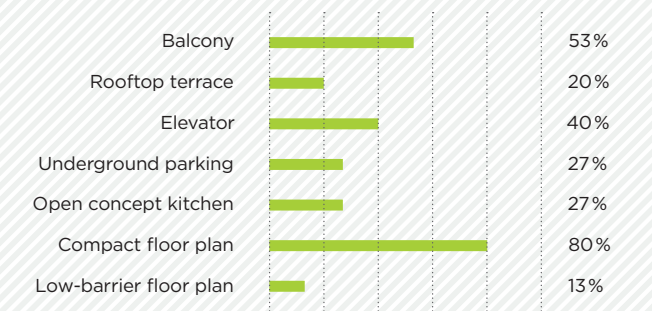
BUYER BEHAVIOR

DO BUYERS HAVE MORE SPECIAL WISHES?*

*in comparison to last year



WHAT AMENITIES HAVE BECOME MORE IMPORTANT?



MARKET AND PROSPECTS

HOW DO YOU SEE THE PRICES AND DEMAND FOR CONDOMINIUMS DEVELOPING?



HOW WILL DEMAND DEVELOP IN THE FOLLOWING SEGMENTS/LOCATIONS?



MORTGAGES WILL REMAIN AFFORDABLE FOR THE FORESEEABLE FUTURE

At these current interest rates, even just a few percentage points could mean a huge increase in financing costs. But at the moment, this does not look to be the case.

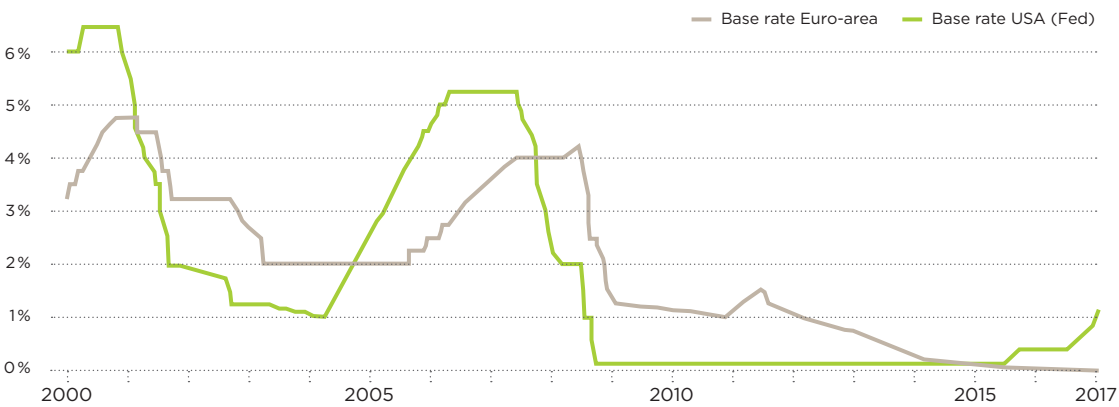
The longer this low interest rate environment continues, the greater the expectation that something has got to give, and soon. Warnings that property buyers should not neglect the amount of remaining principal and the risk of an interest rate hike when planning their finances are becoming more frequent. On the other hand, reports from the German Bundesbank and declarations by the ECB Council are still not giving any signs of a reversal in the trend of monetary policy.

Since the middle of last year, interest rate increases on long-term capital markets, especially in the US, do indeed indicate some anticipation of a change in the trend. In the US, interest rates will rise a bit, also because the infrastructure program the administration has announced will entail further public-sector budget deficits.

PUBLIC DEBT TO REMAIN AFFORDABLE

In the Euro area, however, base rates will in all likelihood remain unchanged. The prime financing rate continues to be 0%, and is slated to remain at this level, according to the ECB, until far beyond the time horizon for the net purchasing of southern European state-issued bonds. This means that as long as Italy, Greece and other Euro nations are still threatening to collapse under the burden of higher interest rates, there will be no reversal in the trend for financing costs. This will apply for as long as inflation does not significantly exceed the targeted upper limit of 2%. But neither the ECB nor the Bundesbank see any signs of that happening either.

DEVELOPMENT IN BASE INTEREST RATES



Status: 27 June 2017
Source: European Central Bank (ECB), Federal Reserve System (Fed)

The noticeable rise in general inflation to values approaching the present limit of 2% is not seen as sustainable by the ECB Council because the pressure on core inflation remains restrained, and no convincing up-trend has become visible. There is also no need for a change due to economic trends within the Euro currency area. According to ECB estimates, the economy here has increasingly consolidated in recent quarters. At the same time, the risks for a slowdown in the Euro-area economy have diminished.

In other words: With the exception of the financial crisis rocking the public-sector budgets in the southern Euro-area, the banking crisis in Italy and worsening economic conditions in Italy and Greece by name, everything seems to be going well.

In addition, the rising age of the population in core Europe also speaks to a sustained pressure on interest rates in the Euro-area. Namely, it entails a long-term fall in productivity and the demand for goods (except in the health sector), investment and credit, while at the same time maintaining a high supply of capital.

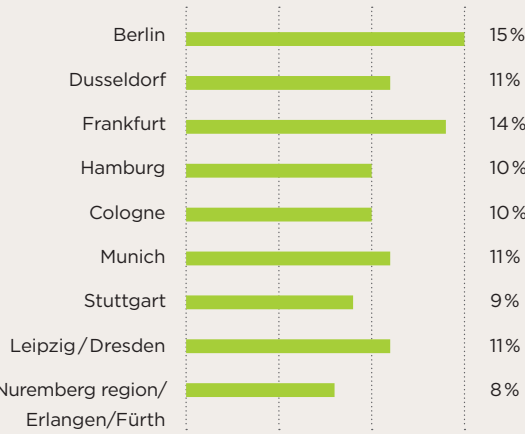
EFFECTS ON PRIVATE REAL ESTATE FINANCING

The question as to what these forecasts mean, for instance for private real estate buyers and borrowers, remains open. Because no one today can say when the macro-economics or the politics will change, ZIEGERT financial consultants are presently advising clients to take advantage of these low interest rates and agree upon a fixed mortgage rate that lasts as long as possible. //

HOT GOODS: RENTAL APARTMENT BUILDINGS IN BERLIN ARE IN HIGH DEMAND

INVESTMENT FOCUS ON LIVING IN GERMANY 2017

EY survey among 135 investors:
»Which German cities are especially in your investment focus for 2017?«



Source: EY Real Estate Trend Barometer
Immobilien-Investmentmarkt 2017

The main thing: a building. Anyone presently on the lookout for an object with rental apartments in Berlin hardly has anything to choose from. In comparison to the consistently very high demand, only very few apartment buildings are on offer. The prices are moving in lock-step. The focus of the offerings has shifted in recent years from 20–25 times the net rent (excl. utilities) to 25–30 times that amount. In much sought-after locations such as Charlottenburg, buyers even have to reckon with 35 times that rental amount, the same for Neukölln and Schöneberg. Whereas in Neukölln, the often enormous potential for rent increases is spurring the fantasies of those offering properties, in Schöneberg the blend of alternative culture and bourgeois solidity is tempting to a lot of prospective buyers. One also has to add to this that the buildings are often extremely spacious. "Altbau," the older structures, are popular, and will remain so for the foreseeable future, especially if the house offers possibilities to build out the attic space. Rent controls and neighborhood protection zones (Milieuschutzgebiete), on the other hand, have not shown any effect on pricing so far. //

CONTRIBUTED BY
Rita Friedberg
Head of Global Sales
at ZIEGERT



INSTITUTIONAL INVESTORS: ON THE LOOKOUT TO POSITION THEMSELVES BEST

When it is a matter of interesting projects, even pros are getting creative. Many are trying to assure they get into projects as early as possible in the process.

Residential real estate often tops the shopping list of German institutional investors. This can be seen in the portfolio analyses of specialty fund managers as well as in reading the daily news of purchases or in the letters of intent from the insurance sector, to name just a few. The trend is towards institutional investors wanting more and more real estate.

65 % of the companies surveyed in the annual Insurance Study by EY plan to purchase residential properties in the current year. Therefore, residential, together with retail, is the second most popular type of usage, and stand alone in that not one single insurer is considering sales from its residential portfolio.

HIGHLY SECURE REVENUE STREAM FROM APARTMENTS IN LARGE GERMAN CITIES

Throughout any and all changes in population or the economy, even with the risk of noncollectable rents – apartments in large German cities will still offer a secure revenue stream for the foreseeable future. Berlin occupies a special position here by reason of its above-average economic growth, its mostly young population and its increasing importance as a tech hub, on the international stage as well. The demand from investors can also be seen in the rising prices for global projects and portfolios. If the sales price once ranged around 20 times the annual net rent (excl. utilities = 5 % rental yield), today this figure ranges more and more often around 25 times that amount (= 4 % rental yield), and this also for smaller objects costing around 15 million Euros.

The lack of suitable projects is leading to changes in demand behavior. More and more institutional investors are trying to enter into new projects at the earliest possible time, for instance by employing mezzanine financing to initiate the project, i.e. project financing tied to a pre-emptive right to purchase, or by buying into the project before completion, what is called a forward deal. This trend is significant in the economic hubs of Munich, Hamburg, Frankfurt and Berlin, and for projects with established developers and partners who can reliably assure orderly completion. This means that institutional real estate investors are not giving up on their requirements for security, instead they are creatively searching for the best position in each case when it comes to asserting themselves in their competition for the best projects. //



CONTRIBUTED BY
Michael Seeberg,
Chief Investment Officer
at ZIEGERT

THE POTENTIAL OF RENTED APARTMENTS

Those buying today as a capital investment should not let themselves get scared off by low rental yields. They should rather anticipate the future development of their investment.

The yield generated from rented apartments in Berlin is frequently around 1.5 to 1.7 %. One reason for this is the increase in purchasing prices. But another is that politicians are doing everything in their power to put a lid on apartment rents in Berlin. For those purchasing rented apartments, rent controls and neighborhood protection zoning at first mean a limitation on their initial opportunities for revenue. In the long term, however, these measures help grow the value of condominiums already partitioned. Neighborhood protection and the permitting requirement for sub-partitioning it entails reduces the number of available condominiums on offer, something that allows the prices for occupancy-ready apartments to rise disproportionately.

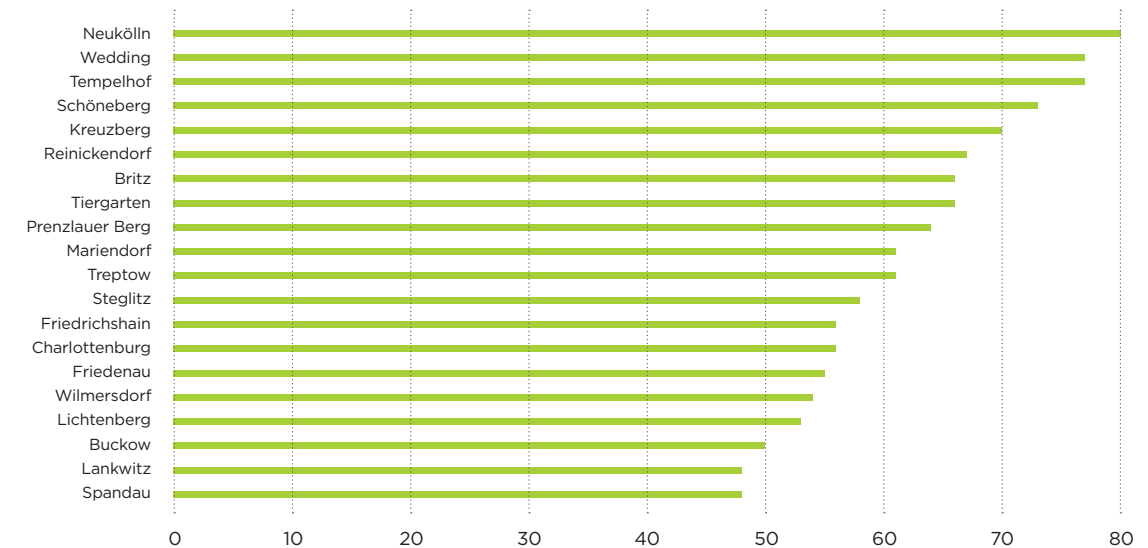
In Berlin, the price gap between rented and unoccupied apartments is around 20 %, much larger for older buildings from Germany's Wilhelmina era in such hip areas as

Neukölln, Kreuzberg and Friedrichshain. And for renovated apartments the surcharge can amount to more than 50 %.

»When rent controls negatively impact your investment results today, such measures will not necessarily lead to a lower total return,« says Josef Paffrath, responsible for the sale of rented apartments at ZIEGERT. »However, the decisive returns will not truly be realized until the apartment is sold, probably empty and renovated.« The financing costs in all this should hardly lead to any taxable losses. Interest on the purchase of rented apartments is actually tax deductible, but usually comes under rental income today. »Therefore, it is still worth it in Berlin to buy rented apartments with a large proportion of it financed in the mortgage and a fixed interest rate for as long as possible.«

And because Wilhelmina era apartments, for instance, cannot be reproduced, one can reckon here with disproportionately high capital appreciation. //

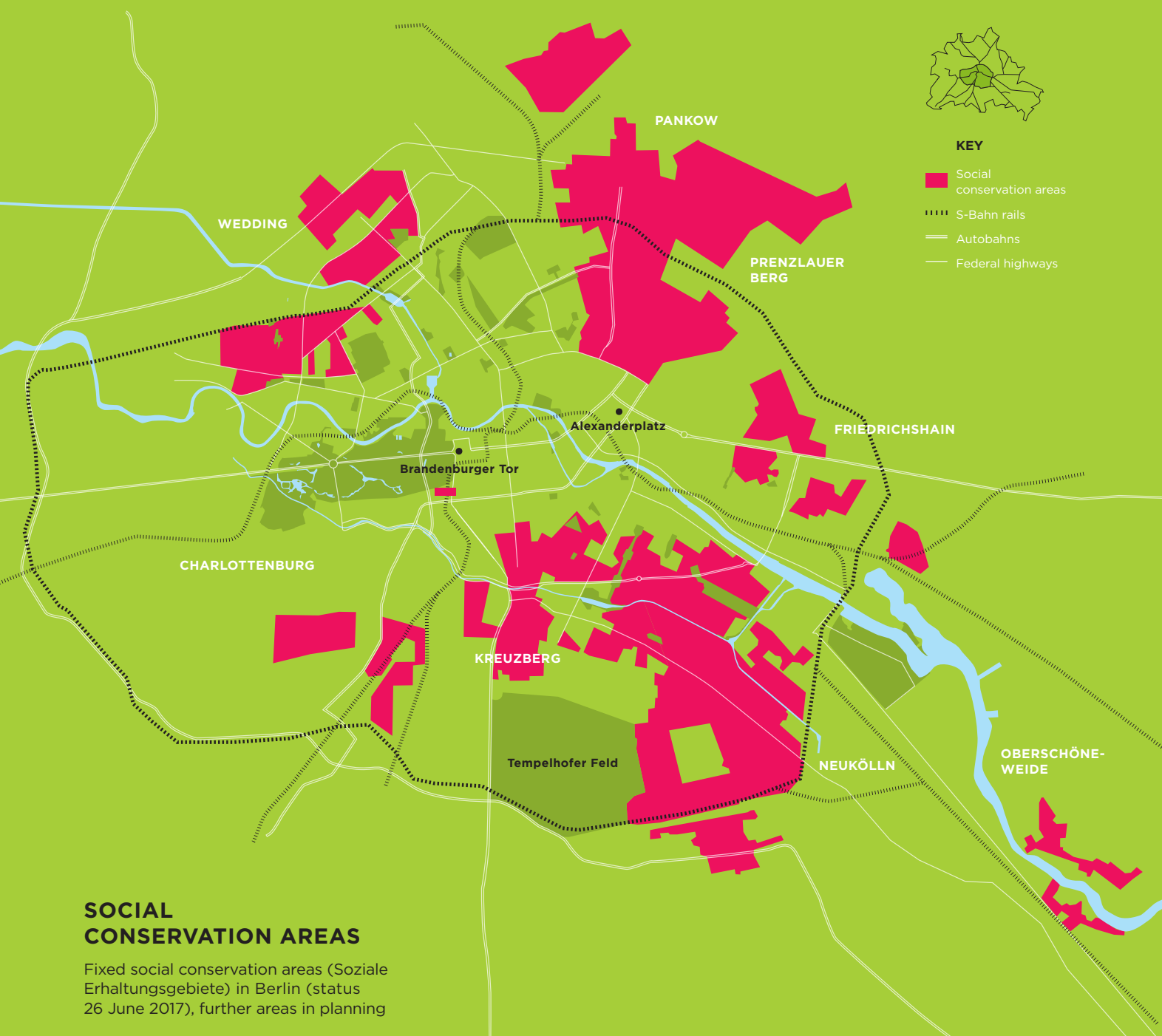
DEMAND FOR RENTED APARTMENTS



Ø-number of contact inquiries for each rental apartment (by neighborhood);
Source: ImmobilienScout24 market data

NEIGHBORHOOD PROTECTION IN BERLIN

To protect Berlin's renters from the rising cost of living, owners' rights are cut. Politicians are vigorous when it comes to fighting re-partitioning and investments.



Source: ZIEGERT Research, Senatsverwaltung für Stadtentwicklung und Umwelt Berlin (Senate Administration for Urban Development and the Environment Berlin)

There are at present around 40 areas with social conservation status in Berlin: all signs point to more. In these so-called “Milieuschutzgebiete,” many modernization measures, among them adding a second balcony, a guest powder-room, in-floor heating and any change in the floor plan of the rooms in the apartment, require a permit and are thus effectively impossible. The same applies in those areas to converting rental units into condominiums. The idea is to maintain as large an offering as possible of favorably priced rental apartments.

Protection areas exist mostly in Friedrichshain-Kreuzberg, Pankow, Mitte and Neukölln. But neighborhoods outside the S-Bahn-Ring have also been bestowing such status since autumn of 2016.

POLITICIANS WANT TO KEEP BERLIN A CITY OF RENTERS

The background for such steps is the enormous pressure on Berlin's rental markets, the low level of new residential construction, the strong influx of new people and the high rate of renters among the populace, around 85%. For the present parties in city government (SPD/THE GREENS/THE LEFT), Berlin is a city of renters and should remain so. This is why securing the interests of renters is the greatest political commandment, and available legal remedies have to be taken to protect renters from rising rents in city centers.

One possibility they discovered in their efforts was the denial of permits for modernizations and conversions based on the Building Code (Para. 172). Preventing negative urban structural consequences caused by a change in population structures entitles them to limit owner rights in the targeted areas. The grounds for the need for conservation are usually given in the various expertises as dynamic changes in the surroundings and the considerable influx of high-income households (for instance with children or academicians) and the potential increase in value they bring with them.

The word “rent” actually is not mentioned in the codes from these special building rules, but in reality however, their use has the aim of keeping the offering of rental apartments as large as possible and at rents as reasonable as possible, and thus the feared increase in values has to be counteracted somehow. This means in the inverse that all modernizations applied for are judged by the neighborhood authorities from the vantage point of possible rent increases – and that is why they are usually not approved. An exception is made for elevators. So that elderly people are not forced from their apartments by neighborhood protection measures, most neighborhoods approve adding elevators as long as they do not substantially contribute to living costs in the building.

At the moment, about 20 % of Berlin's residential inventory is affected, although in Friedrichshain-Kreuzberg the 50 % level has long been surpassed. This neighborhood has the corresponding wish that neighborhood protection should be coordinated across the city so that the formal prerequisites for applying these special building codes continue to be implemented. Other neighborhoods, among them Lichtenberg, Reinickendorf and Treptow-Köpenick, are preparing for further neighborhood protection zones, something that will in turn increase demand and designation pressure in adjoining areas.

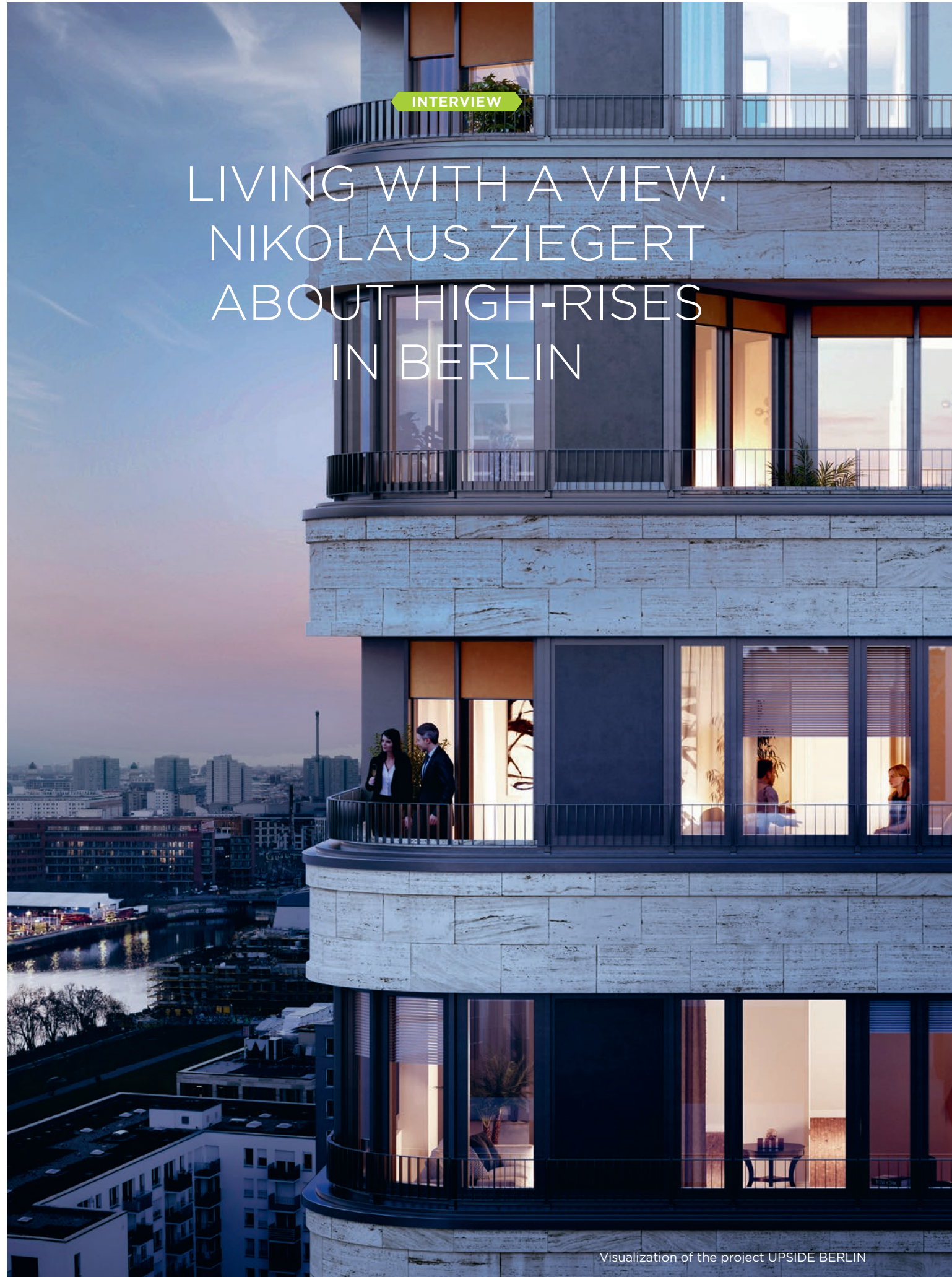
NEIGHBORHOOD PROTECTION ZONES OUTSIDE THE S-BAHN-RING TOO

As a result, this means that, in the medium term, further zones will be designated, even if not as many as in the first half of 2017. Long-term forecasts are difficult. After five years, there is usually a check as to whether the prerequisites for neighborhood protection are still being met. In such cases, it can of course occur that the conditions in one area or another no longer exist because the social structure has continued to change. Whether this in one case or the other actually leads to the designation being removed, that depends on the courage of the experts and the decision-makers. That is because, within this time frame, hardly anyone could expect an easing of the pressure on inner-city residential markets.

For investors, neighborhood protection means more complications in the processing of permits. This is because, besides the existing neighborhood protection zones, there are also areas in which the prerequisites for applying neighborhood protection measures are being checked, in which building permits for modernizations can be put on ice for up to twelve months. This means that, in case of doubt, an investment has to be worthwhile even without modernization and individual sale of each apartment. On the other hand, the supply of condominiums falls so that those who can still offer condominiums in a neighborhood protection zone suddenly have a very rare commodity at their disposal. The same also applies in a similar way to areas adjoining a neighborhood protection zone. //

INTERVIEW

LIVING WITH A VIEW: NIKOLAUS ZIEGERT ABOUT HIGH-RISES IN BERLIN



Visualization of the project UPSIDE BERLIN

Mr. Ziegert, high-rises are one of the major topics in Berlin, not only in terms of the residential market, urban planners are also entering the fray with a variety of proposals. What would you like to hear from the planners?

NIKOLAUS ZIEGERT »Pragmatism dominates over far-sightedness in many plans. Where there is no room, and more and more people want to live in the innercity, you just have to build up. But that is not a convincing argument for anyone, certainly not in a city that has already had its experience with high-rises in large residential projects. What is missing at the moment is a vision and thus a sense for a design and architectural language that will be adequate in the future. Berlin is on the best path to becoming the most important metropolis at the heart of Europe, and that by quite a bit. What is already a fact politically, is slowly gaining importance economically, and driving to express itself culturally every day: all of these changes would finally like to take shape architecturally. This means that I wish an architecture that expresses the diversity and the dynamic that is Berlin, also in the height of buildings. That is why we need more individually designed high-rises in Berlin.«

But still, high-rises are only being built slowly in Berlin. Why is there only a handful of projects at the moment?

NIKOLAUS ZIEGERT »It certainly is not a matter of demand. We were able to sell the 49 apartments being created out of a former office tower in Berlin-Wilmersdorf in a few months, and we found a prospective buyer for the penthouse in just a few weeks. The reason for the low supply is to be found in the permitting process more than anything. There has hardly been living experience with high-rises in Berlin, and the authorities and developers are acting cautiously as a result. Therefore, the decision making processes are comparatively long, some

»Berlin is the city of the future. As a great metropolis it needs high density, tall buildings that create pleasure and perspective for its residents. Sustainable cities like Berlin cannot exploit low buildings in nature but must bring nature into its high-rise future.«

Top architect Daniel Libeskind

of them take years and only move forward in very small steps. Furthermore, the question arises again and again as to where high-rises should and can be built. Indeed, there are tangible plans for the area around the Alexanderplatz, the banks of the Spree in Friedrichshain-Kreuzberg and in the City West, but beyond them, Berlin has no idea how to proceed.«

In your view, what is now the best location for high-rise projects?

NIKOLAUS ZIEGERT »Mediaspree surely is presently demonstrating the strongest features for growth. While at the Alexanderplatz, no one really knows how high-rise living is supposed to work, but to the left and the right of the Spree River, the target audience is already there. This is where the people are for whom the city is a synonym for social exchange and long travel to work or leisure activities is simply a waste of their time. They work for start-ups or companies who have set up their headquarters around the Mercedes-Benz Arena, they go to the clubs upon which Berlin's reputation as the party capital is based. These modern big-city slickers are united in recognizing that tenant floors are much quicker to travel through in an elevator than 10 km in Berlin's city traffic. And they appreciate it when saving time and living this lifestyle goes hand-in-hand with sustainable living and taking up less space.«

For you, what is the best argument for living in a high-rise?

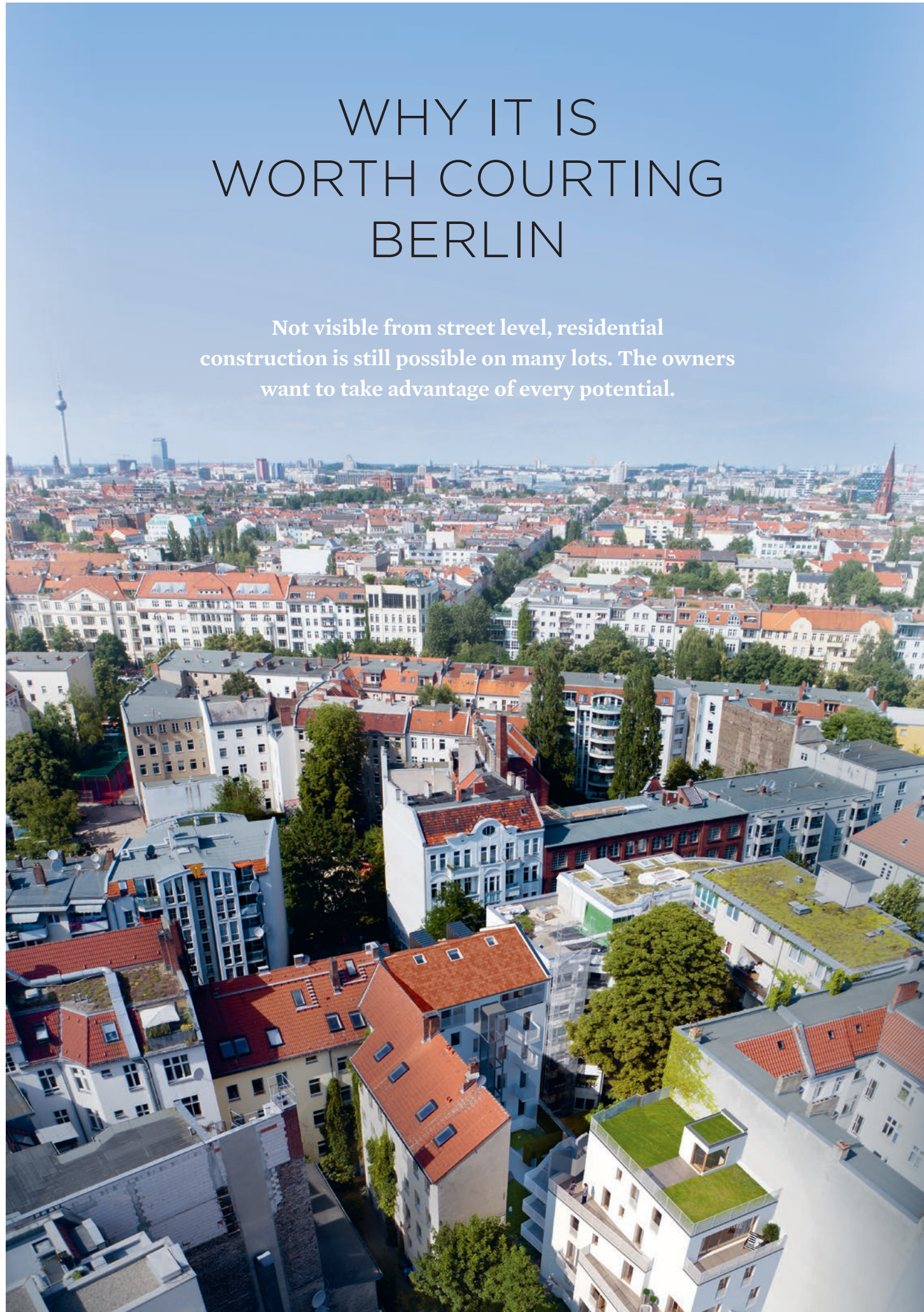
NIKOLAUS ZIEGERT »The daily feeling of being above the daily routine with all its obstacles, and just one little bit closer to the sky, those are qualities you only find in a high-rise. In addition, there is an unobstructed view of a city that is constantly changing. For those who want to experience and celebrate the urban lifestyle, they will feel more at home in a high-rise than anywhere else.« //



INTERVIEW WITH
Nikolaus Ziegert,
Owner and
Managing Director

WHY IT IS WORTH COURTING BERLIN

Not visible from street level, residential construction is still possible on many lots. The owners want to take advantage of every potential.



53,759 apartments could be built in Berlin if all potentials for densification in the city were used. With this incredible number from the State Planning Division for Berlin-Brandenburg, there is certainly also a little bit of fantasy included, for instance that perhaps the Tempelhofer Field, the Elisabethaue and other large open spaces in Berlin could be built on and, in spite of this, that the majority of apartment seekers could be accommodated within the city limits.

But this figure also shows the enormous potential surfaces hidden between the houses and in the back courtyards of this city, especially if densification of the urban landscape is also the declared goal of Berlin's urban development policy.

THE POLITICAL WILL IS THERE

»Adding new floors, building out attics and increasing densification, supplements residential inventories. Built structures that do not optimally exploit surface resources, such as supermarkets or over-dimensioned retail spaces, find a more intensive use. Berlin can thus create new urban qualities and identities, more and more at the edge of the city too,« so it says in the Urban Development Plan for 2030.

Another thing that speaks for better exploitation of potential spaces is that Berlin's inner courtyards are perceived to be peaceful oases in the middle of a pulsating metropolis, and children, for instance, are able to play there in safety. Also, part of the required infrastructure is usually already in place. In addition, though, larger inner courtyards are rare reserved spaces in much sought-after locations: Berlin is popular primarily where it is also particularly densely built up, in Friedrichshain and Kreuzberg, in Schöneberg and Mitte, where densification is often the only opportunity to build apartments. However, the few free spaces there are come under especially vehement defense from those living there.

New construction in inner courtyards offers residents idyllic calm (example of a project on Schinkestraße 3 and Meraner Straße 18)

Anyone wanting to develop a courtyard lot would therefore be well advised to discuss the spaces needed by the neighbors and, if possible, take account of these. Private gardens in front of the ground-floor apartments, where neighborhood children once used to play, get people revved up, whereas a common vegetable bed can be a place to meet and socialize.

TAKE ACCOUNT OF NEIGHBORHOOD INTERESTS

Green roofs are also no replacement for wide lawns, but they still make a contribution for a better micro-climate in the courtyard.

To protect the interests of neighbors, there is also a whole series of building codes in Berlin, among them one about inter-space easements, according to which the distance between an existing building and a new one has to be at present 0.4 times the height of each story. In Berlin's inner courtyards, therefore, there are often terraces built up step by step with their upper stories set back. This creates light-filled apartments, even in the lower floors, keeps distance to the neighbors and allows the creation of interesting floor plans with large terraces and balconies. Such striking and unmistakable architecture is also an important argument when others have scruples about densification. Above all, when a new building is designed to hide an ugly fire protection wall, the courtyard can only benefit from such planning. //





SEARCHING FOR DIALOG, FINDING THE FUTURE

The city is an indispensable resource the real estate sector does not create itself but to whose maintenance and development it can make a significant contribution.

Although the change in the value of real estate is also influenced by the acceptance of locals and all those involved in the city, investors and developers continue to focus on individual projects.

So that new structures no longer land like UFOs in their respective neighborhoods where they stoke local protests, ZIEGERT is entering into a dialog with those involved, those who are directly affected by the plans and who can give input on improving them. With “querbeet – Initiativen für den Boxhagener Kiez” (“querbeet – Initiatives for

the Boxhagener Neighborhood”), the sustainability team at ZIEGERT has – unique in planning to this extent – initiated projects in education, integration and culture, together with those involved in local politics and civil urban society (www.querbeet.berlin).

In spring, ZIEGERT invited representatives from politics and companies (first and foremost the large utilities), architects and developers, associations and representatives of citizens’ groups to the Forum Factory in Berlin-Kreuzberg. »The discussion showed that in the future it

will primarily be a matter of planning and constructing real estate projects with an eye to the long-term interests of larger groups of users and claimants,« says Alexander Boether, Head of Sustainability and Responsible Investments at ZIEGERT. »Thinking about sustainability when developing projects therefore has to begin earlier and be more inclusive than it has been. This is precisely where we are leveraging our new consulting offer.«

The topics of the new ZIEGERT offering range from support during the drafting of sustainability programs to sustainability reports and consulting services for sustainable development in the neighborhood. »As an intermediary and consulting company, our competency lies primarily in bringing people and ideas together and developing mutual concepts,« says ZIEGERT Managing Director Sven Henkes. »In this regard, sustainability is an essential field of endeavor for us, now and for the future.« //



Sven Henkes (pg. 30 and 31, below) and Alexander Boether (pg. 31, above) in a dialog with local people.

FROM CONFRONTATION TO DIALOG

COMMENTARY

by **Stephan Bohle,**
futurestrategy@
strategies for sustainability



Berlin, we have a problem. 20,000 new apartments have to be built every year to cover the medium-term demand. But instead of local representatives from politics, the real estate sector and society sitting down together and finding solutions, they are all fixed on confrontation. Politicians are concentrating on building 6,000 municipal apartments annually through their residential construction companies. But who will build the rest? Private builders have cut themselves off from any open dialog and are shifting their construction and investment activities to the suburbs. Representatives from civil society are spending their time protesting any changes at all.

It is high time to switch from confrontation to dialog. Politicians should no longer insist upon their maximum demands (neighborhood protection, Berliner Model, etc.) and become able to react more flexibly to the given situation (in the permitting process, property taxation, etc.).

The private real estate sector should not put all its cards on profit maximization alone. It has long known about sustainable, i.e. future-oriented economics, that one has to pursue social, cultural and ecological goals to the same extent as monetary goals. Otherwise, the sector will saw off the very limb it is sitting on. And those involved in social purposes should convert their fundamental protest against everything into constructive criticism. Not only the neighbors, but also those searching for living space are all part of urban society. //



RESIDENTIAL AND COMMERCIAL

Ground-floor commercial spaces in multi-family structures have developed into something of a necessity in the past few years. The reason for the good marketing success here has been the growing interest among capital investors and business people in functional spaces at locations close to the city center.

A SYMBIOSIS WITH HUGE POTENTIAL

And it does not always have to be right along Main Street. Rents there have reached a level that has resulted in more and more traders deviating away from the A-1 locations to those rated B. In doing so, they have raised the pressure on some small entrepreneurs and freelancers: 125 €/m² in an A-1 location means that in locations considered B-rated there will also be a number of prospective renters from the widest variety of sectors: physicians, attorneys, retailers, etc.

Large newly-built spaces are sought after primarily by grocery retailers, but also by drug store chains. Be this as it may, the long-term contracts usual for such tenants and the adequate rents are making larger ground-floor units especially interesting. Initial yields of 5 % and more over at least 10 years are an argument that mostly

international investors are finding particularly exciting, although German investors are also discovering partial commercial ownership as the way to go.

And owner-occupants are booming too. Many, mostly freelancers, are on the lookout for suitable offers to purchase their own law offices, practices and laboratories. They are using favorable interest rates to acquire partial ownership and improve their equity position instead of paying expensive rents. A further group of buyers is made up of political organizations, associations and foundations who – faithful to their natures – are more interested in locations near the center and can purchase spaces with a high portion of their own capital. For this clientèle, an address near the levers of political power is what counts.

In summary: Those who think in a timely manner about how to design their product on the ground floor can earn good money with partial ownership of them in today's Berlin. //

GUEST ARTICLE

“URBAN ZONES” – UTOPIAS OF ORDER FOR A LIVELY QUARTER

»We want to use the new category of “Urban Zones” (Urban Gebiete) to give municipalities an instrument with which they can make possible the creation of blended use areas in the city, in particular the center, with short travel times,« says Barbara Hendricks, German Federal Environment Minister.

The “Urban Zone” is a response by legislators to the lack of space for building housing in Germany’s city centers. As an instrument, it is intended to grant municipalities the maneuvering room they need to make living and working coexist side-by-side and overcome any conflicts about usage that may arise.

The new zoning category enacted by the Federal Parliament (Bundestag) in March 2017 can be seen as a combination of mixed-use and special residential zone to serve residential purposes but also the accommodation of social, cultural and other establishments that do not substantially detract from residential usage. By raising permissible emissions values and construction densities, the leeway for planning has been expanded significantly. The aim is to try and use legal frameworks and technical thresholds to carry out something that has, until now, only been possible through grandfather clauses or continuances in the living and growing urban structures of a city.

Whether the planned exclusion of business and office buildings can serve this goal is certainly up for discussion. Unfortunately, politics and planning over the past 25 years have failed to clarify with scientific support, public participation and practical attempts which social

function new blended-use areas will have to fulfill in future as a counterweight to the strict separation of living and working that has been the rule to date.

Because the characteristic “urban” means more than just “cityfied” and “densely built-up,” it becomes a matter of neighborhoods with structures made up of buildings and open spaces that foster – on a small scale and as equal partners – a coexistence of residential and commercial in all their diverse forms, that make integration part of normal daily life, see to a better work-life balance and minimize traffic volumes.

Not only a coherent and clear guideline in planning codes is needed here, but also fantasy in design and implementation that takes account of the needs of “weak users” to the same extent that it also allows for development and availability of affordable residential and commercial space. //

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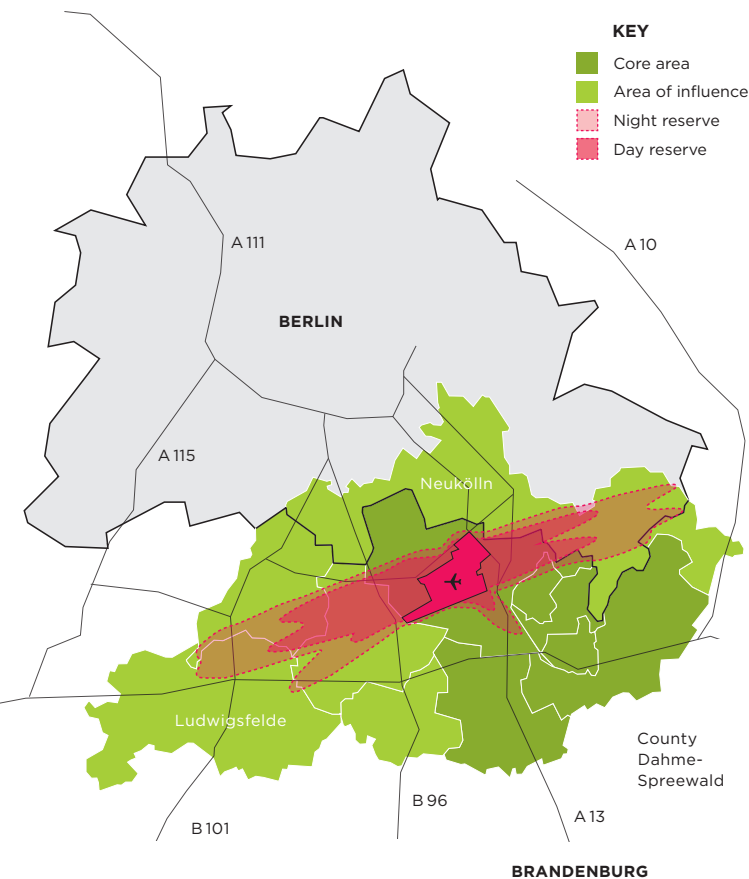


Emission guidelines		Purely residential	Core area	Urban Zone	Commercial zone
	day	50 dB (A)	60 dB (A)	63 dB (A)	65 dB (A)
	night	35 dB (A)	45 dB (A)	45 dB (A)	50 dB (A)
Amount of structural usage	GRZ	0.4	1.0	0.8	0.8
	GFZ	1.2	3.0	3.0	2.4

Source: Para. 6A advisory draft No. 6.1 TA Noise dated 7 July 2016

BERLIN IS PRIMARILY GROWING OUT INTO THE SOUTHEAST SUBURBS

On the lookout for affordable apartments, mostly young families but also some older people are being attracted to the suburbs. Urban centers along the rail lines are especially appealing.



The construction of the BER airport is certainly no crown of glory for Berlin. It was originally planned to go into operation in the summer of 2012. That is now five years ago. But still: With the launch of operations (2019 at the earliest), the increase in passenger numbers and more and more companies putting down roots there, public perceptions of the capital's airport will change quickly. Current forecasts call for more than 17,000 employees in the immediate vicinity of BER alone. Then you have to add companies with a great need for mobility as well as those from the freight but also service sectors. This will mean an enormous boost for development in Berlin's southeast, in adjacent municipalities and for the residential markets there.

The dampening effect of airplane noise will probably be concentrated along the main approach and take-off paths around the neighborhood Blankenfelde-Mahlow. There, up to 40,000 people will be affected by noise levels between 40 and 55 decibels.

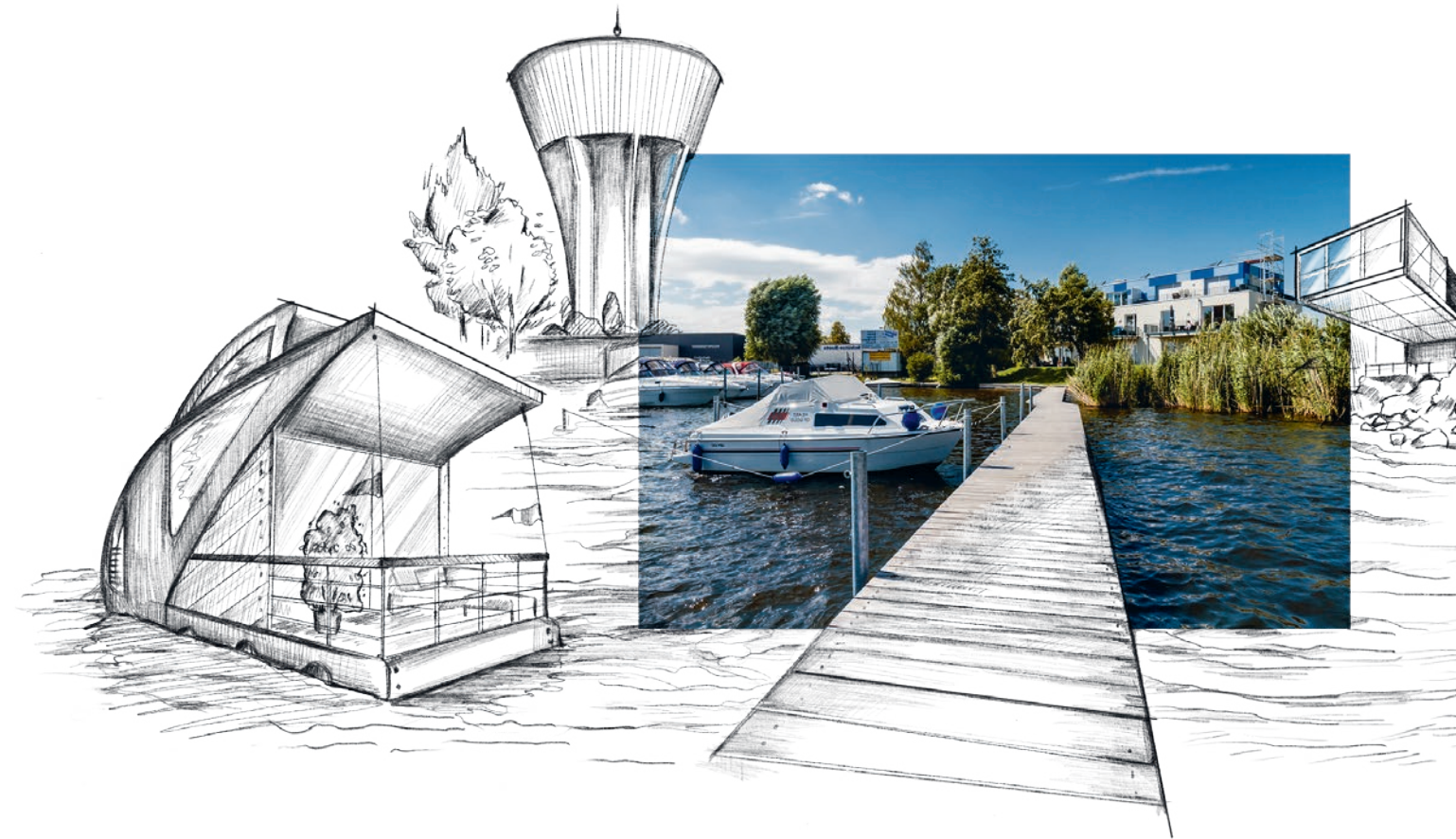
NEW APARTMENT SEEKERS WILL BE COMING ALONG WITH THE AIRPORT

Along with all this, mostly positive impulses are expected for residential markets in the area. Studies by bulwiengesa in the areas surrounding large airports in German-speaking countries, among them Frankfurt and Zurich, have shown higher property values, for instance also on the noisy east shore of Lake Zurich and in the surroundings of the long disputed northwest runway at the Frankfurt Airport.

DEVELOPMENT AXIS SOUTHEAST

An overview of the area affected by the BER Airport and the noise abatement areas.

Source: Berlin-Brandenburg Area Development Company GmbH, Airport Berlin-Brandenburg, Forschungs- und Planungsgruppe Stadt und Verkehr (Research and Planning Group City and Traffic)



One reason for this, it found, was that whole career groups, e.g. managers, engineers and consultants, have to fly through such hubs regularly on business. »All these people like to live near the airport to save on long driving times,« says bulwiengesa Chairperson Andreas Schulten in the study.

The municipality of Adlershof will be among those parts of Berlin benefiting from the new airport. Even without BER, 1,041 companies and scientific institutions with almost 17,000 employees have already settled there through 2017. 6,700 students have also moved there. Because of all these scientists and students, 1,400 residential units for around 2,500 people are being developed in the coming years on a 14 hectare large campus directly adjacent to the Humboldt University. Treptow-Köpenick is the section of Berlin with the strongest growth in apartment numbers anyway. Building has not been restricted to along the banks of the Spree and Dahme rivers either, not for a long time, but has also spread into the open spaces beyond.

DYNAMIC DEVELOPMENT ALONG THE S-BAHN SUBURBAN RAIL LINES

The same is happening in the southeast municipalities around there, in Zeuthen, Wildau and Mittenwalde. There are, of course, reservations about growing densities and the vicissitudes of financing social infrastructure. But more and more suppliers, driven by growing demand, are hopping on the train out towards the municipalities on the

edge of the city. For instance, the express to Schönefeld. Between 700 and 1,000 apartments are slated to be built there around the Bayangol Park in the coming years. Or on to Wildau, also Zeuthen, municipalities that are already benefiting from the growing southeast spread of Berlin and will only be affected to a limited extent by the noise emanating from the new airport.

Both towns lie along the S-Bahn line to Königs Wusterhausen on the Dahme Lakes. Here, Zeuthen, which is located closer to Berlin, gains extra points mostly because of its settlement structure with green all around it. Multi-story construction will not be necessary in the future in Zeuthen either. The demand can be met solely by building upon empty lots as well as weekenders lots that free up over time. Wildau, on the other hand, with its population of almost 10,000, mostly has the character of a small town, but hosts a technical college with 4,000 students around which a growing number of tech jobs are grouping. The municipality has already tackled the building of rental apartments and with BAUWERT, the first large private actor has already entered the market. AM ROSENANGER is where a total of 14 townhouses and 171 apartments are to be developed by 2020, a third of them for owner-occupancy. //

HOUSE OR APARTMENT? WHAT (SHOULD) FAMILIES DECIDE TO DO

**The pros and cons are balanced
for many. Economic aspects often do not
arise until later.**

The pull to the suburbs can be clearly felt. Above all families with children are feeling the appeal of Berlin's suburbs, and once there they often go for single-family dwellings. Brandenburg reported for 2016 an increase in the new construction of single and double-family homes of 11.8% to 6,124 units. And in Berlin too, single and double-family homes make up a significant portion of the residential market.

The reasons for the continuing desire for one's own little home are many and myriad. There is more space, more rooms and a garden for a comparatively favorable price. In addition, one's own home stands for the memory of a sheltered childhood. Many new Berliners grew up in single-family homes and now want the same for their families, along with the lifestyle that entails. And last but not least: an own home also means an extra bit of freedom. There is no common ownership of anything, no house rules, and no tenants one has to agree with or whose needs one has to take into account.

However, emotional motives should not cloud the view of economic and practical considerations. For instance, demographic developments in Germany are pointing to a reduction in the immigration of younger people from what was West Germany, and with it a declining interest in owning one's own home in the suburbs. This could cause pressure on the resale value of homes. In addition, rising mobility costs mean families in suburbs usually need two cars and are on the road with them for several hours each day.

Those who do not wish to become chauffeurs for their children over a number of years, and who also want to purchase a property for a comparatively favorable price at a highly stable value, should therefore consider alternatives and take a look, for instance, at spacious condominiums in one of the suburban centers. Primarily near such S-Bahn rail and regional stations as Falkensee, Teltow or Wildau, one can reckon with sustainable demand and value appreciation for condominiums thanks to the favorable link to Berlin's city center and a good offering of local services and institutions. //



INTERVIEW

REAL ESTATE PURCHASING BY FREELANCERS

Mr. Grumm, it's said that freelancers and self-employed people have huge hurdles to take at banks. Getting a mortgage is much more difficult for them than for civil servants or employees. Is this true?

OLAF GRUMM »There are certainly situations in which the self-employed wish they were civil servants. But a real estate purchase should not actually be one of them, simply because owning one's own home is an adequate response to the challenges of saving for retirement. Those living rent-free have one less thing to worry about. And financing a roof over one's head does not have to cause headaches, at least if income has been well documented and the truly important figures are good.«

What does this mean for applicants?

OLAF GRUMM »One needs records: Usually the profit-and-loss-statement or the like for the current year and past annual balance sheets along with tax statements. The past two to three years should suffice as baseline. This means that basically banks do not go beyond the requirements they also set for employed applicants. The only thing is that the income situation for freelancers and self-employed persons is as a rule a bit more convoluted than for employees.«

How do banks deal with this?

OLAF GRUMM »Balance sheets are naturally somewhat more difficult to read than salary statements. Banks were therefore a bit hesitant right up to recent times when it came to financing housing purchases by freelancers and self-employed persons. In the meantime, however, banks, even direct banks, are glad to serve these clients too. The only thing clients have to do is clearly and openly divulge their financial situation. As financial consultants, of course, we also see this as our mandate for these client groups. We are glad to prepare the documentation so that bank employees don't have to search around for the right figures but can make a judgment concerning the client's creditworthiness in as brief a time as possible.«

And what does the down payment look like?

OLAF GRUMM »It's not an absolute must, but we advise paying at least for the closing costs from your own means. If you take a little cushion on top of this, you're fine with putting 20% down, and it will also have a positive effect on the interest rate and amount of your monthly payments, by the way.« //



INTERVIEW WITH
Olaf Grumm,
Team Director for
Financing at ZIEGERT



PARENTS ARE BUYING FOR THEIR CHILDREN

**Rent is not a good start for asset formation.
Those who buy early, secure the economic opportunities of the next generation.**

Building assets through real estate? Because good old savings accounts no longer earn the interest they did, it seems to be an appealing alternative. Especially for those parents who want to make sure their children get the best economic start in life, a house purchase "ahead of the game" is a sensible option. »Due to the low interest rates, an investment in real estate today works like a savings account favored by the financial markets,« says Sven Henkes, Managing Director at ZIEGERT. »Even when 100% of the principal is financed, the rental income usually covers the cost of paying the interest. Anything left over, and any possible supplementary payments, flow into paying off the principal and thus into asset creation.«

In addition, the continuous upward spiral in housing prices causes the value of the investment to grow over time, and this often pays a great deal towards asset formation. The result is: »The earlier the purchase, the earlier the property in question is already debt-free, perhaps when the kids

go off to college, and this then represents a considerable amount of asset value. This applies primarily to older properties, what is called "Altbau" in Germany, lofts and waterfront properties. Because anything that cannot be easily reproduced, awakens buyers' desires.«

Purchasing property for children should, however, only be done at locations with sustainable growth like Berlin, Leipzig and Frankfurt. First of all, in localities with long-term positive economic and population growth, you can always count on value growth too. Secondly, parents cannot know where their children will someday move. This means that the property should also be easy to rent over the long run, and also good for resale. Then, lastly, with the growth in the appeal of a locality, the probability that the son or daughter might end up living on the property themselves, at least for a while, will grow too. With an eye to possibly saving rent in the future, the purchase of an apartment near a prestigious university might not be such a bad idea. //

GUEST ARTICLE

THIS PROPERTY IS ONLY FOR YOU!

People buying apartments for more than 1 million Euros, do not want service from the rack. They expect truly extraordinary consulting.



Art Aperó Event in a model apartment in THE VIEW on the Schöneberger Ufer

In Berlin, around 1,000 apartments for more than 1 million Euros are presently on offer, about half of them listed in the large Internet portals. However, only a few of our wealthier clients would type their search criteria into a menu and then click through all the results. These prospective buyers are used to being personally advised and courted. They have a personal buyer, at least one personal trainer, know the best wealth management professionals in the city and only order wine after a conversation with the sommelier. For them, it is sign of esteem and trust when the Managing Director, for instance, takes them on a quick voyage of discovery around Berlin on the weekend. Getting to know the hot spots in town is at least as essential to them as viewing properties that are not yet – and perhaps never will be – on offer openly on the market, and never in one of the web portals.

So, whoever does not wish to exhibit an apartment in an inappropriate way and thus devalue it, he or she should

hold back and design both the consulting and the sale in such a way that it matches the discriminating demands of its few prospective buyers in terms of timing, speed and approach. This begins with the first presentation of a new project in a special ambiance, an exclusive circle, and ends, at best, never. This is because a well-planned dinner at an extraordinary locale creates a sense of belonging with those you would like to get to know better. By evoking the idea of a potential neighborhood, both the interest and the desire can develop for a new home, or at least it can create a lasting impression that can then be passed on to friends and acquaintances.

Furthermore, it creates exclusivity and engagement through the contact between prospective buyer and offerer. Such common interests as fashion or art, the networking of a relationship that grows denser through conversation, and a deeper understanding of each personality: all these form an excellent basis for consulting work that truly earns the name personalized. //

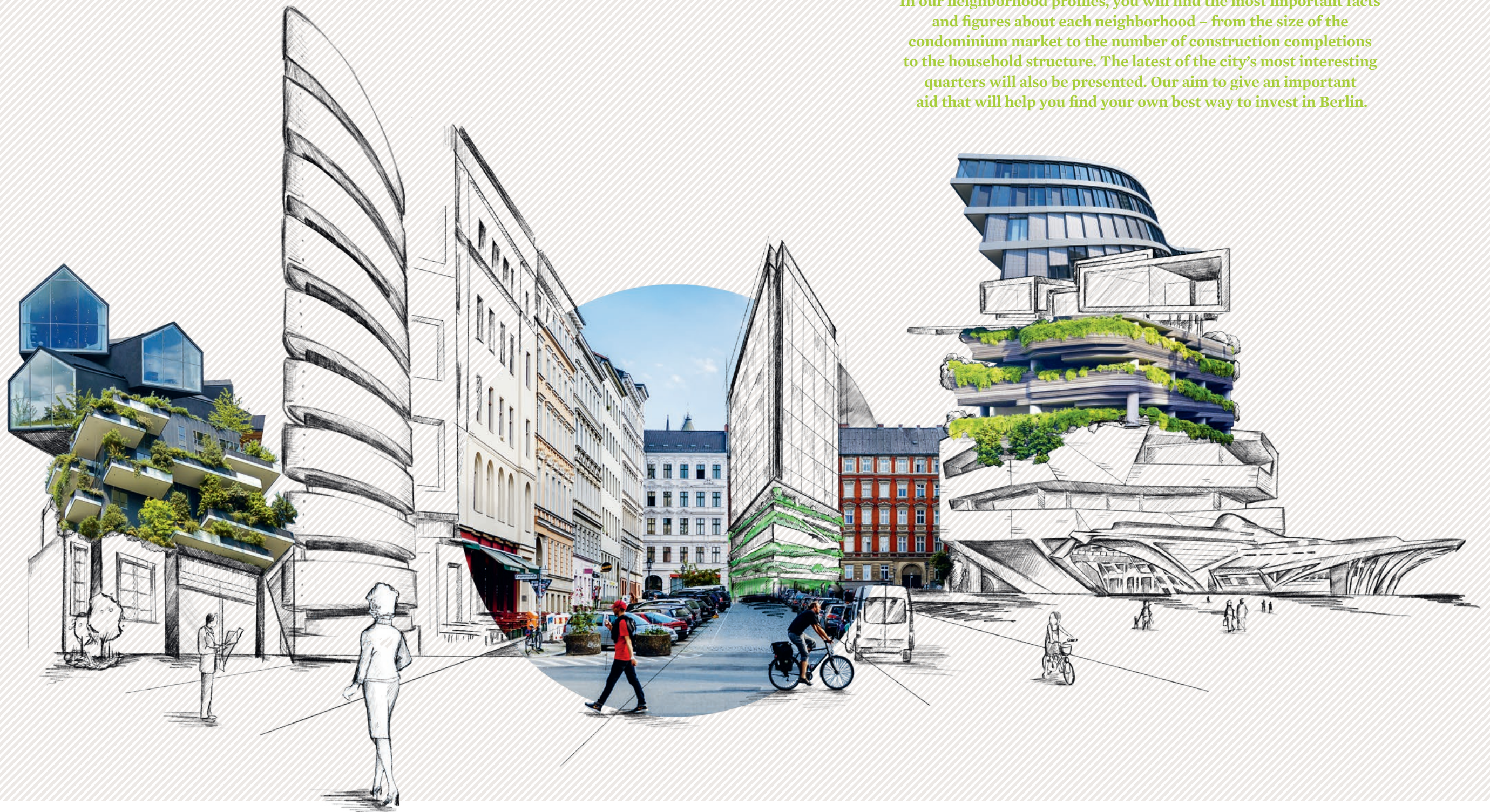


**CONTRIBUTED BY
Dorothea Metasch,
Head of Marketing &
Key Account Management
at ZIEGERT**

NEIGHBORHOOD PROFILES

Wilhelminian splendor, a hip quarter, or a peaceful family neighborhood: in Berlin, no neighborhood is like the other. This poly-centric city is made up of a number of different housing markets that also change quite differently one from the other. This is why it is well worth taking a look at each of them individually.

In our neighborhood profiles, you will find the most important facts and figures about each neighborhood – from the size of the condominium market to the number of construction completions to the household structure. The latest of the city's most interesting quarters will also be presented. Our aim to give an important aid that will help you find your own best way to invest in Berlin.



CHARLOTTENBURG-WILMERSDORF

THE CHARM OF THE BOURGOISE

From the upper-middle class buildings in the side streets around the Ku'damm to the splendid villas in Grunewald: In Charlottenburg-Wilmersdorf, everything is a bit more fashionable, more stylish and at the same time a bit more conscious of tradition than in the rest of Berlin's neighborhoods. With its elegant boutiques, the Ku'damm still forms the heart of the area. Here, the wealthy residents from adjacent communities, but also visitors to the city can stroll to their hearts' content. The impressive comeback of City West has also brought a creative scene back to the Boulevard. Just like in the Roaring 20s, the stages and music halls are meeting places for both local celebrities and international stars.

A growing luxury market that is no longer limited solely to the long established prestigious areas, and continued growth in demand throughout the neighborhood, means that new residential projects are showing up in places away from the better-known areas.

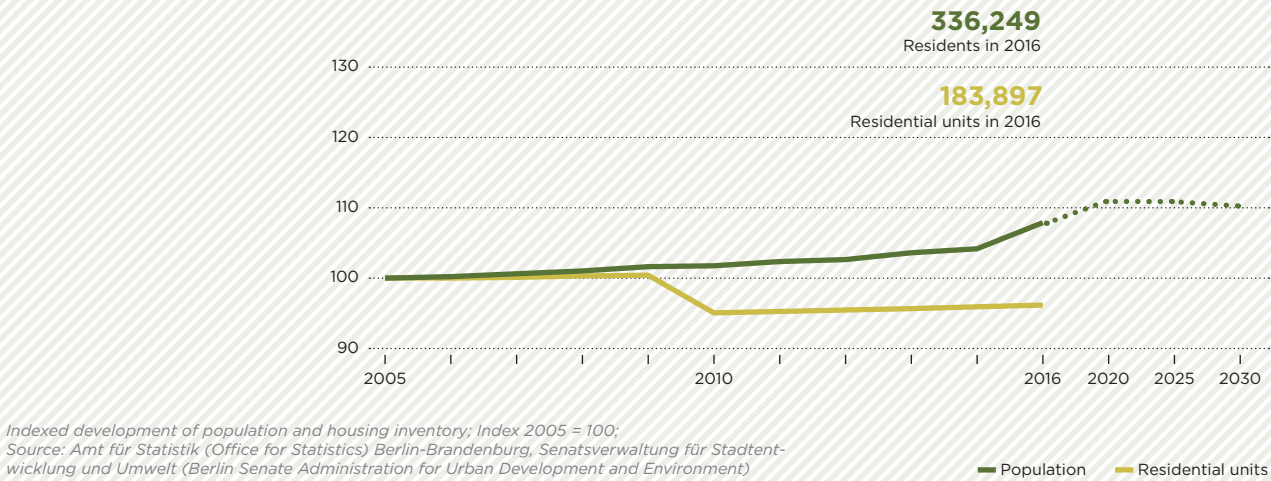


MARKET

Continues to be the largest market for condominiums in Berlin. Prices are also rising continuously in the outskirts.

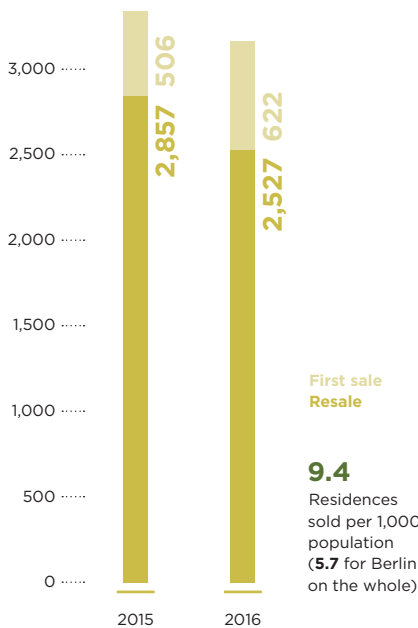
RESIDENTS VS. RESIDENCES

Since 2014, the population has grown by almost 10,000. Even the new construction activity in recent years is not enough to satisfy the demand for living space.



CONDOMINIUMS SOLD

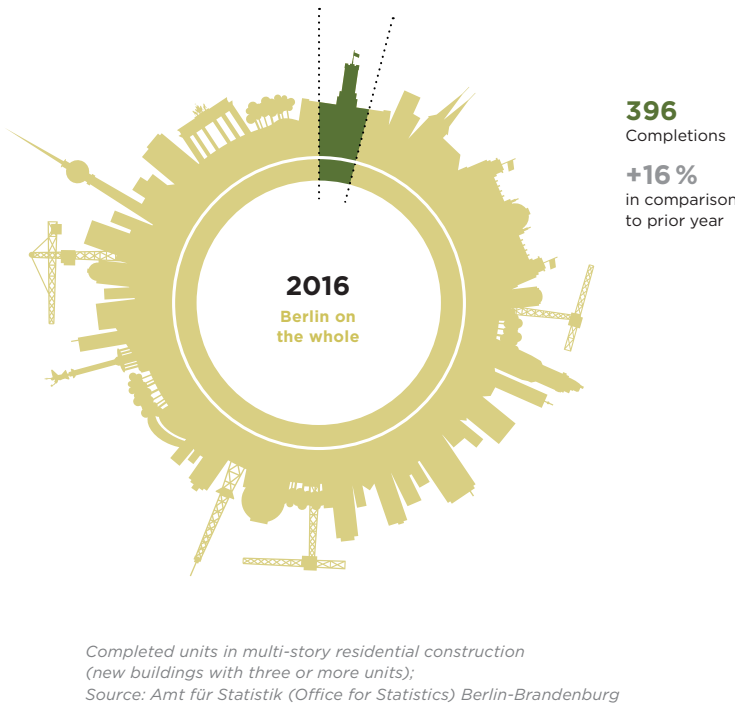
In spite of the slight fall in the number of condominiums sold, it is still the largest market for condominiums in Berlin.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Appraisals) Berlin, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

Slight increase in the number of completions in comparison to the previous year. Above all along the outskirts, there are further projects in planning.

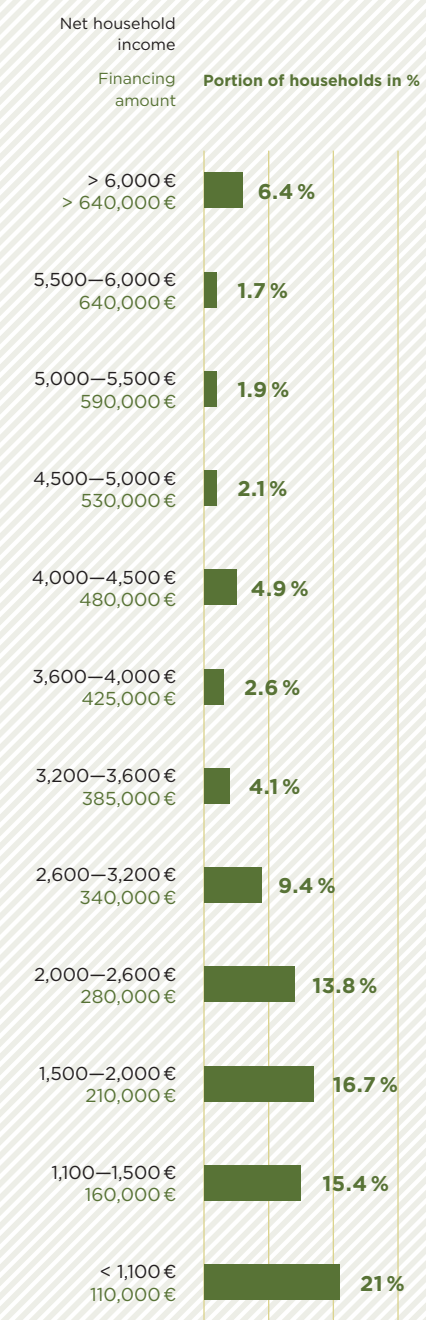


PRICES

Besides an uninterrupted up-trend in prices in the entire neighborhood, it is primarily the luxury segment starting at 7,500 €/m² where a truly large price increase has occurred.

FINANCING POTENTIAL BASED ON INCOME

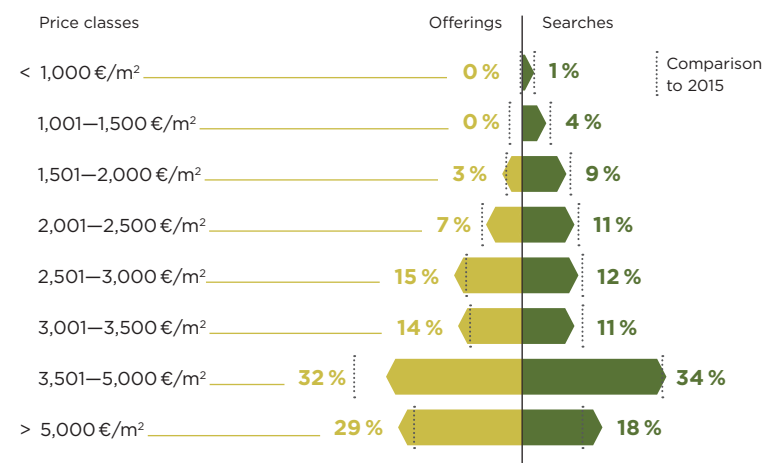
In no other neighborhood is the portion of households earning more than 6,000 Euros a month higher. And it is still growing.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%;
Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

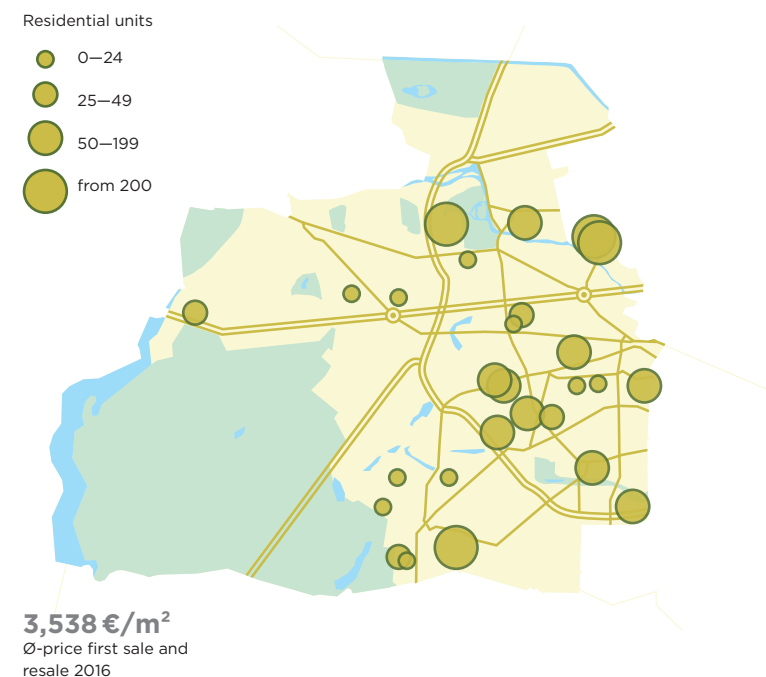
Offerings in the segment starting at 5,000 €/m² are continuing to grow. Searches are also gradually shifting into this segment.



Offerings and searches for condominiums at ImmobilienScout24;
Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

Several large projects are slated to begin, primarily along the S-Bahn-Ring.



5,242 €/m²
Ø-price first sale 2016

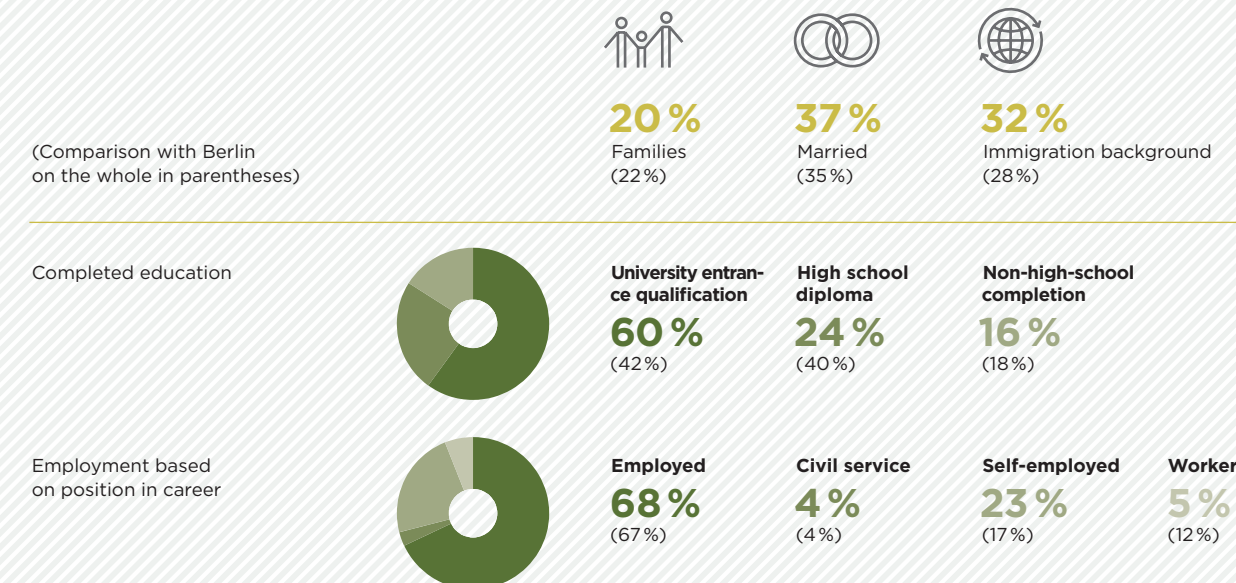
Planned condominium projects in multi-story construction (new buildings with three or more units);
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

CLIENTS

The demographic shift harbors a great potential for barrier-free newly constructed condominiums.

POPULATION STATUS

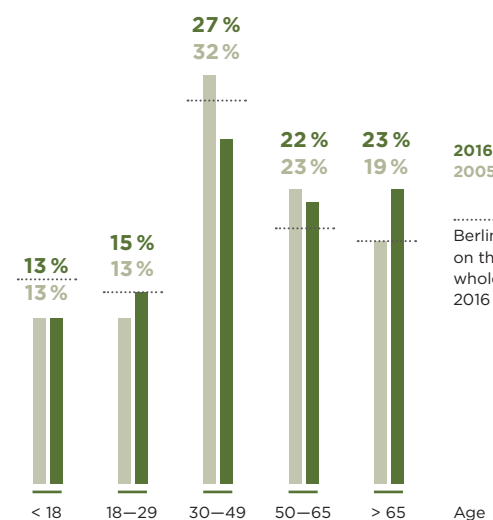
Along with Friedrichshain-Kreuzberg, this neighborhood posts the highest proportion of self-employed persons.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

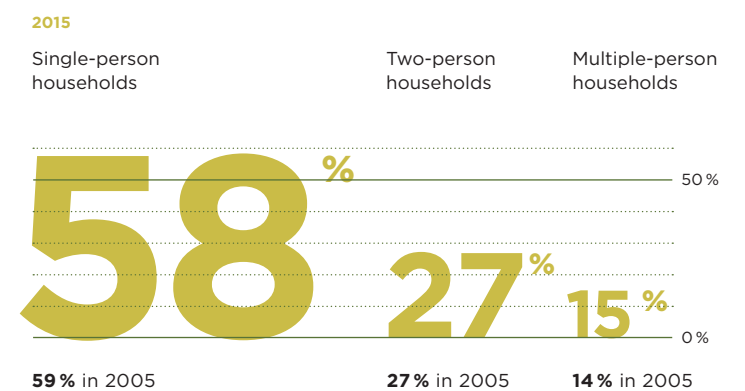
The demographic shift has become noticeable: the proportion of people over 65 has grown significantly.



Comparison of age structure 2005/2016 and Berlin on the whole 2016;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

Just like other centrally located neighborhoods, Charlottenburg-Wilmersdorf also has a high proportion of single-person households.

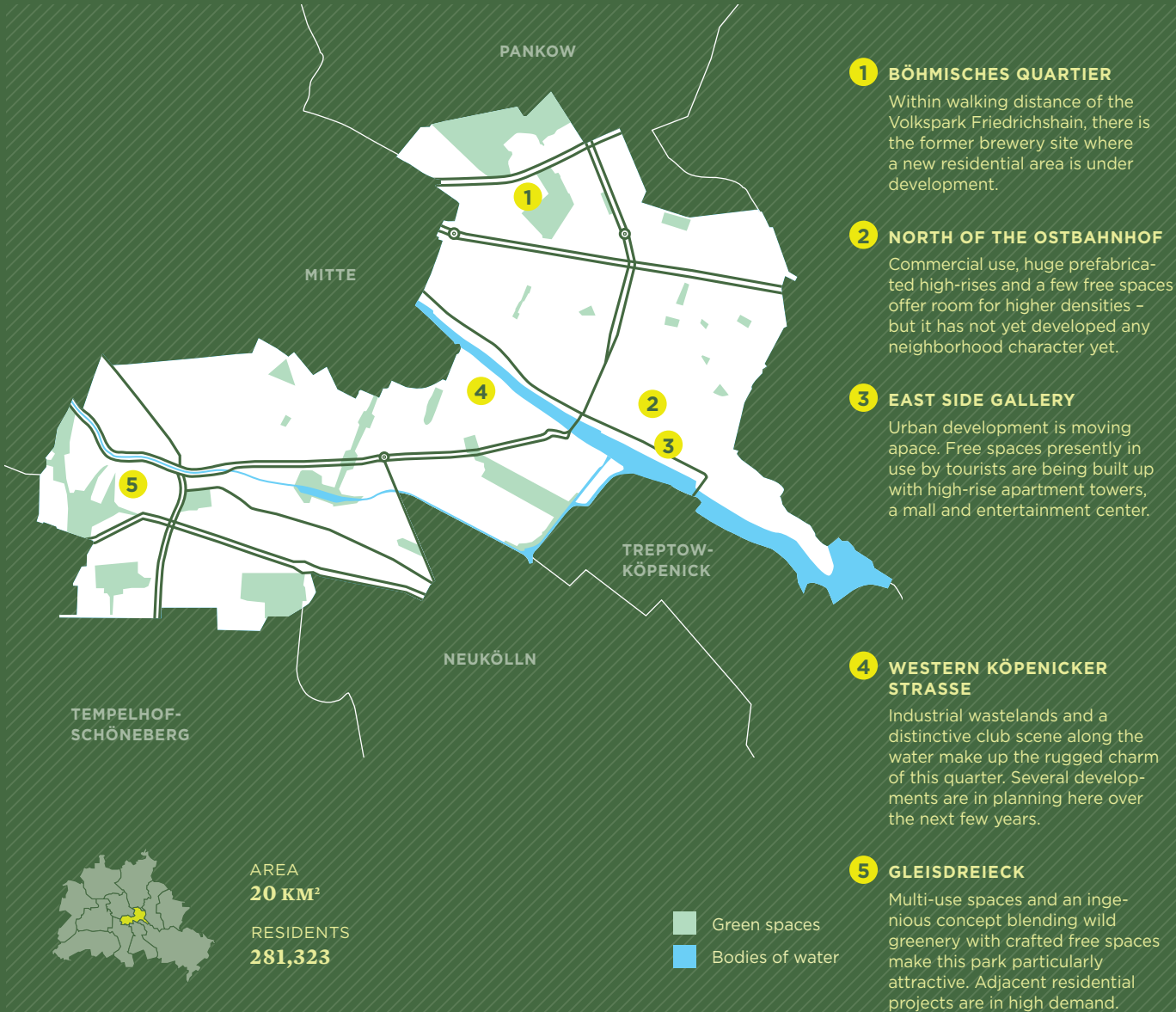


Comparison of household size 2005/2015;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

FRIEDRICHSHAIN-KREUZBERG

WHERE NON-CONFORMISTS LOVE TO LIVE

»Kreuzberger nights last long« — every German can hum along to this popular song from the 70s. The shotgun wedding between Kreuzberg and Friedrichshain, one from the old East, the other from the old West, was part of the most recent neighborhood reform movement. It made clear to even the oldest Berliner that these two neighborhoods had more in common than they had differences. The youngest neighborhood in Berlin not only posts the largest density of clubs in the city, it also scores points with international cuisine (from midnight snacks at standing cafés to discriminating 10-course menus in gourmet restaurants) and a striking cultural and creative scene. No wonder, therefore, it continues to attract well-educated young professionals from all over the world. The shortage of building sites in the densely populated neighborhood is causing prices to stay on the rise. Countless construction cranes between the Spree river and the rail line in Friedrichshain are evidence of the creation of a new part of the city. With several new residential and office towers, along with an entertainment center, Berlin is getting a new skyline in this area which was once the path of the Berlin Wall.

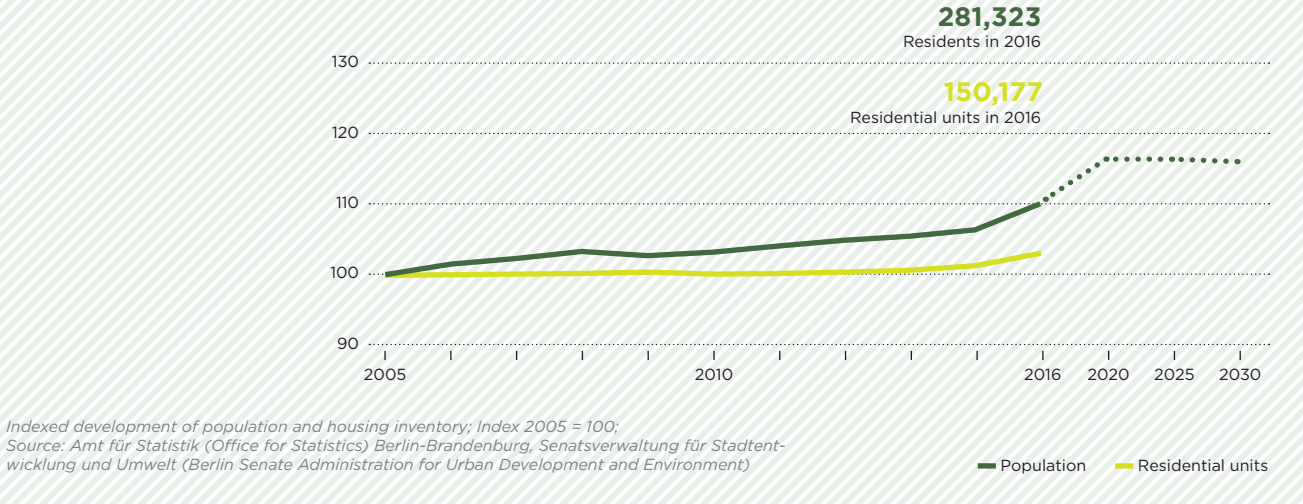


MARKET

Little dynamic on the residential market in spite of higher demand. The projects in planning along the banks of the Spree will raise the number of completions and sales in the coming years.

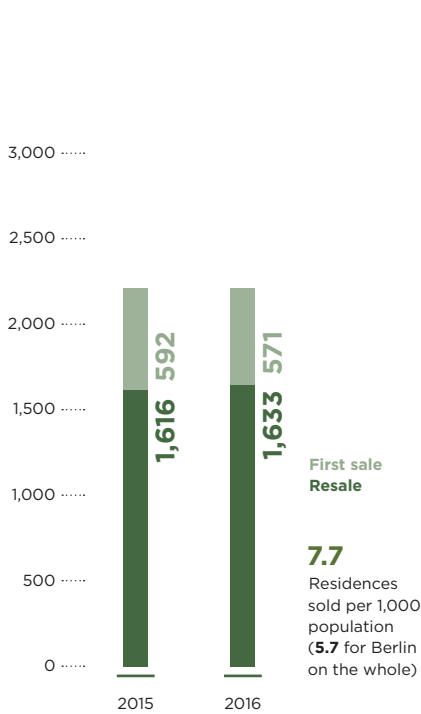
RESIDENTS VS. RESIDENCES

Population growth has slowed a bit in recent years. The situation on the residential market, however, remains tight due to high demand.



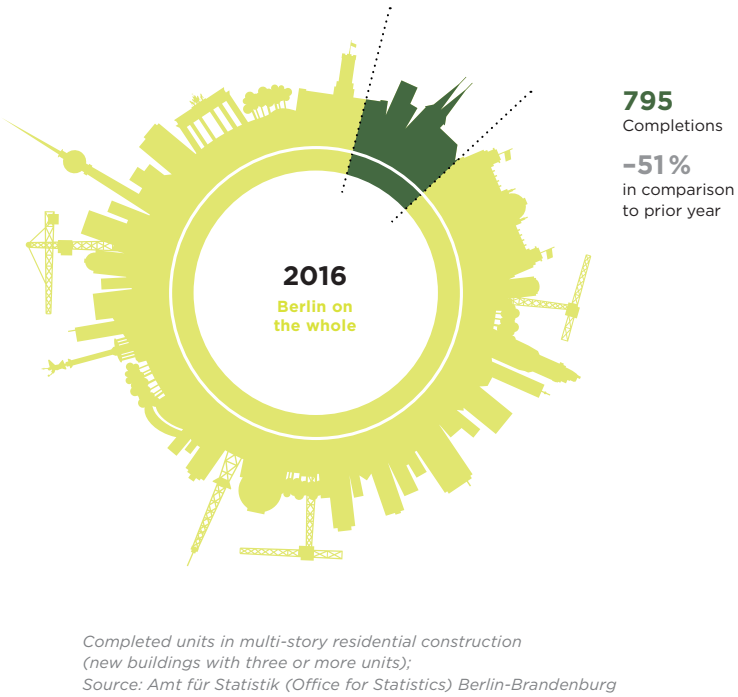
CONDOMINIUMS SOLD

Only a slight increase in sales figures at present. Some projects along the Spree river will, however, bring an upswing to the market in the foreseeable future.



COMPLETIONS

The number of completions has fallen a lot due to a lack of potential building sites. North of the Spree river, there are quite a few building cranes swinging back and forth.

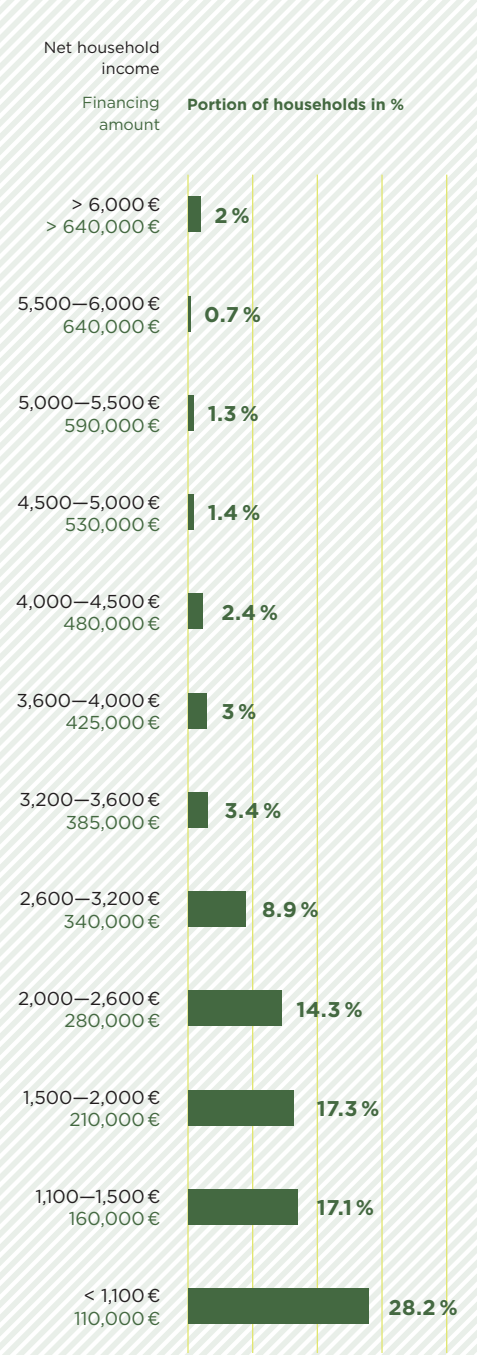


PRICES

In both parts of the neighborhood, prices are increasing significantly. The new building projects on the banks of the Spree will noticeably increase the number of offerings in the segment starting at 7,500 €/m².

FINANCING POTENTIAL BASED ON INCOME

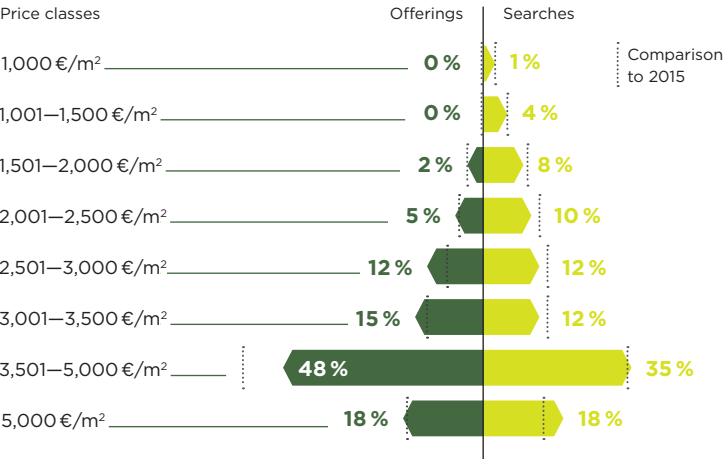
Because of the high number of single households, the mean net household income is still below the average for Berlin as a whole.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%;
Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

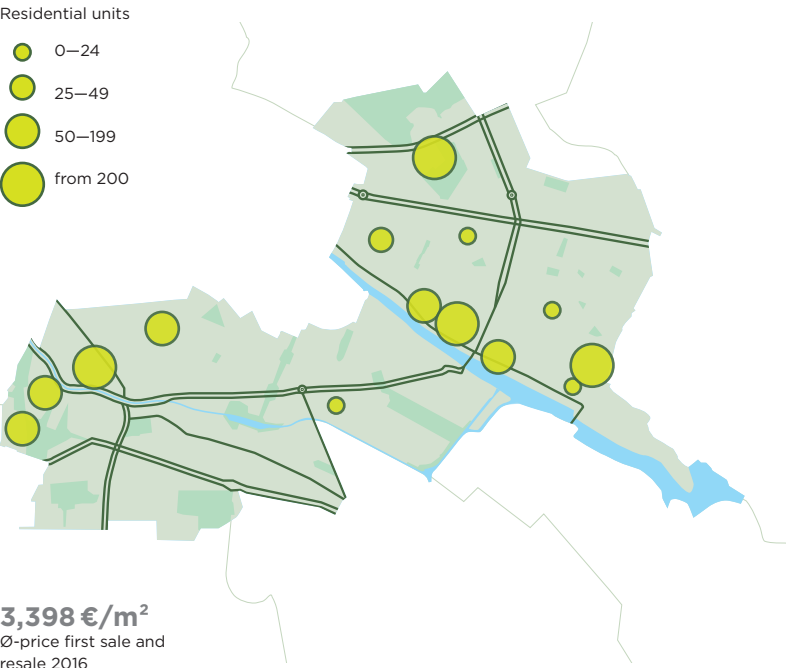
Two-thirds of the condominiums on offer cost more than 3,500 €/m²; and demand in this segment has also risen considerably, although it is still lagging the offerings.



Offerings and searches for condominiums at ImmobilienScout24;
Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

Large new construction projects are under development primarily in the strip where the Berlin Wall once stood along the Spree river.



4,453 €/m²
Ø-price first sale 2016

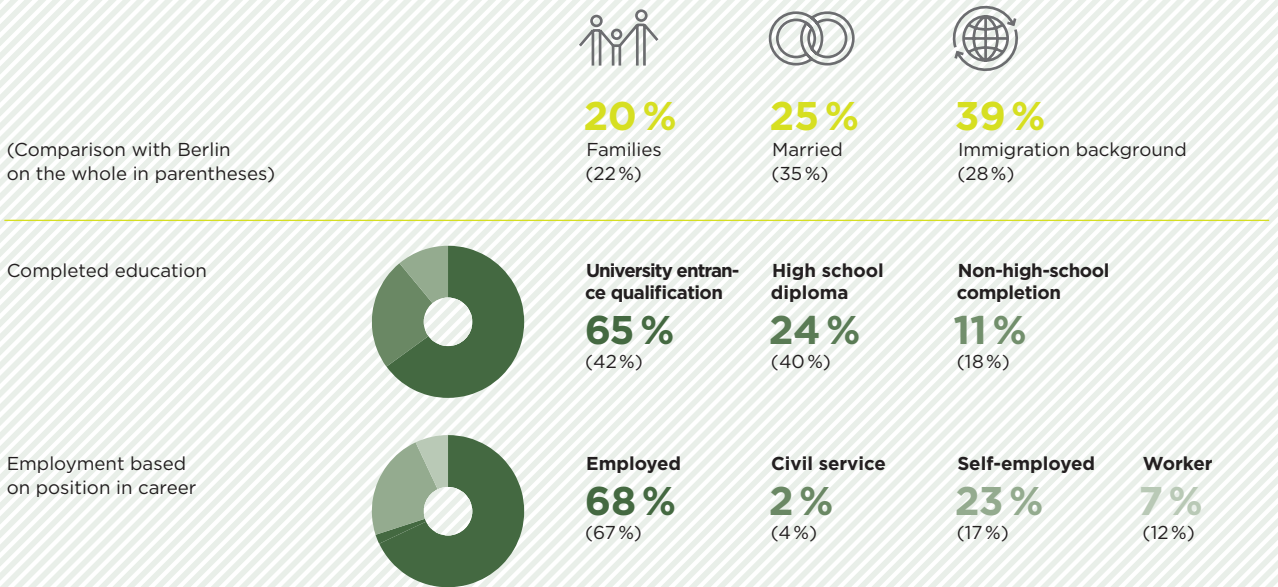
Planned condominium projects in multi-story construction (new buildings with three or more units);
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

CLIENTS

The neighborhood also continues to be especially popular among young, creative and international newcomers.

POPULATION STATUS

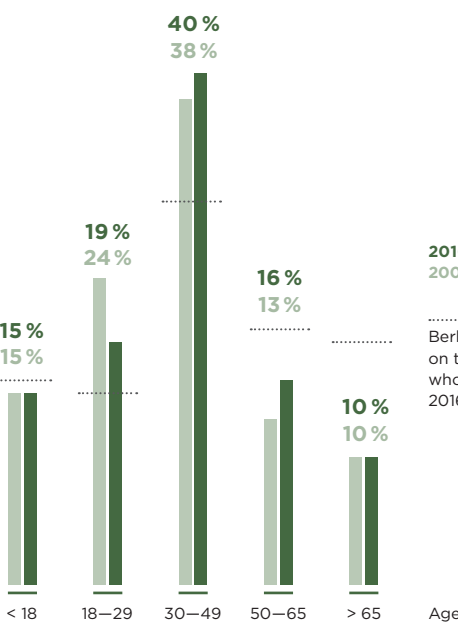
65%: the highest proportion of college-entrants of all Berliner neighborhoods.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

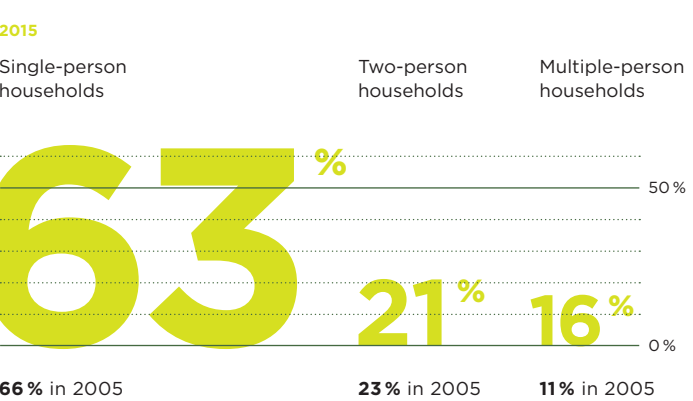
Berlin's youngest neighborhood by far. Nowhere else do so few +65-year-olds live.



Comparison of age structure 2005/2016 and Berlin on the whole 2016;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

In spite of rising popularity among families, still the highest proportion of single households in Berlin.



Comparison of household size 2005/2015;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

LICHTENBERG

UPSWING IN THE EAST

The “Weitlingkiez,” with its lovely old buildings, stands as a symbol for the development in this entire neighborhood. Even if the street south of the S-Bahn station Lichtenberg was tainted by a dubious image a few years ago, this Wilhelmina-era quarter has now become a refuge for Berliners both old and new who want to get away from and can well do without all the hype surrounding the so-called hip neighborhoods, and yet still appreciate the best traffic links and a family-friendly area. Only the restaurant scene is still on hold, though it only seems to be a matter of time until those now running nail studios and hairdressing salons will get a new business idea here too. The green suburb of Karlshorst is experiencing similar popularity: noble villas and several new construction projects characterize the scene here. There are presently plans to develop the old industrial wasteland on the Blockdammweg into a quarter with family-friendly apartments and a good social infrastructure.

These endeavors are already paying off: In comparison to the previous year, the neighborhood was able to book almost twice as many building permits. The number of completions, however, is still lagging far behind. There is still a lot of free space available for condominium development.

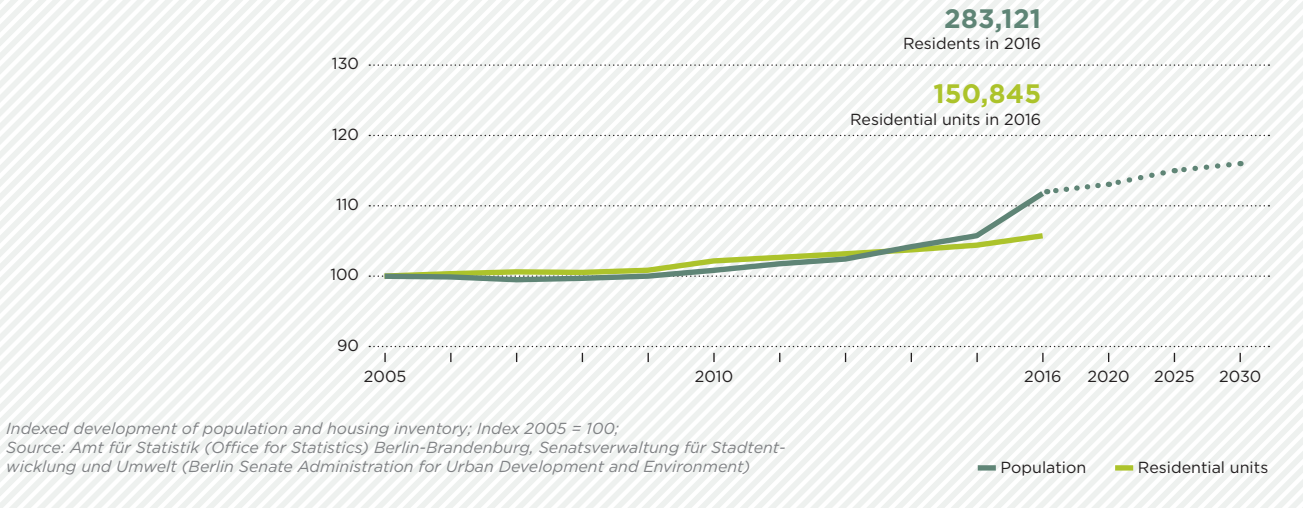


MARKET

The market for condominiums is still not showing hardly any growth. Many open spaces and high demand are, however, creating the basis for positive development.

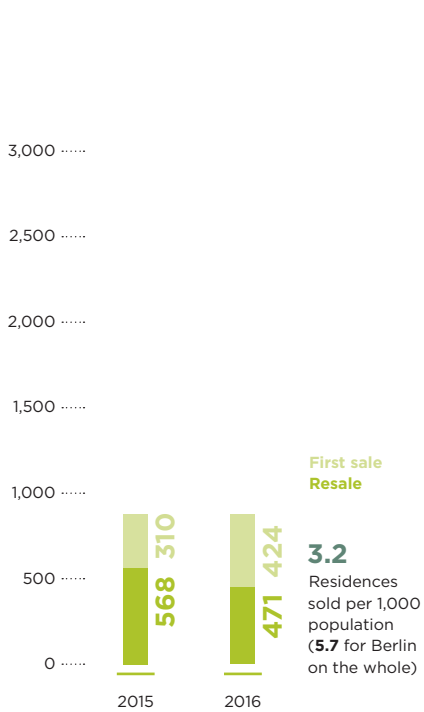
RESIDENTS VS. RESIDENCES

With 2.9% in comparison to 2015, the highest population growth among all Berlin's neighborhoods. The housing inventory is also continually growing, but at a much smaller rate.



CONDOMINIUMS SOLD

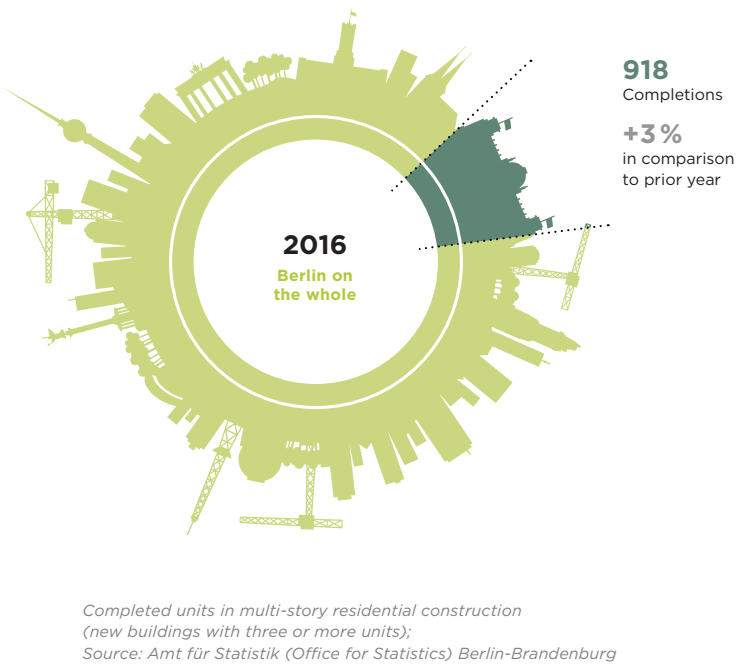
Third-smallest market with stagnating sales figures.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Appraisals) Berlin, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

A small increase in new building activity. Based on the number of completed units, still ranks fourth Berlin-wide.



PRICES

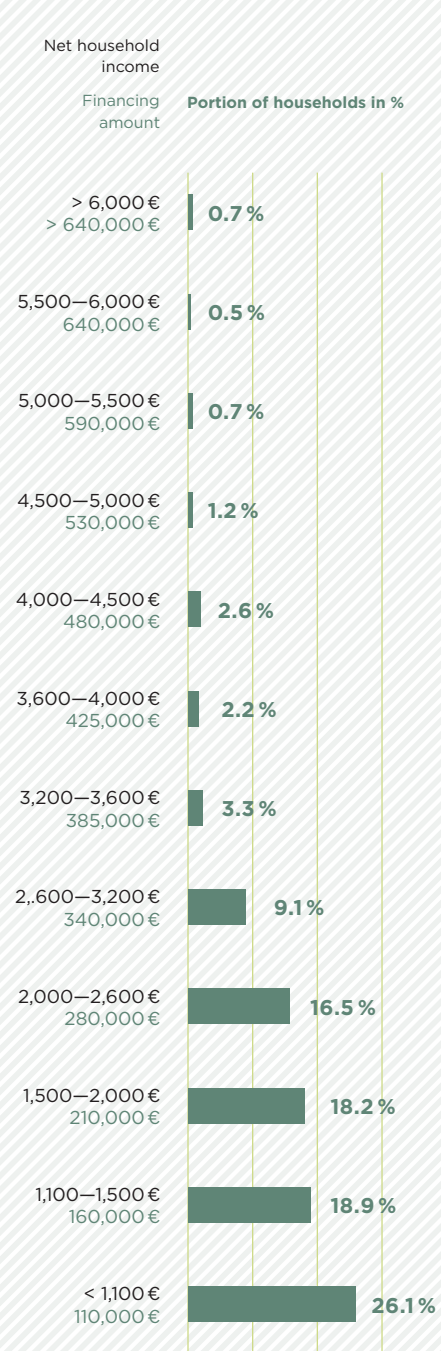
In spite of high demand and large amount of potential space, only a few projects are being implemented in Lichtenberg at present.

CLIENTS

Not only families feel at home in Lichtenberg. More and more students are also discovering the neighborhood.

FINANCING POTENTIAL BASED ON INCOME

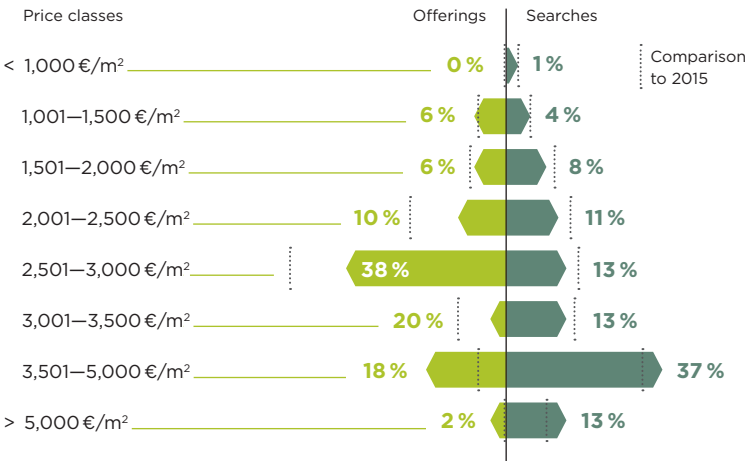
The average income of Lichtenbergers is growing more slowly than the average for Berlin on the whole.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%; Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

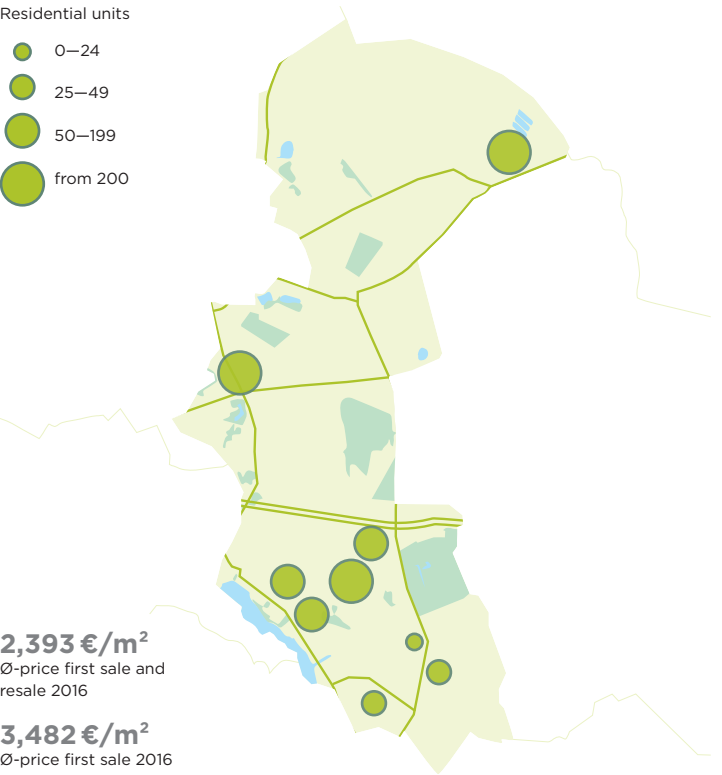
Half of all searches are in the price segment starting at 3,500 €/m². The small number of offerings at the same time in this segment is pointing to a potential for new building projects.



Offerings and searches for condominiums at ImmobilienScout24; Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

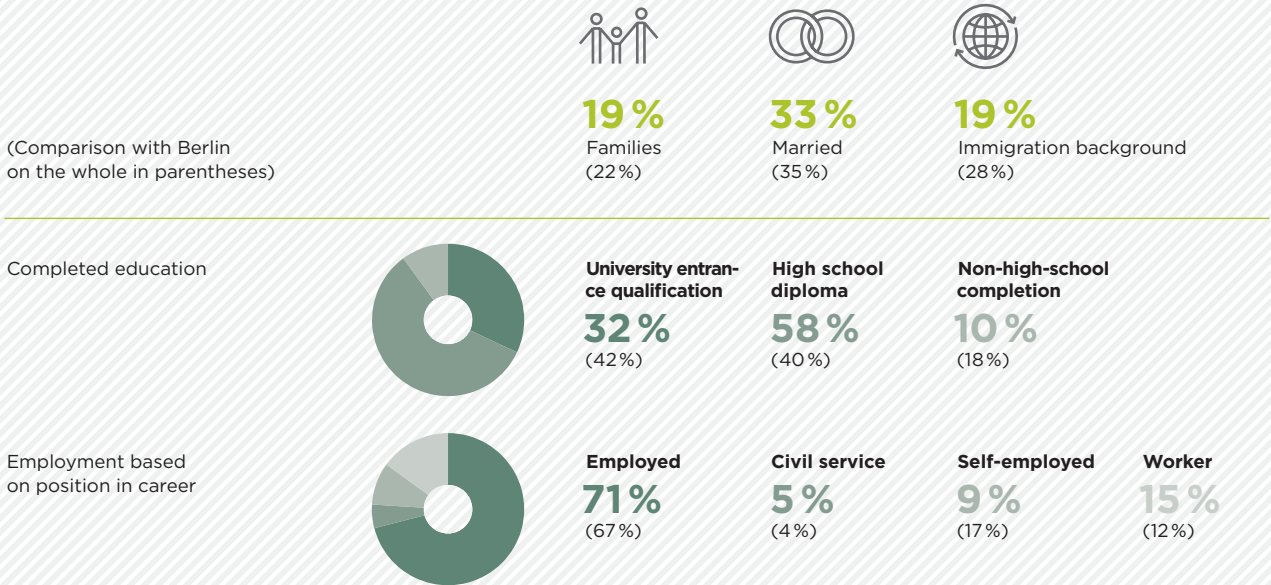
Only a few residential condominium projects in planning.



Planned condominium projects in multi-story construction (new buildings with three or more units); Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

POPULATION STATUS

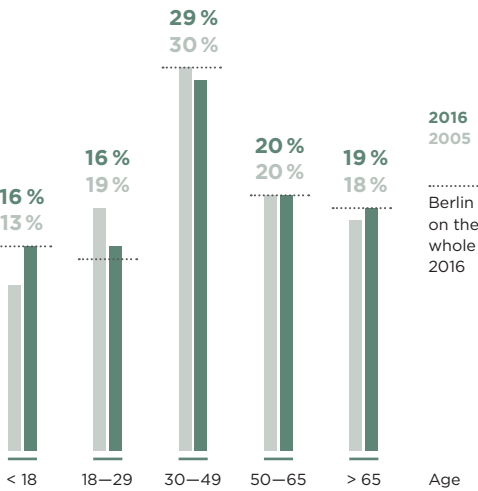
The largest proportion of white-collar employees Berlin-wide.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

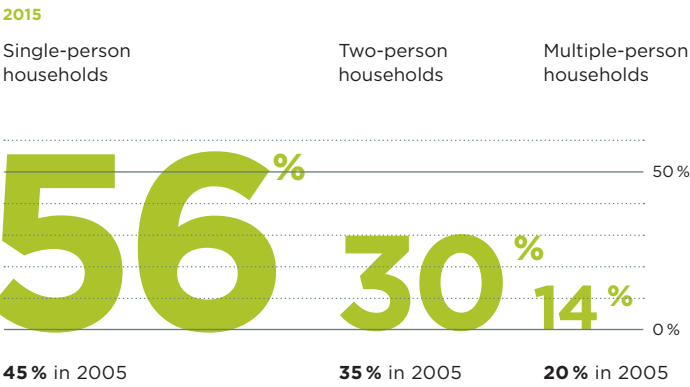
Above all the number of those below 18 years old has been growing for years.



Comparison of age structure 2005/2016 and Berlin on the whole 2016; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

The proportion of single-person households continues to grow. This is due, among other things, to the migration of young people from more centrally located neighborhoods.



Comparison of household size 2005/2015; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

MARZAHN-HELLERSDORF

PRE-FAB AND MORE

The organizers of the International Garden Exhibition are expecting more than two million visitors by October at the venue between the two neighborhoods that give this area its name, a site almost ten-times the size of Berlin’s Museum Island. In spite of this, Marzahn-Hellersdorf is primarily known for the pre-fabricated high-rises built here in the early 70ies. It all began when former East Germany launched a program to provide every family with an apartment. In comparison to the classic “Altbau” buildings held in such regard today, the apartments here were modern and the layouts well-thought-out. In addition, they also offered residential amenities unknown before: elevators, central heating and hot running water. Since the fall of the East and the renovation of the Altbau inventories in central locations, Europe’s largest contiguous development of pre-fabricated high-rises has lost its significance. In the 90ies, living here was still stigmatized. However, due to the huge demand for living space, the empty inventory here too has plummeted to an all-time low. There are also new condominium developments going up slowly but surely around the area, the first of them already in operation. And the free-standing family homes in Mahlsdorf are also still experiencing high demand thanks to their green surroundings.



1 GÄRTEN DER WELT
The long anticipated IGA (International Garden Exhibition) has finally arrived. Whether the colorful exhibition for the contemporary art of gardening will give a further boost to the condominium market remains to be seen.

2 HULTSCHINER DAMM
The gigantic area of single-family homes around the connecting street with a tram line is clearly benefiting from the huge recreation value of the Kaulsdorfer lakes. This is a great place to peacefully enjoy the sun, picnic under shady trees or even do a little fishing: 14 species of fish have recently been documented.

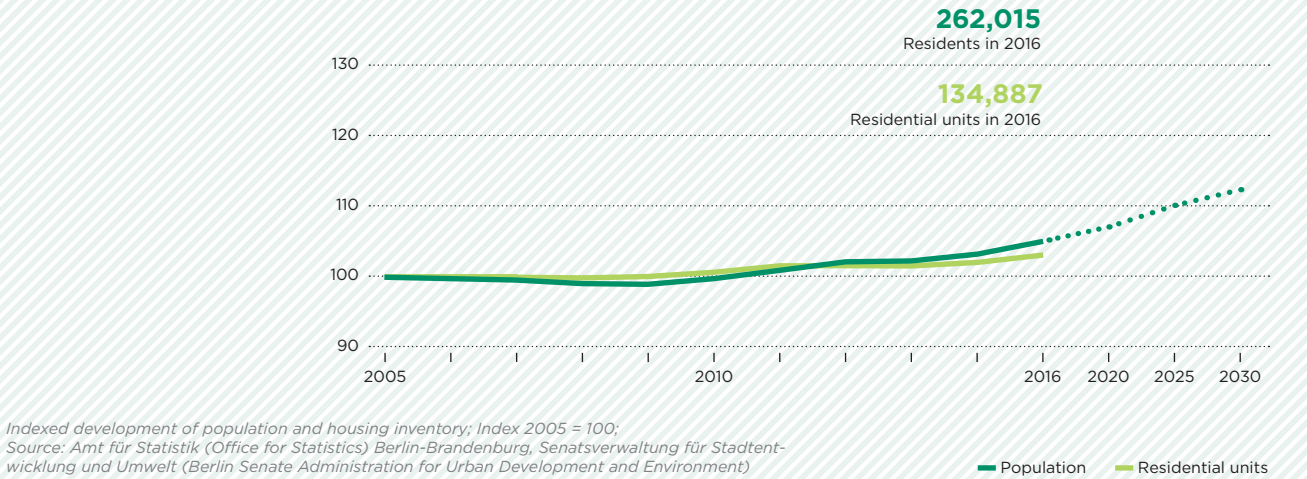
3 KAULSDORF-SOUTH
Idyllically green on the edge of the neighborhood. Still a few unoccupied lots are waiting here for today’s committed homebuilder.

MARKET

First new building projects for condominiums are in operation. Besides this rather restrained development, the market for single-family homes is prospering.

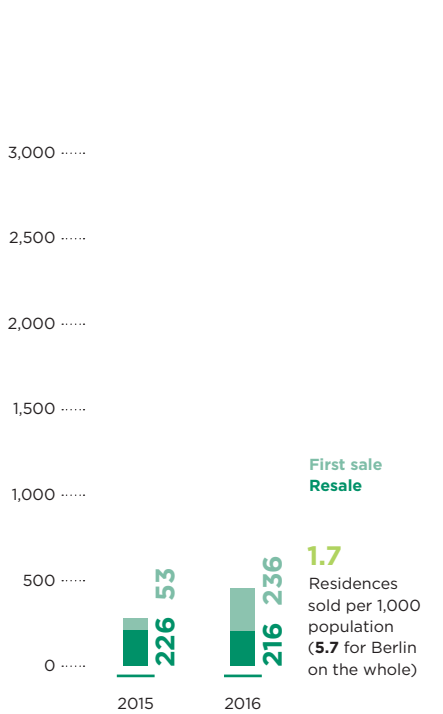
RESIDENTS VS. RESIDENCES

The population is only growing slowly here, but still much more quickly than housing inventories.



CONDOMINIUMS SOLD

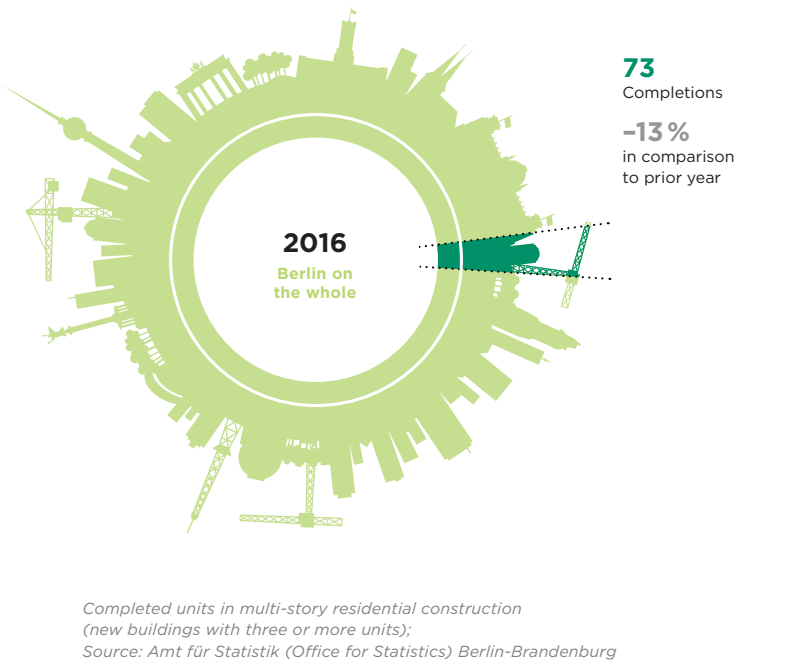
The neighborhood posts the lowest number of apartment purchases per 1,000 residents; tendency slightly upward.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Appraisals) Berlin, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

The least amount of new building activity of all Berlin’s neighborhoods. In the coming years, however, several projects are being planned by municipal residential construction companies.

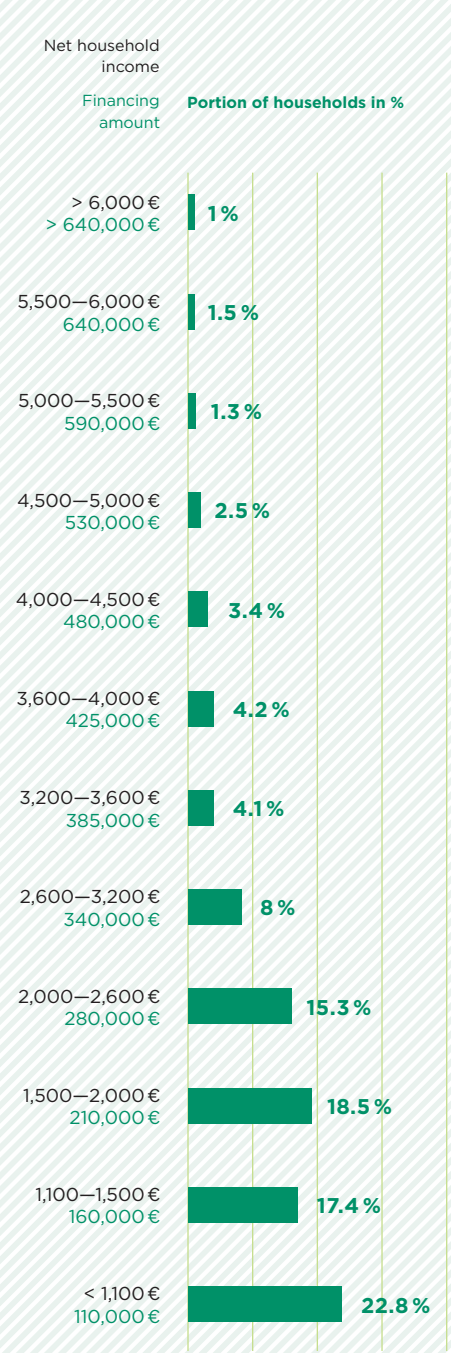


PRICES

Only a little new construction of condominiums in this neighborhood. The prices are rising slightly, but remain at a low level.

FINANCING POTENTIAL BASED ON INCOME

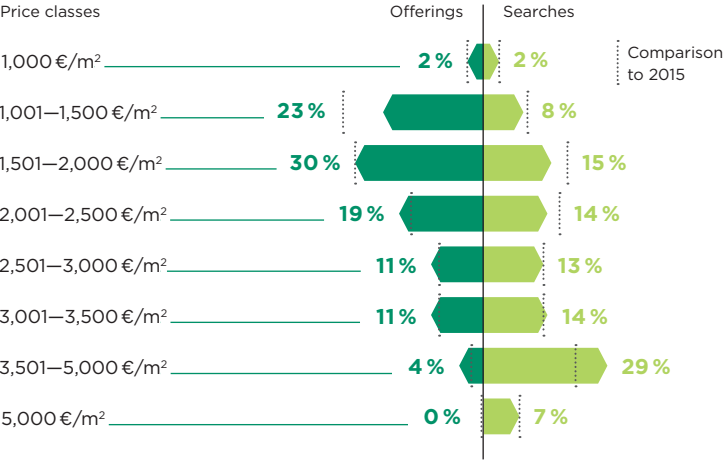
The portion of higher earners is growing slowly but surely. At present, the average net household income is, however still low.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%; Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

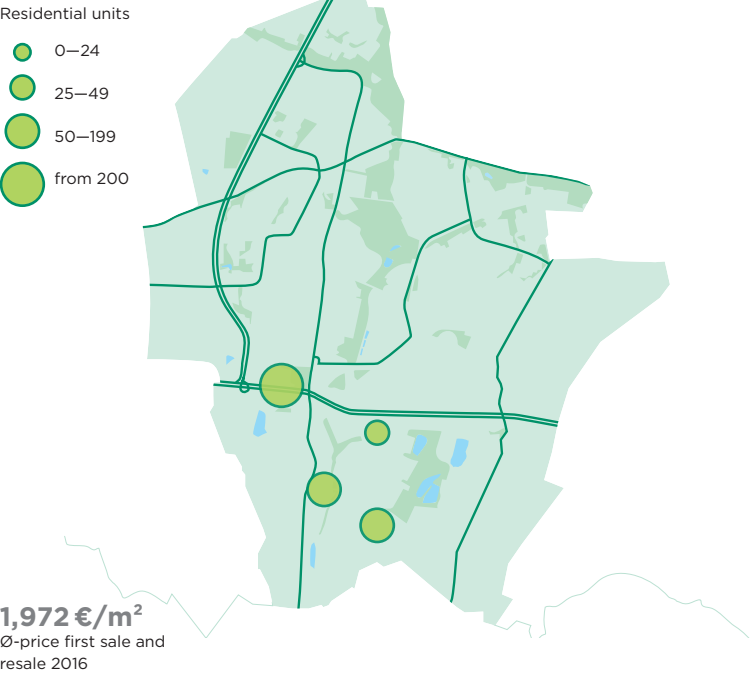
Three-quarters of all apartments on offer are in the price segment of up to 2,500 €/m².



Offerings and searches for condominiums at ImmobilienScout24; Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

Hesitant development in newly built condominiums in this neighborhood.



2,329 €/m²
Ø-price first sale 2016

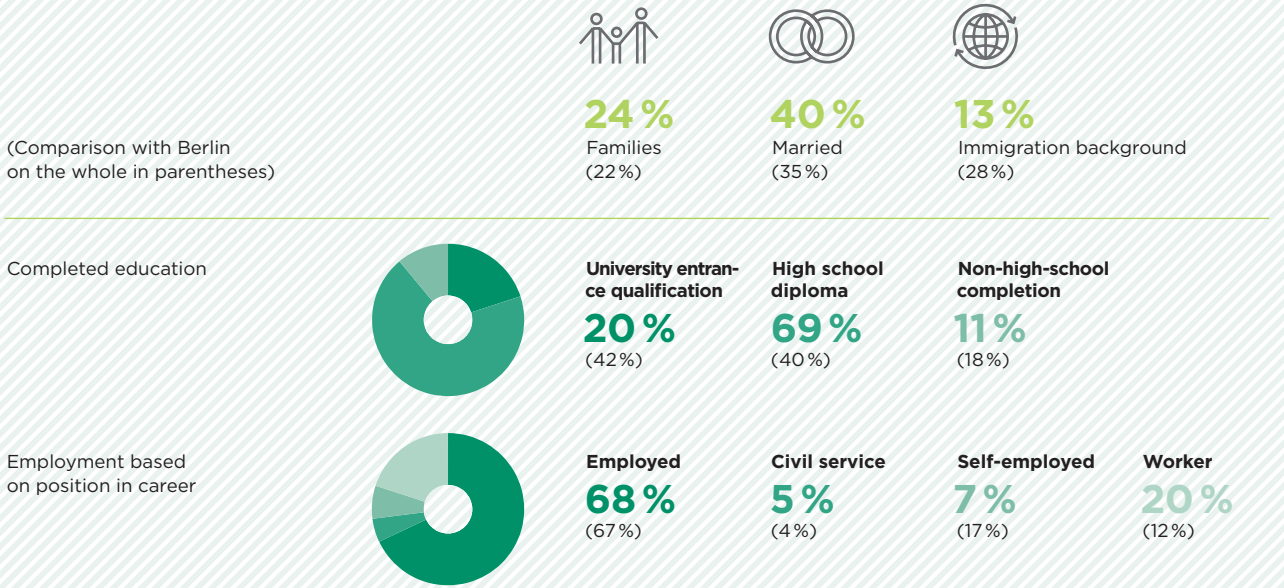
Planned condominium projects in multi-story construction (new buildings with three or more units); Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

CLIENTS

Many Berlin families are making their dreams of their own home in the suburbs come true here.

POPULATION STATUS

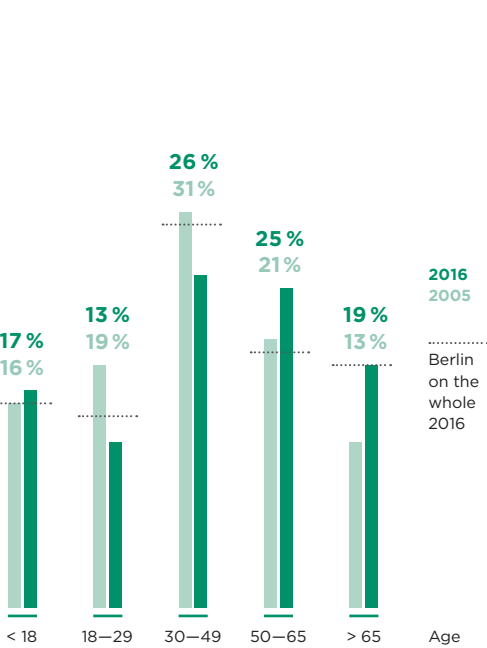
A high proportion of families and married couples are a characteristic of this neighborhood.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

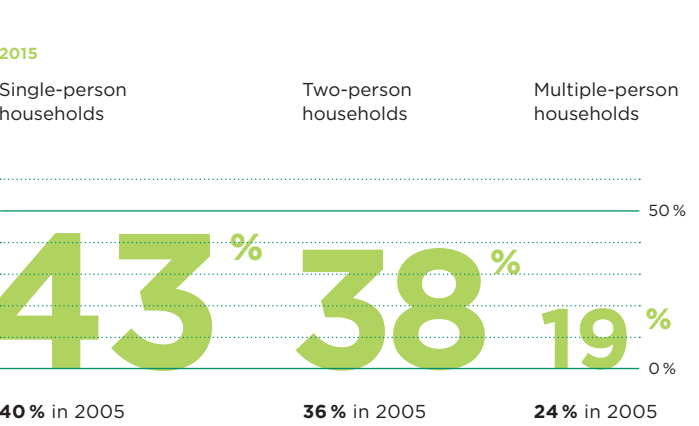
Especially strong in recent years is the growth of the +50 age group.



Comparison of age structure 2005/2016 and Berlin on the whole 2016; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

The portion of multi-person households is also falling steadily in Marzahn-Hellersdorf.



Comparison of household size 2005/2015; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

MITTE

BETWEEN TOP ADDRESS AND “THE HOOD”

As designation for the district and the neighborhood of the same name, as well as being a synonym for the city center, the name Berlin-Mitte is as accurate as it is imprecise. The historic city center with its countless sights and its inherent charm between the old and the new is probably much more well-known to most tourists than it is to Berliners themselves. Just like in other capitals, the seat of government, embassies and many company headquarters are concentrated around these central locations. Besides the established top addresses around the Spittelmarkt, Gendarmenmarkt and Nikolaiviertel, a large number of luxurious apartments in several high-rise developments are going up directly along the Alexanderplatz. And not just here is there a lot of building going on: With the *Europacity*, a new urban district is being developed north of the Central Station on an area measuring 40 hectares.

Besides the neighborhoods Mitte and Tiergarten, however, the former working persons' areas of Wedding and Moabit also belong to this district. Whereas Wedding with its still affordable rents appeals primarily to students from all over the world, new and hot restaurants and bars are slowly popping up in Moabit.



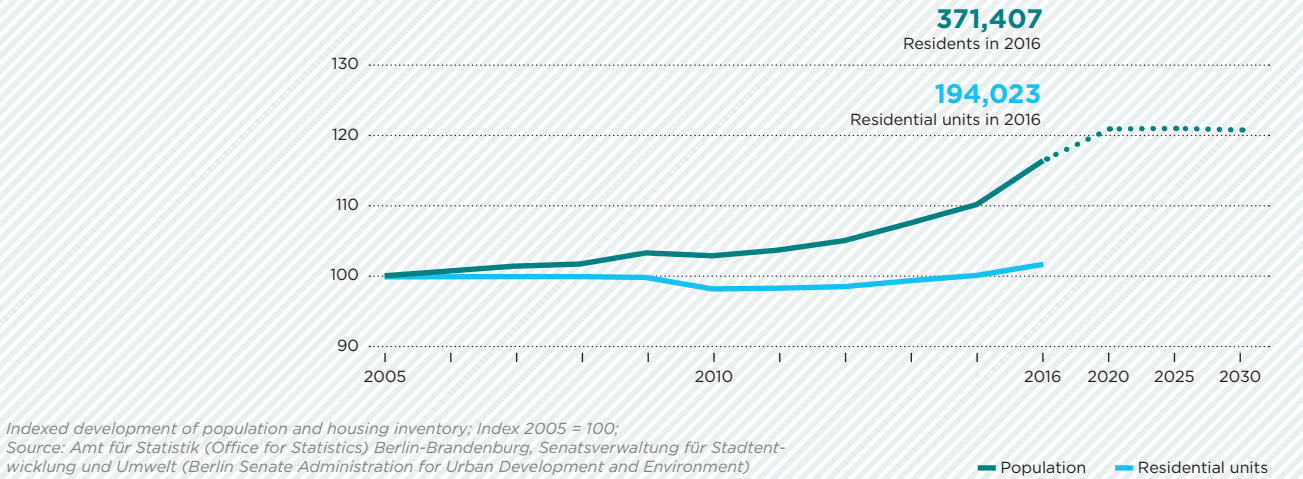
- 1 ENGLISH QUARTER**
This quiet residential area around the 30 hectare large Schillerpark is gradually attracting more students because not only the Beuth University of Applied Sciences is easy to reach, the many bars and pubs in south Wedding are too.
- 2 BRUNNENVIERTEL**
Central, well linked and some of Berlin's most popular neighborhoods as neighbors. But the property market is still developing rather sluggishly in one of the socially weakest parts of Berlin.
- 3 WESTERN MOABIT**
Industry, a lot of room for creativity and the first fashionable restaurants and bars make this area around the Beusselstraße a location with potential.
- 4 BRANDENBURGER TOR**
Characterized by high-priced re-partitioning projects near the Brandenburg Gate, now the contentious line of shops directly adjacent to the Holocaust Memorial is also giving way to a residential project.
- 5 STALLSCHREIBERSTRASSE**
Some wickedly expensive new buildings have wedged themselves between buildings from the 70ies and some less-than-successful post-reunification architecture. A large project will now complete the neighborhood.

MARKET

While the development of *Europacity* is really taking off, the condominium market is also gradually improving in Moabit and Wedding.

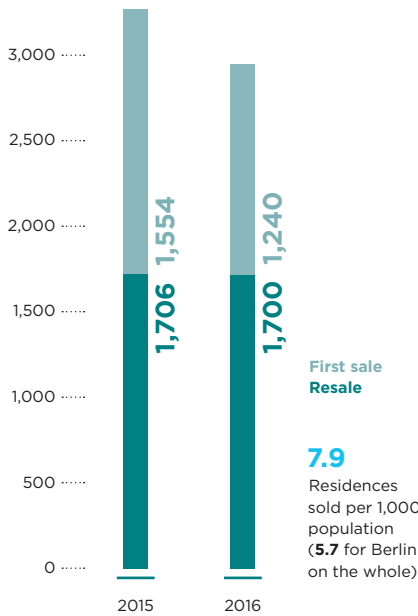
RESIDENTS VS. RESIDENCES

This neighborhood continues to post strong population growth which noticeably exceeds the increase in housing inventories.



CONDOMINIUMS SOLD

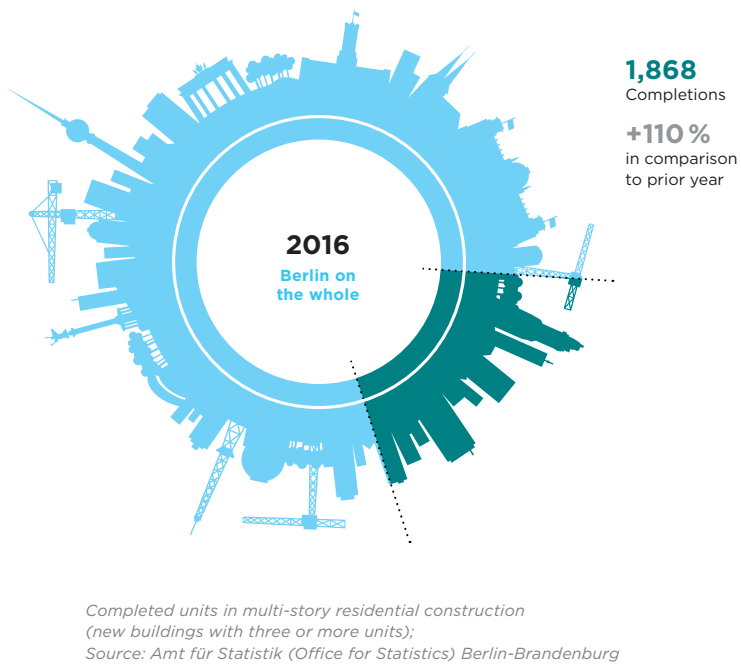
In spite of slightly lower sales figures, Mitte remains the second largest market for condominiums.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Appraisals) Berlin, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

Strong growth in new construction activity: In comparison to last year, the number of completions has doubled.

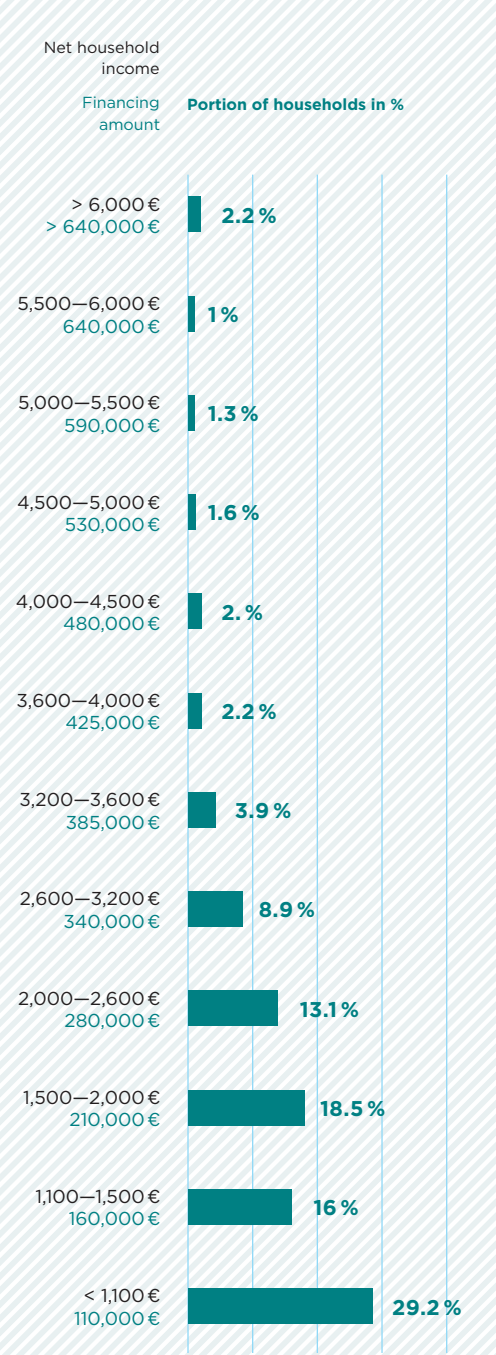


PRICES

In 2016, the highest prices Berlin-wide were obtained in the section of Mitte. But the other parts of this area also posted steady price increases.

FINANCING POTENTIAL BASED ON INCOME

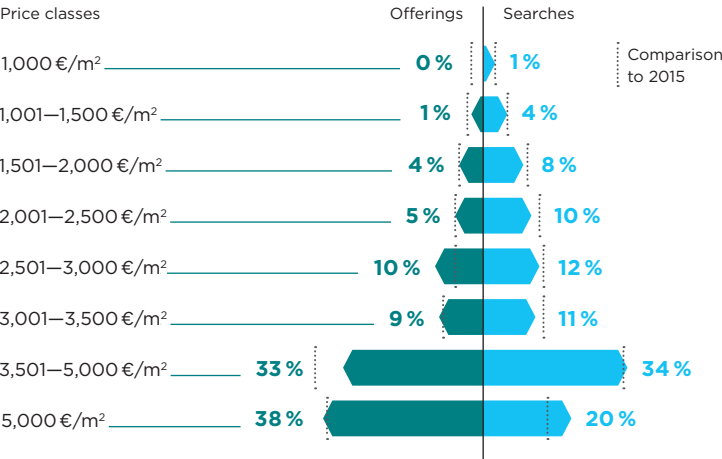
Clear increase in medium and upper income groups. The average income remains, however, below the level for Berlin on the whole.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%;
Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

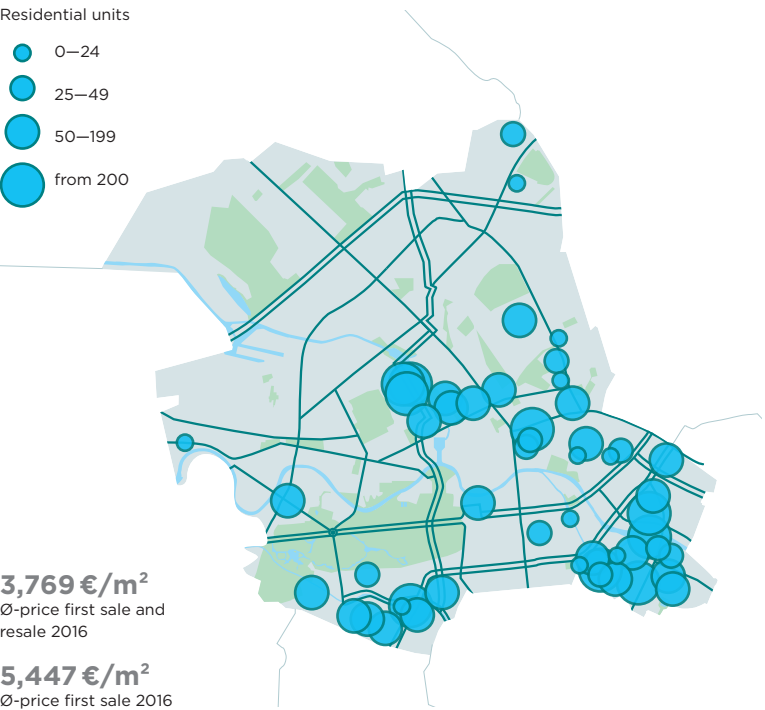
Highest prices for condominiums on offer, more than 2/3 of all offerings lie above 3,500 €/m².



Offerings and searches for condominiums at ImmobilienScout24;
Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

Primarily in Mitte there was a lot of new construction in planning due to the high demand. This also includes the *Europacity* north of the Central Station.



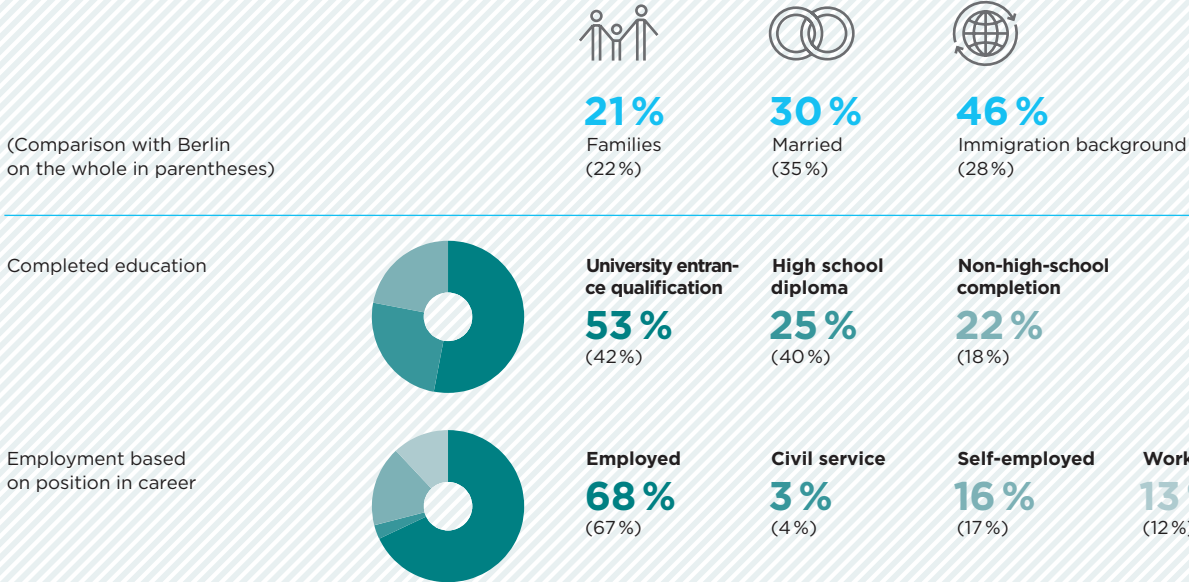
Planned condominium projects in multi-story construction (new buildings with three or more units);
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

CLIENTS

International immigrants and multi-locals prefer Mitte as their place of residence. Accordingly, there is a preponderance of single households.

POPULATION STATUS

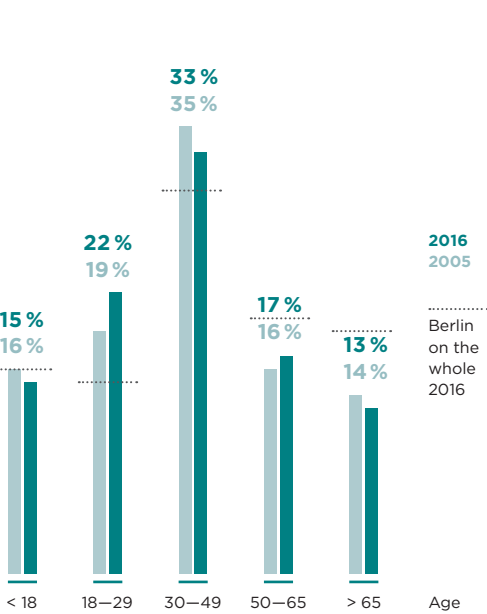
Almost every second resident here has an international background.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

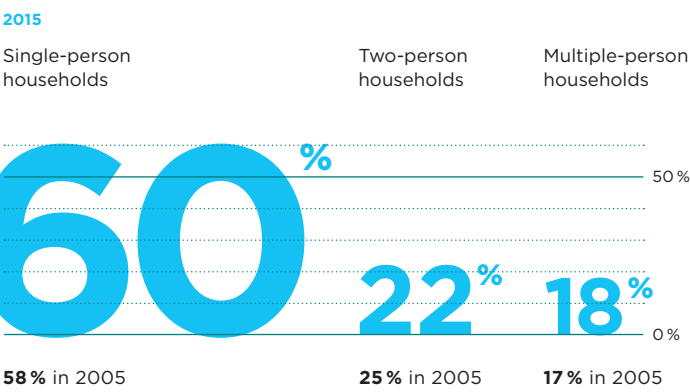
Significant growth in the group of 18 to 29 year-olds that can be explained by the strong influx of new people into the area.



Comparison of age structure 2005/2016 and Berlin on the whole 2016;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

Because of the many commuter households, among other things, Mitte (together with Pankow) posts the second highest proportion of single-person households.



Comparison of household size 2005/2015;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

NEUKÖLLN

ONCE THERE WERE MORE CORNER PUBS

Berlin's multi-cultural neighborhood remains in the headlines, whether it is because of cultural events such as the annual spectacle "48h Neukölln," where countless artists play in the small galleries and the public spaces around Neukölln for a weekend, or because of the Weserstraße which has also continued to secure its reputation as an international party mile. All around it are gathered homey cafés, owner-run shops and original but improvised parks and squares. Not only are the delicacies on offer often quite exotic, English and Spanish have also established themselves as quasi-official languages. All locations within the S-Bahn-Ring are presently experiencing unbridled demand. Free building lots, however, are a true rarity in this densely build neighborhood. So it is that new building projects are now going up even along heavily trafficked thoroughfares, and by the same token, further potentials for further densification are being looked into.

Something is also going on south of the S-Bahn-Ring in Britz: Mostly north of the Wederstraße, where the urban building style with four to five floor construction in closed checkerboard-edged blocks dominates, more and more buildings are currently being renovated. Further south, this structure gradually breaks up and the neighborhood takes on a village character.

NEUKÖLLN



AREA
45 KM²

RESIDENTS
327,522

Green spaces
Bodies of water

1 MAYBACHUFER

An "in" neighborhood, but a touch different: On the one hand, ducks paddle along the Landwehrkanal, on the other, there is haggling about the price of olives at the biweekly Turkish Bazaar along streets flanked by cute and classic "Altbau" houses.

2 SCHILLERKIEZ

Directly along the Tempelhofer Feld, not only is a new restaurant scene coming along quite nicely, the prices for living space in charming Wilhelmina-era buildings are also continuing to rise.

3 RICHARDKIEZ

A village in the middle of Neukölln? Around the Richardplatz, there are old stalls, a village church, cobblestones and even a smithy. In addition, once a year the "Rixdorfer Strohhallenrollen" (hay-bale roll) is carried out.

4 GRENZALLEE

Refreshingly uncouth, that is how this area around the U-Bahn station presents itself. This is where Neukölln is still original.

5 AROUND BRITZER GARDENS

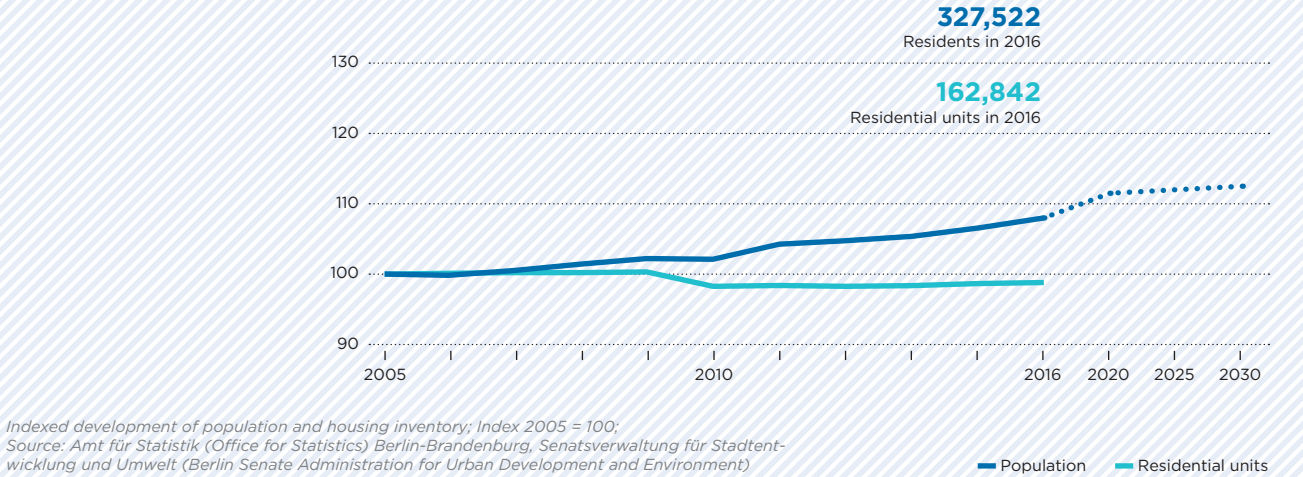
Free-standing single-family homes and several projects in planning can be seen around the Britzer Gardens that host not only ornately designed flower beds but also the largest sundial in Europe.

MARKET

High demand faces off against low completion numbers. Due to the small number of available building sites, there are hardly any new building projects inside the S-Bahn-Ring at all.

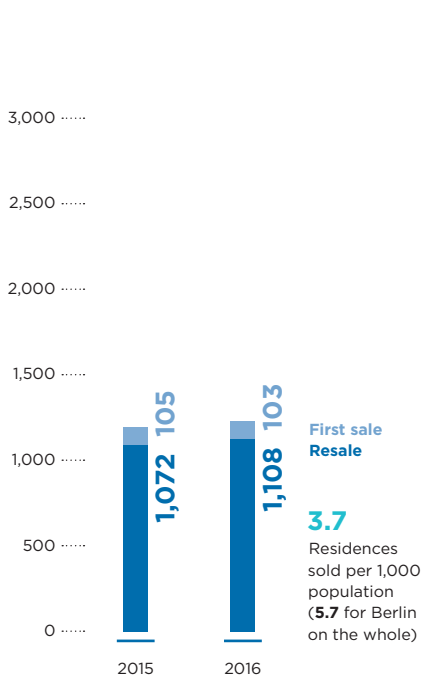
RESIDENTS VS. RESIDENCES

At the moment, the population figures are stagnating because of the small amount of living space on offer.



CONDOMINIUMS SOLD

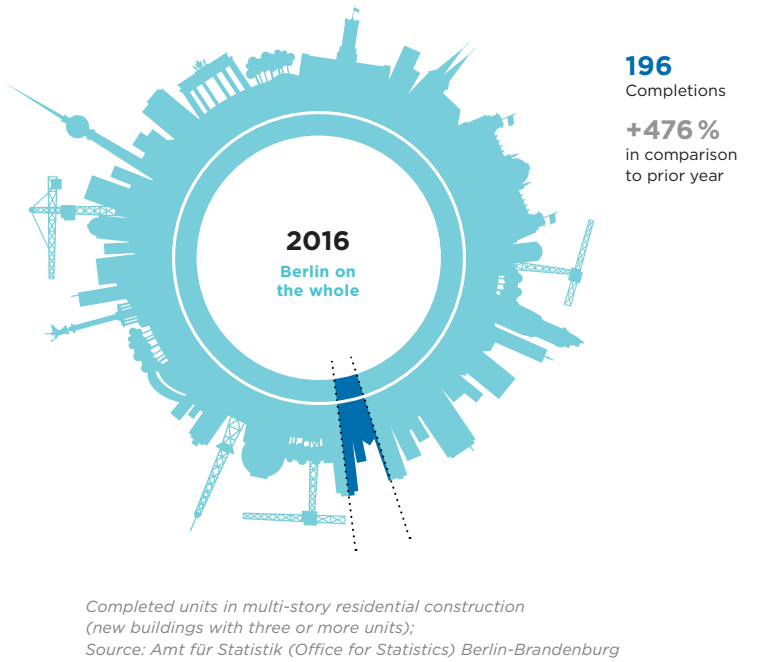
The number of apartments sold is steadily rising, but more slowly than the high demand would warrant.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Appraisals) Berlin, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

The number of construction completions remains low due to the small amount of new building activity. There are, however, several projects currently in planning.



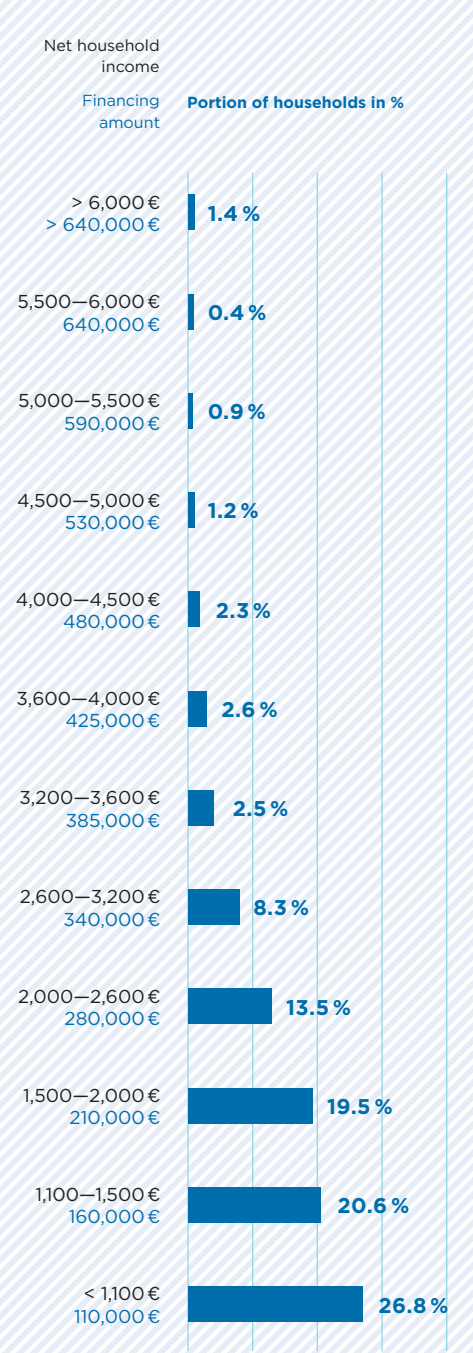
NEUKÖLLN

PRICES

Because of scarcity and high demand, prices have soared, particularly north of the S-Bahn-Ring.

FINANCING POTENTIAL BASED ON INCOME

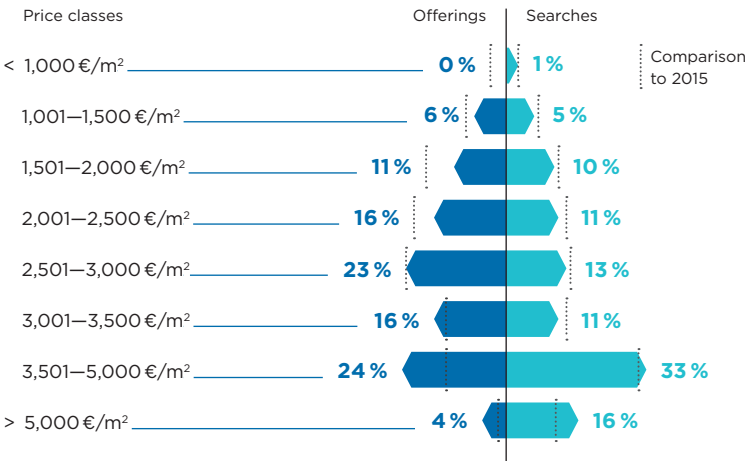
Lowest average income in Berlin. The number of higher earners has, however, been growing for a few years.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%;
Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

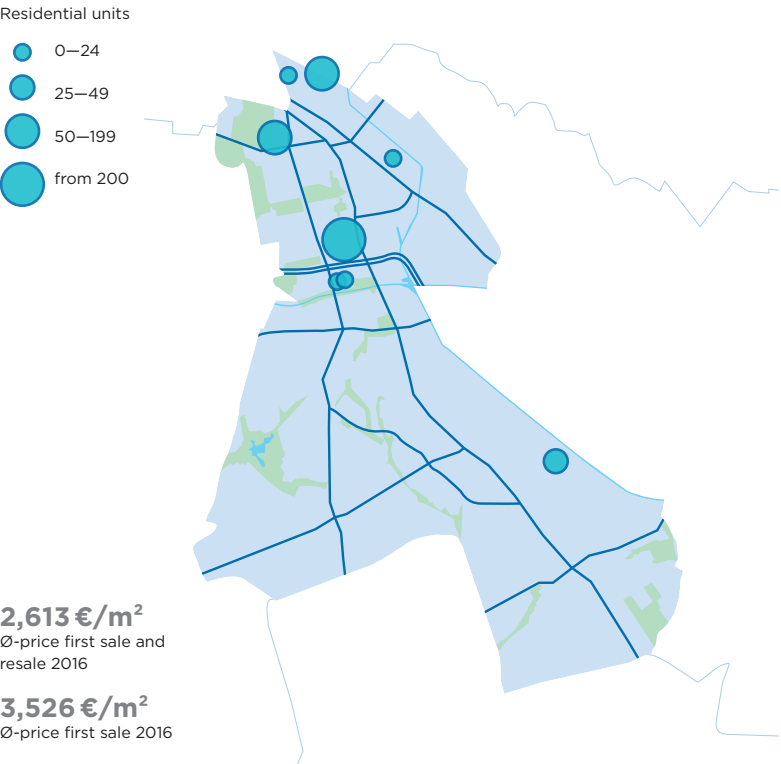
High demand for apartments starting at 3,500 €/m² implies a huge potential for new construction projects.



Offerings and searches for condominiums at ImmobilienScout24;
Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

Due to the lack of building sites, there are only a few projects in planning in the northern parts of the neighborhood.



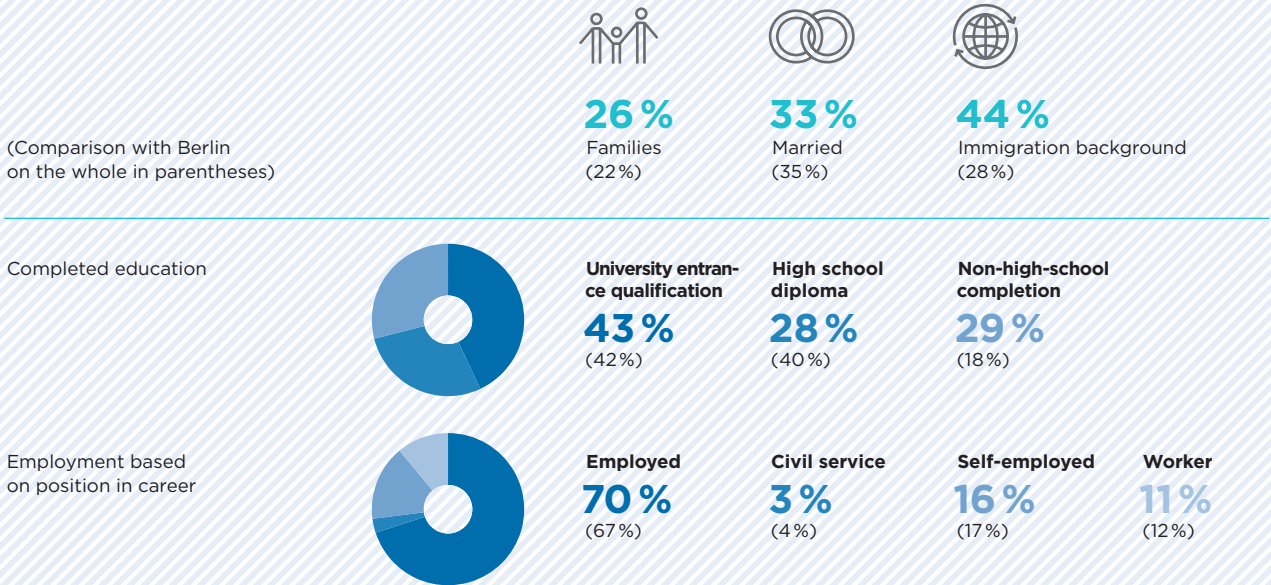
Planned condominium projects in multi-story construction (new buildings with three or more units);
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

CLIENTS

A colorful blend of young creative people, long-time residents and Berliner families results in a broad-based market.

POPULATION STATUS

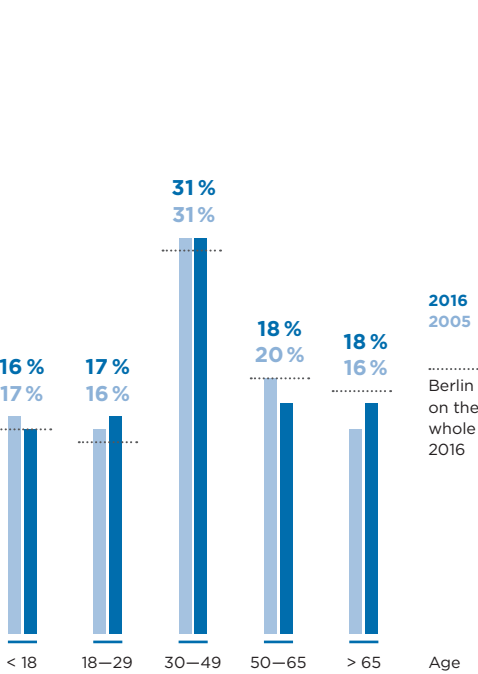
A high proportion of persons with an immigrant background and many families make this a lively neighborhood.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

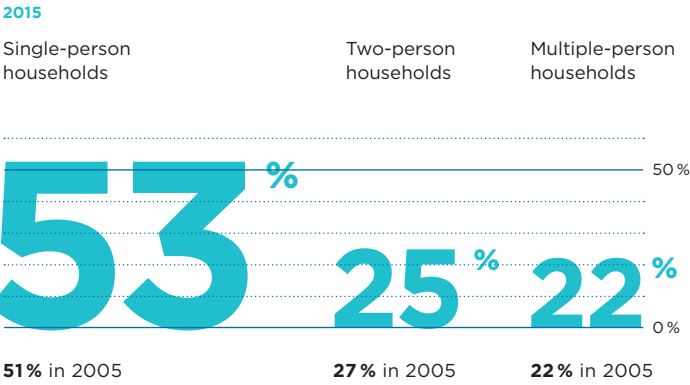
Every third person in Neukölln is under 30.



Comparison of age structure 2005/2016 and Berlin on the whole 2016;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

Disproportionately high percentage of multi-person households in comparison to Berlin on the whole.



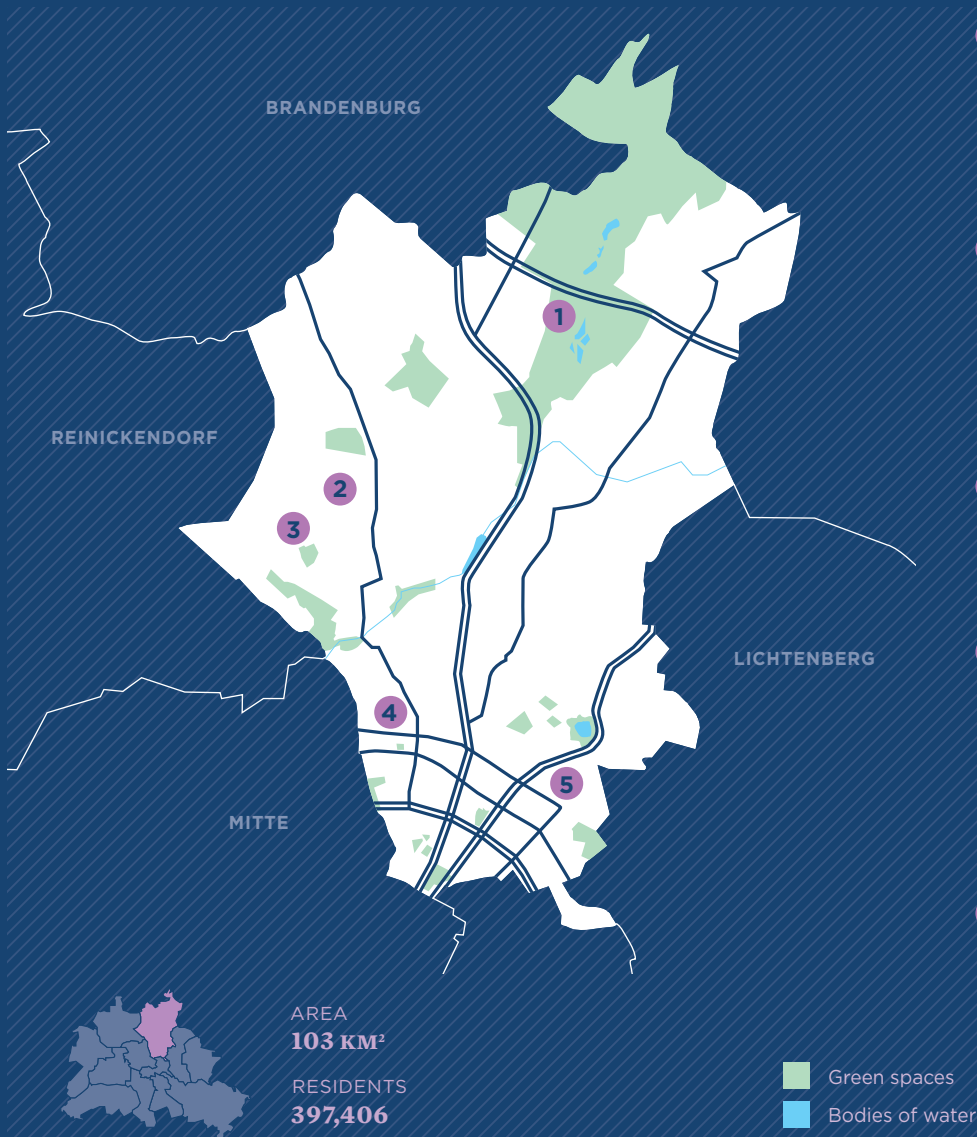
Comparison of household size 2005/2015;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

PANKOW

YOUNG FAMILY SEARCHING FOR APARTMENT

After their merger in 2001, the old neighborhoods of Prenzlauer Berg and Weißensee would have gladly given their names to the newly formed district. However, the name of the little village on the Panke river, which snakes through the entire district as a little stream – sometimes above ground, sometimes below – poses the smallest common denominator for these two very different neighborhoods. From the periphery into the city center, one can find village structures in Blankenfelde, deeply rooted single-family housing developments and extensive small allotment colonies in Französisch Buchholz as well as completely renovated Wilhelmina houses in Prenzlauer Berg. The southernmost part of this neighborhood remains the epitome of the contemporary Bohemian, even though a lot of Federal civil servants live here too. Young, well-heeled academicians are putting down roots in the “affluent hip” neighborhood, and double-names with an aura of the aristocratic ring across playgrounds. Weißensee offers a good infrastructure and proximity to several idyllic lakes. Several projects are presently under construction here.

According to forecasts, Pankow will post 12 % population growth by 2030, the strongest of all Berlin’s neighborhoods. High demand and greater construction activity right out to the edge of the city are mutually interdependent factors in this development.



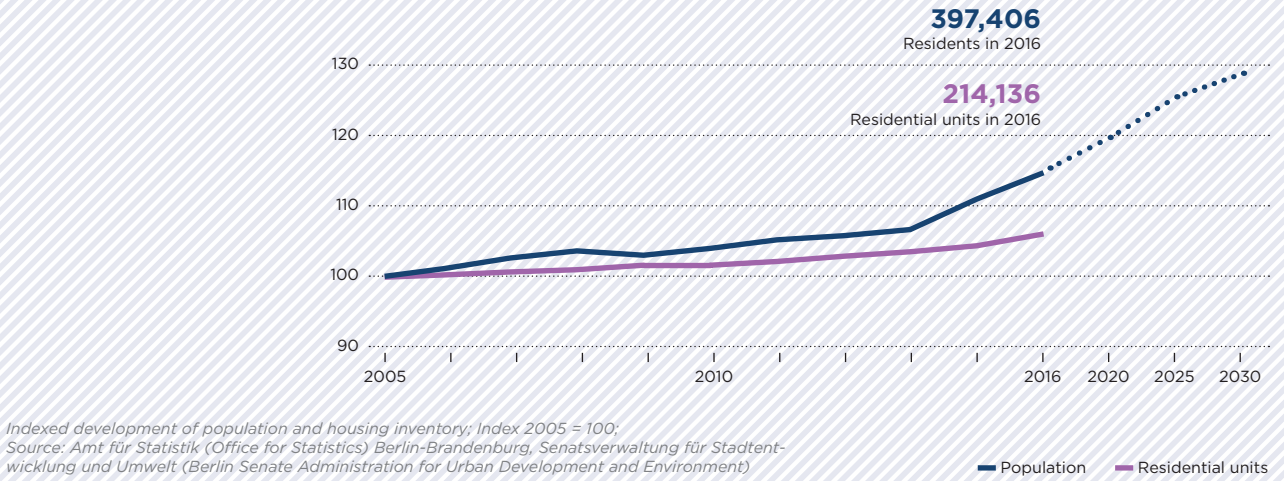
- 1 FRANZÖSISCH BUCHHOLZ**
Single-family developments that have grown up over decades characterize broad parts of this part of the city. In the north, the buildings thin out and it gets ever more rural.
- 2 HISTORIC ROSENTHAL**
More and more people are learning to appreciate the garden city character and a cozy flair that the historic structures along the village green exude. Some single-family projects are already in the pipeline.
- 3 WILHELMSRUH**
This villa suburb with good traffic links would benefit significantly from the announced closure of Tegel Airport.
- 4 BORNHOLMER STRASSE**
The last spaces in this neighborhood, the alternative to the “real” Prenzlauer Berg are presently being built up. The excellent traffic links and the central location are working together to significantly increase demand.
- 5 KOMPONISTENVIERTEL**
Once industrial noise could be heard here. Today, this neighborhood of composers is a green and peaceful residential area with a number of buildings from the Wilhelmina era alongside organic supermarkets and family-friendly cafés.

MARKET

The third largest market for condominiums in Berlin is growing due to the mutually reinforcing trends of busy new construction activity and strong population growth.

RESIDENTS VS. RESIDENCES

Not only the population figures are growing rapidly, housing inventories are also rising due to a lot of new construction activity.



CONDOMINIUMS SOLD

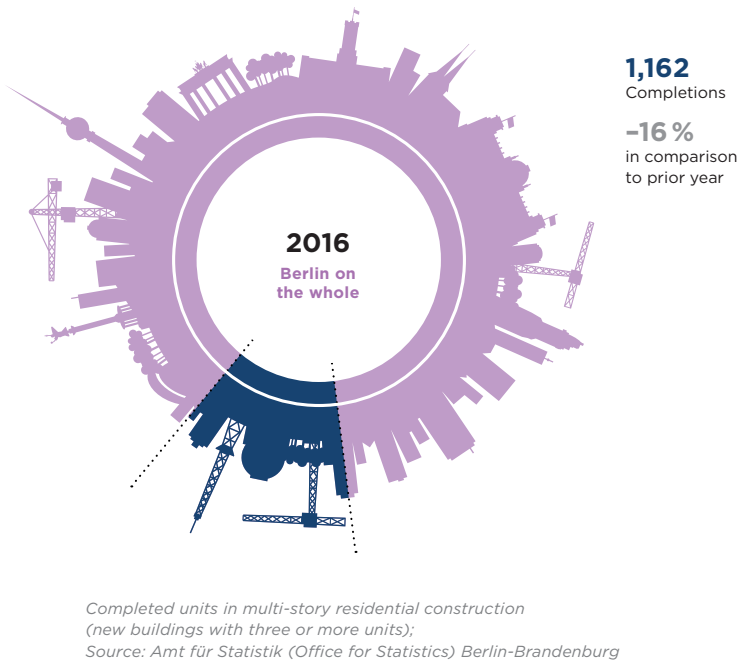
Every eighth apartment sold was sold in Pankow. This further cements its position as the third largest market for condominiums in Berlin.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Appraisals) Berlin, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

There is still a lot of potential space for building apartments. The number of completions has fallen slightly but still remains at a high level.



PRICES

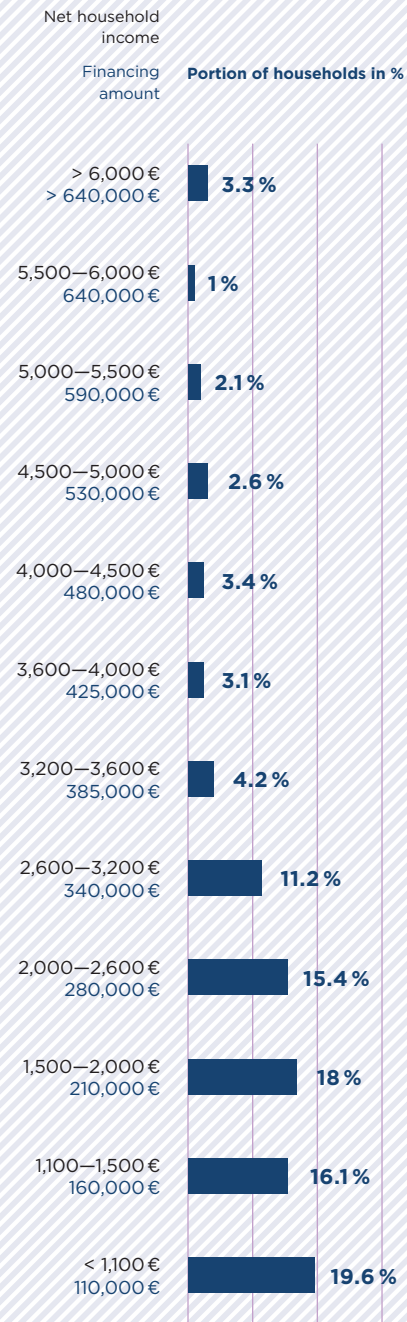
Prenzlauer Berg has still not been reached in terms of price, even if the adjacent neighborhoods to the north are clearly catching up.

CLIENTS

Pankow's north counts among the most popular residential areas for Berlin families, whereas in Prenzlauer Berg it is primarily international clients who are on the lookout for living space.

FINANCING POTENTIAL BASED ON INCOME

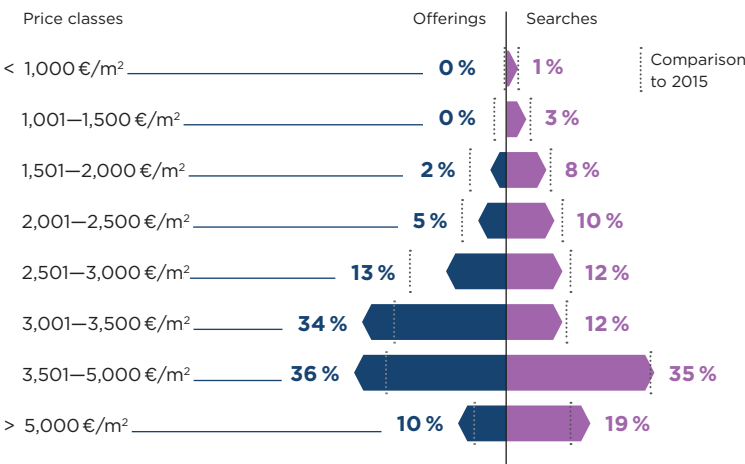
One in ten households in Pankow earns more than 4,500€ net each month. And the average income also finds itself at a high level anyway.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%;
Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

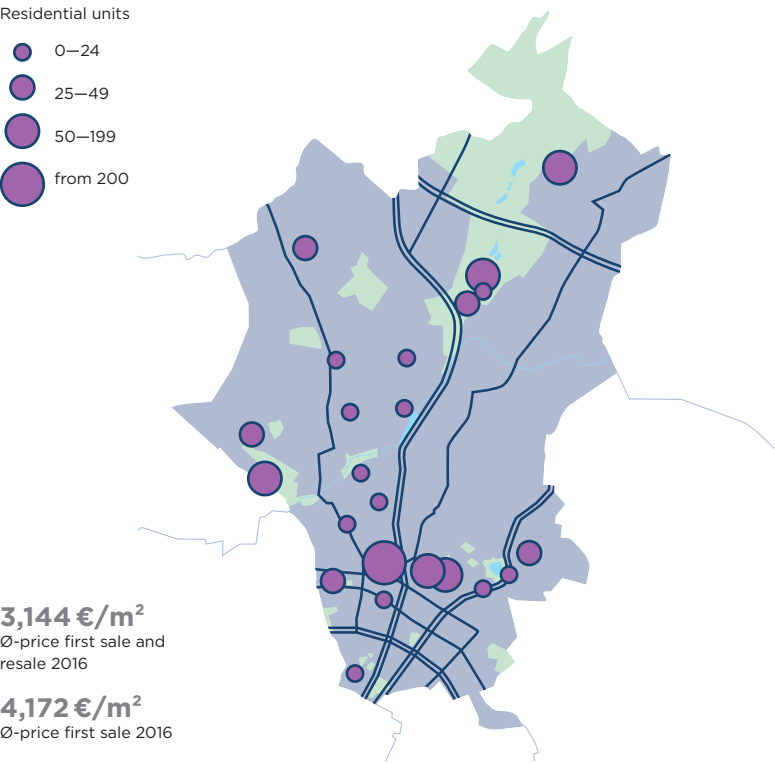
Relatively balanced market. Most offerings and searches move at a price level starting at 3,500 €/m².



Offerings and searches for condominiums at ImmobilienScout24;
Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

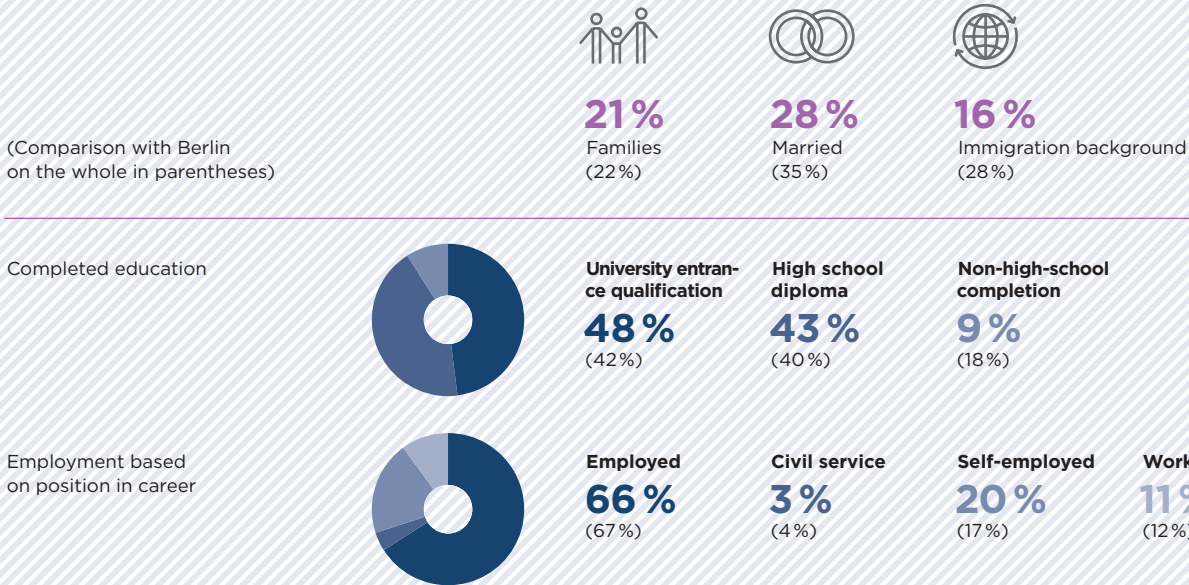
Investors are increasingly shifting their sights northward due to the lack of potential building sights in central locations.



Planned condominium projects in multi-story construction (new buildings with three or more units);
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

POPULATION STATUS

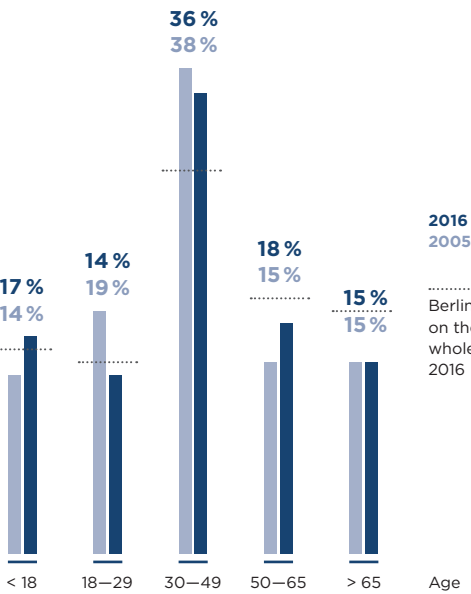
The proportion of self-employed persons is significantly higher than the average for Berlin on the whole.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

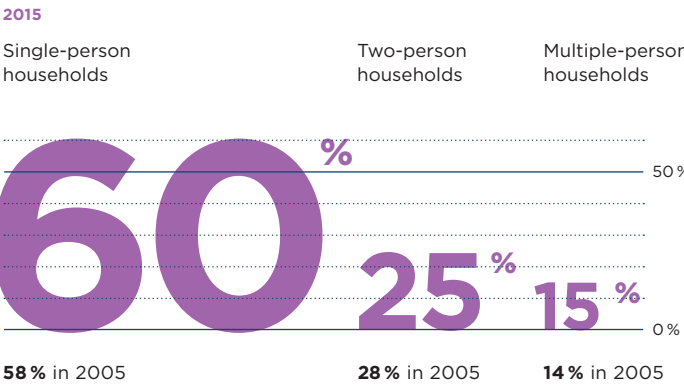
Due to the influx of families, the portion of those under 18 years of age is growing fastest.



Comparison of age structure 2005/2016 and Berlin on the whole 2016;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

The number two-person households has significantly declined. After Friedrichshain-Kreuzberg, this neighborhood now has the highest proportion of single households.



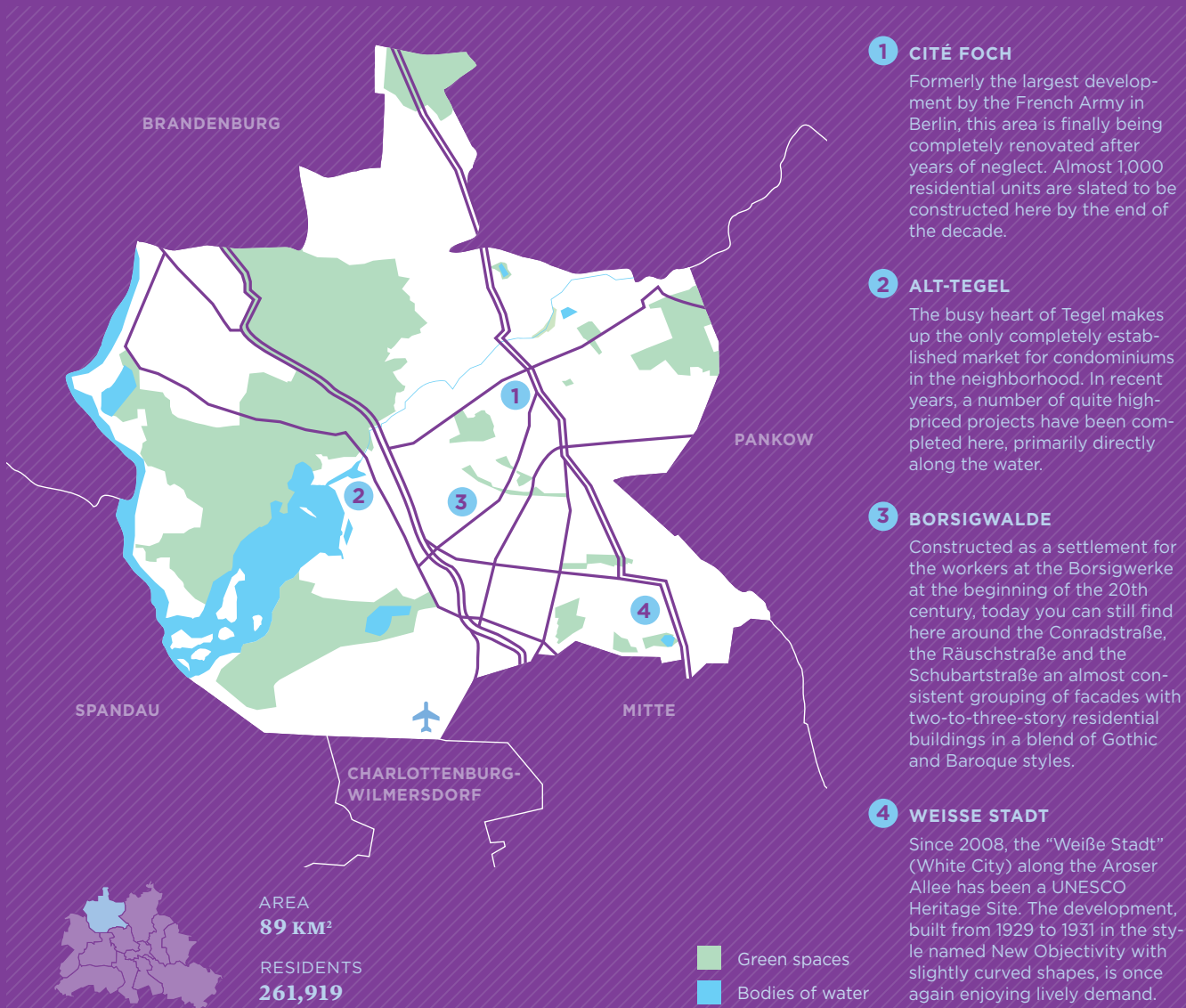
Comparison of household size 2005/2015;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

REINICKENDORF

GREAT POTENTIAL AWAY FROM THE APPROACH PATH

From picturesque villas to modern developments, Reinickendorf exhibits many different forms of living. Condominiums are going up mostly around the Tegeler Lake, Berlin newcomers value the variety here amidst water, forest and urban life, and also extol the good traffic connection via the close feeder ramp to the city ring. The northern parts of the neighborhood – Heiligensee, Hermsdorf, Lübars and Frohnau – on the other hand, are characterized by spacious single-family homes and offer a particularly large amount of green space. Above all the garden city of Frohnau conceived around the S-Bahn station enjoys enormous popularity. Slightly curving boulevards and impressive art nouveau villas complete the picture. Those who can afford to own their own home here are also willing to take into account traveling into the city that is often both long and fraught with traffic jams.

In spite of the good prerequisites, the market for condominiums in this neighborhood is rather sluggish. Still, the number of completions in multi-story condominium construction nearly doubled last year, though that figure is still rather low. When the Tegel Airport closes, Reinickendorf can reckon with a rally in both development and prices. Whether, and if so when this will come about, is still anyone's guess.

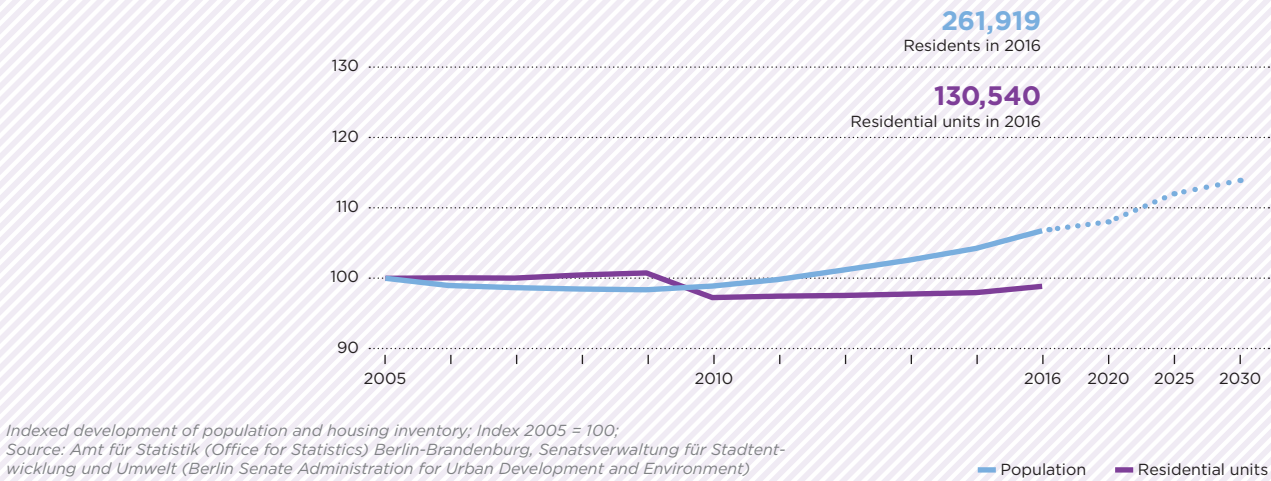


MARKET

Little dynamic on the market for condominiums: This will not change until the Tegel Airport closes.

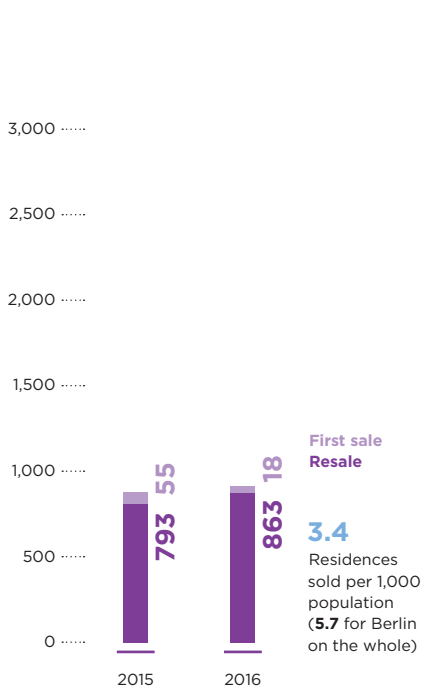
RESIDENTS VS. RESIDENCES

The population grew last year much faster than the housing inventories.



CONDOMINIUMS SOLD

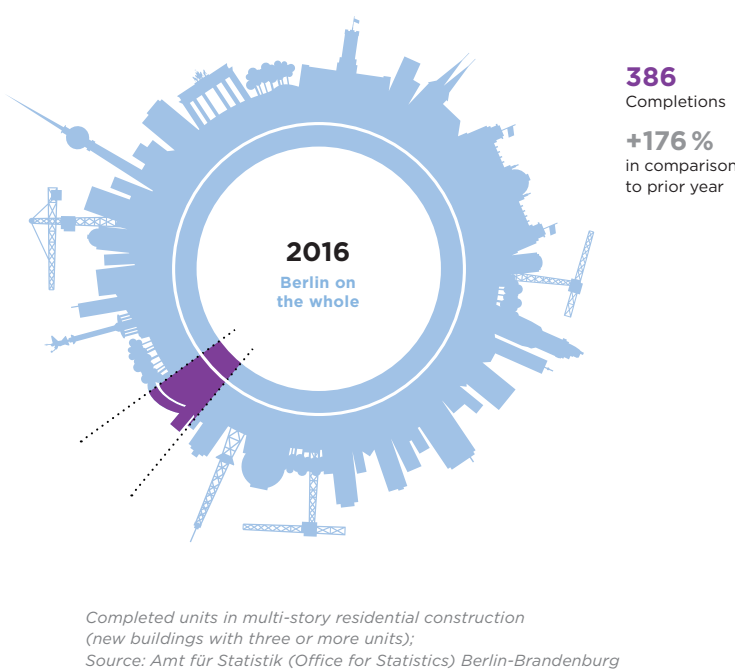
After all, 4 % of all apartments sold in 2016 were sold in Reinickendorf. And that, however, is with hardly any new construction at all.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte
(Panel of Experts for Appraisals) Berlin, Amt für
Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

The number of completions almost tripled in comparison to last year.

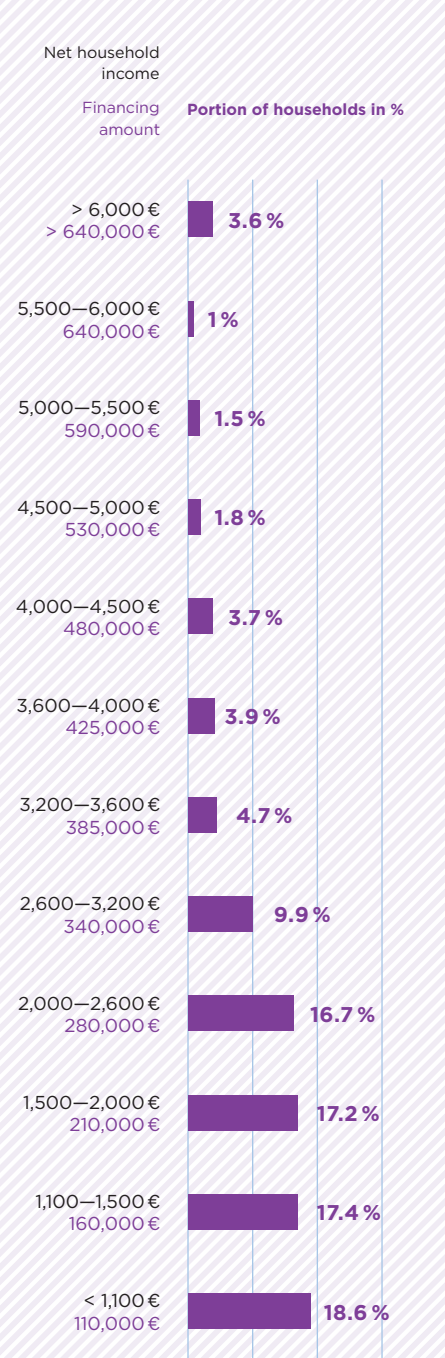


PRICES

Due to little new construction activity, prices in Reinickendorf continue to be moderate.

FINANCING POTENTIAL BASED ON INCOME

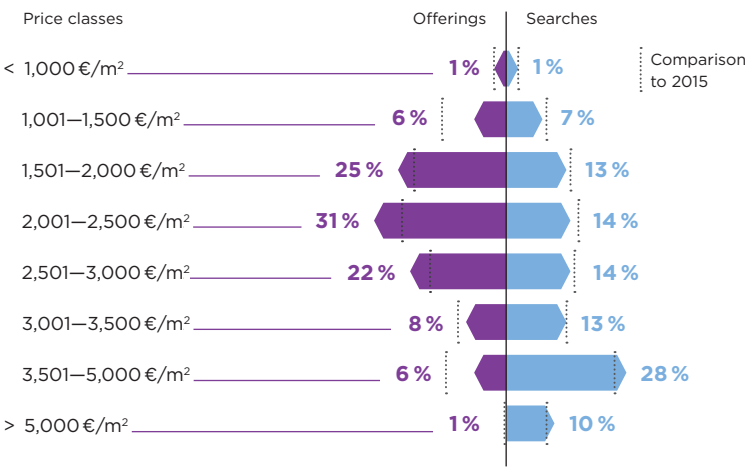
Disproportionately high percentage of households with higher incomes.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%; Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

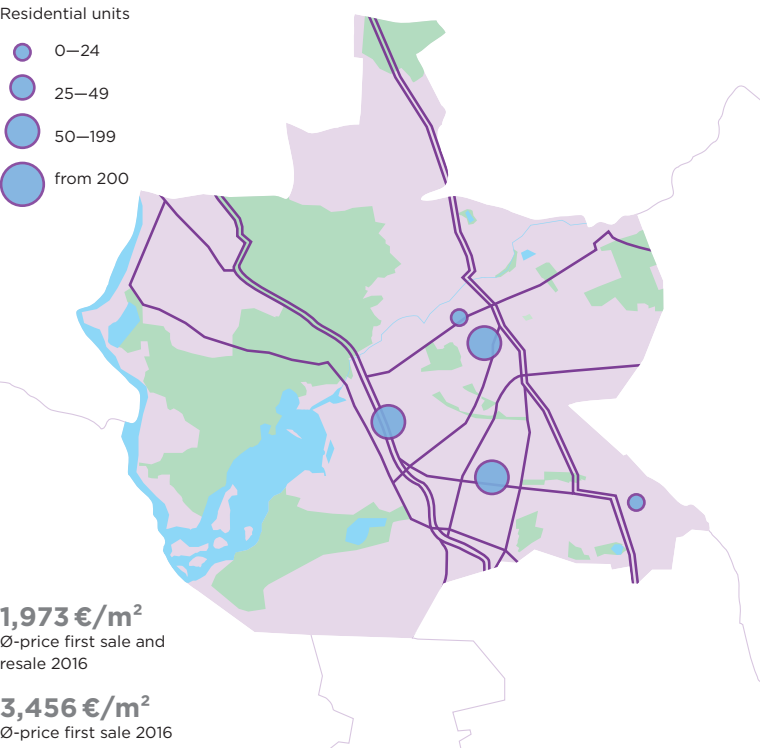
Three times as many searches as offerings in the price segment starting at 3,000 €/m². Reinickendorf seems ready for new construction in the medium price segment.



Offerings and searches for condominiums at ImmobilienScout24; Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

Hardly any new construction projects in planning. Many locations will not come into the focus of investors until the Tegel Airport closes.



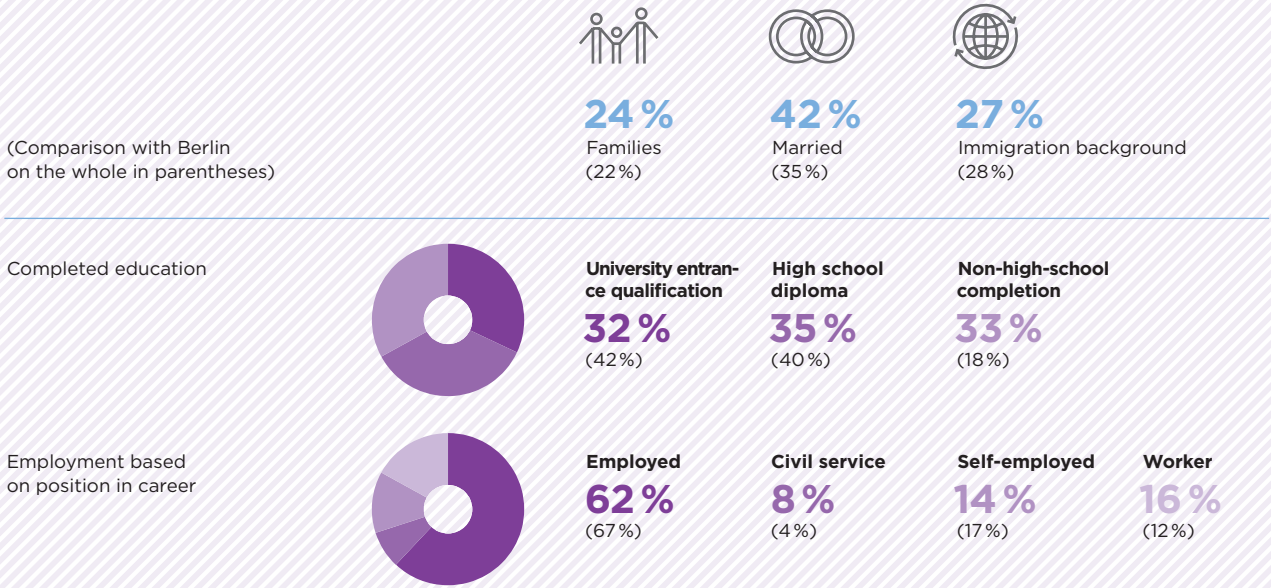
Planned condominium projects in multi-story construction (new buildings with three or more units); Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

CLIENTS

Above all families value this green, peaceful neighborhood. The growing number of older people points, in addition, to a growing potential for barrier-free apartments.

POPULATION STATUS

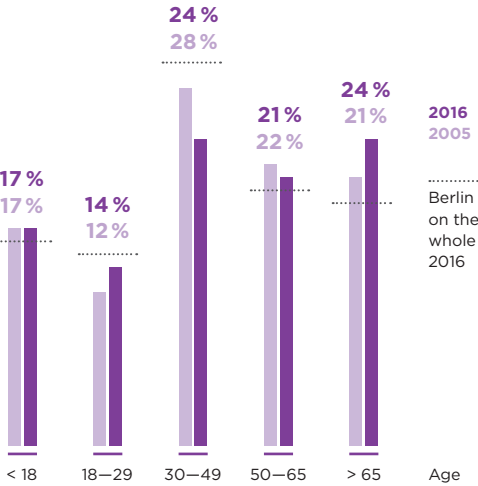
The highest proportion of married people by comparison throughout Berlin.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

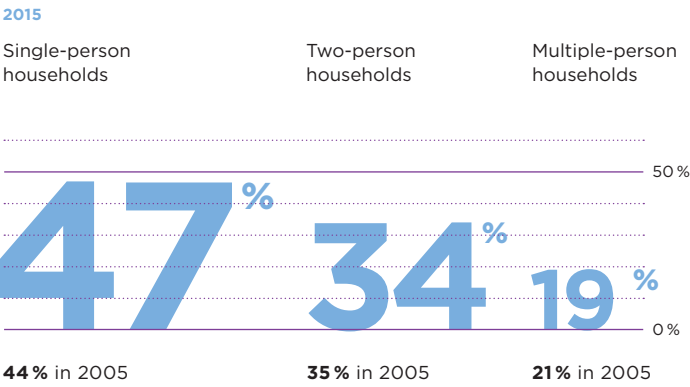
The group of over 65 year-olds is growing the fastest.



Comparison of age structure 2005/2016 and Berlin on the whole 2016; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

After Marzahn-Hellersdorf, the neighborhood with the lowest proportion of single-person households, trending slightly higher.



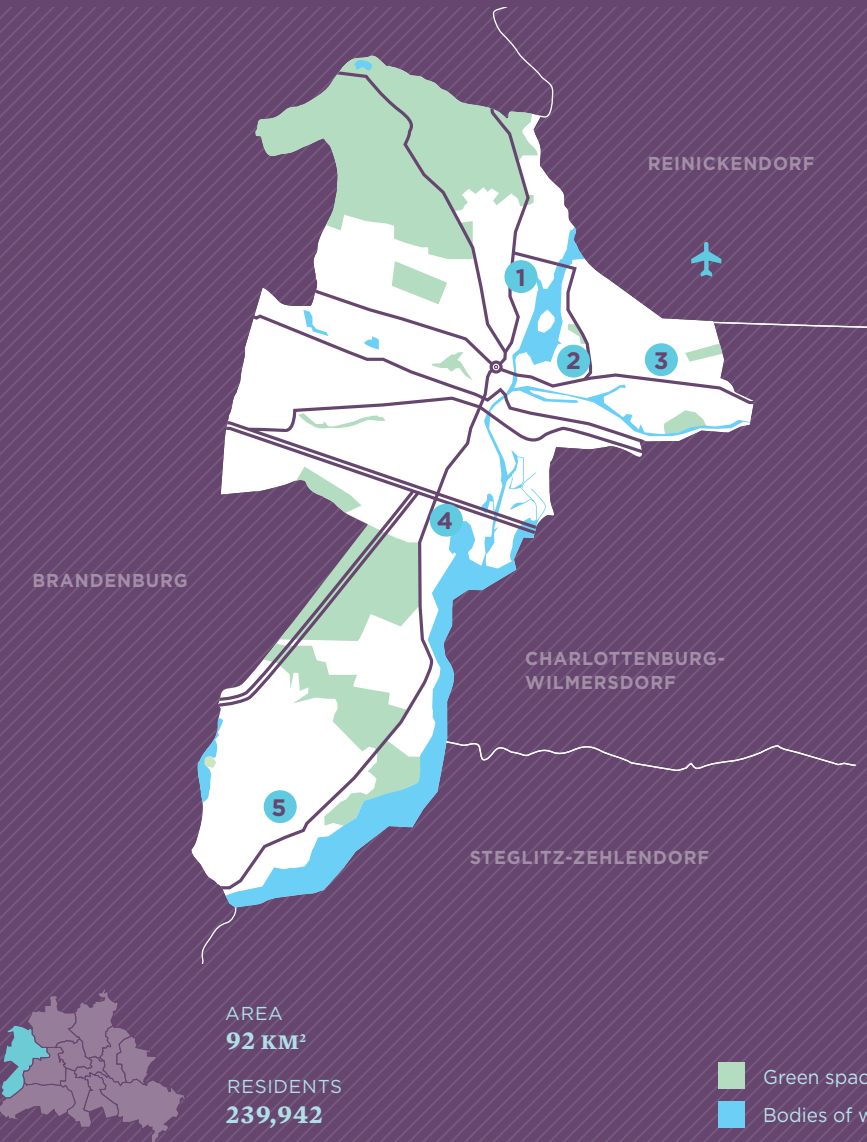
Comparison of household size 2005/2015; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SPANDAU

AN INTERESTING WORLD ALL ON ITS OWN

When residents of this western Berlin neighborhood talk about just “popping into the city,” they do not usually mean Berlin’s Friedrichstraße but their own “city,” Spandau’s Old Town. For one thing, Spandauers like to insist upon living autonomously, i.e. apart from the rest of Berlin. For another, the modern shopping center at the train station together with the adjoining middle-class shopping street offers quite a wide range of goods. So who even needs Berlin? Around the Old Town, newly constructed developments from the 60ies and 70ies group themselves along the many streets there, making it clear that Spandau is still one of the most important industrial centers in the capital. Just like throughout the region, however, the need for industrial space has continuously declined here too. Currently there are plans at a number of sites to rededicate what was formerly commercially used spaces and building complexes into living space. Several thousand apartments are scheduled to be built here in the coming years.

Last year, the population here grew for the first time over-proportionally strongly in comparison to Berlin on the whole. All signs are therefore pointing to change. Primarily along the Havel, a bit of an upswing is coming into the residential market.



1 AN DER MASELAKEBUCHT

Directly adjacent to the Maselakebucht and the recently redesigned path along the shore, several hundred apartments are supposed to be built on the site of the Carossa Quarter in the coming years.

2 HASELHORST

Next to the Spandau Citadel – one of the best preserved fortresses from the high renaissance in Europe – this neighborhood offers a pretty waterfront and still a lot of room for development on industrial brownfields.

3 SIEMENSSTADT

The creation of tiny apartments for low-wage earning Siemens workers and the trial of row-house development as a new urban planning concept was the focus in 1931 when the Siemensstadt was built here.

4 WILHELMSTADT

Simplistic “Altbau” structures characterize the north, single-family homes and several villas the area south of the Heerstraße. One can still make out a few muskrats directly along the waterfront.

5 KLADOW

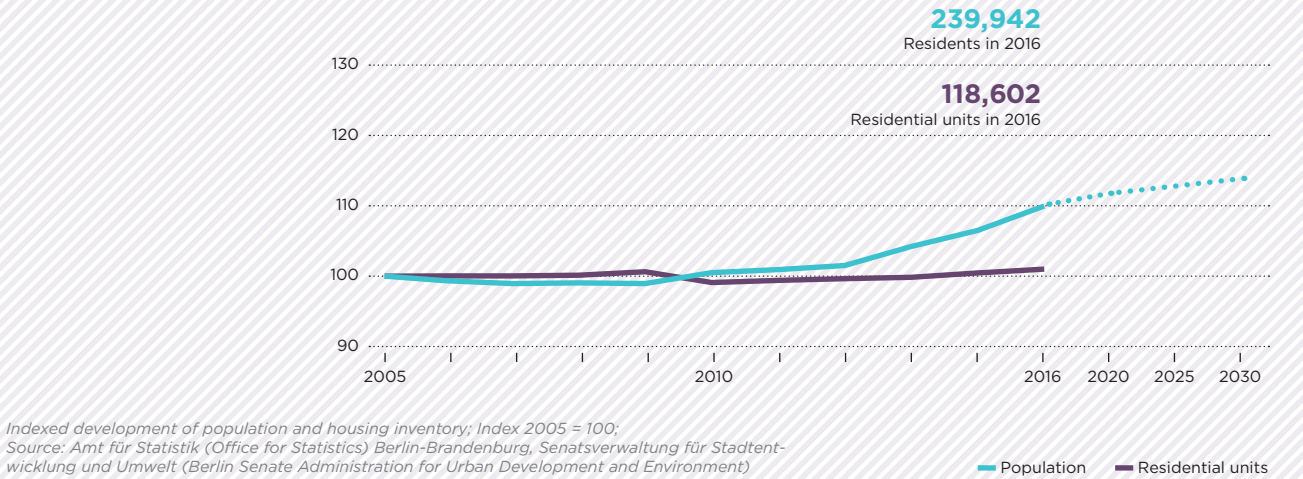
Embedded in a beautiful riverside and lake landscape, Kladow lies, somewhat isolated, along the southern edge of Berlin. The idyllic setting can only be reached through detours or by ferry.

MARKET

Significant population growth and gradually rising completion numbers are indicating an upward trend on Spandau’s residential property market.

RESIDENTS VS. RESIDENCES

The third highest population growth with stagnating housing inventories.



CONDOMINIUMS SOLD

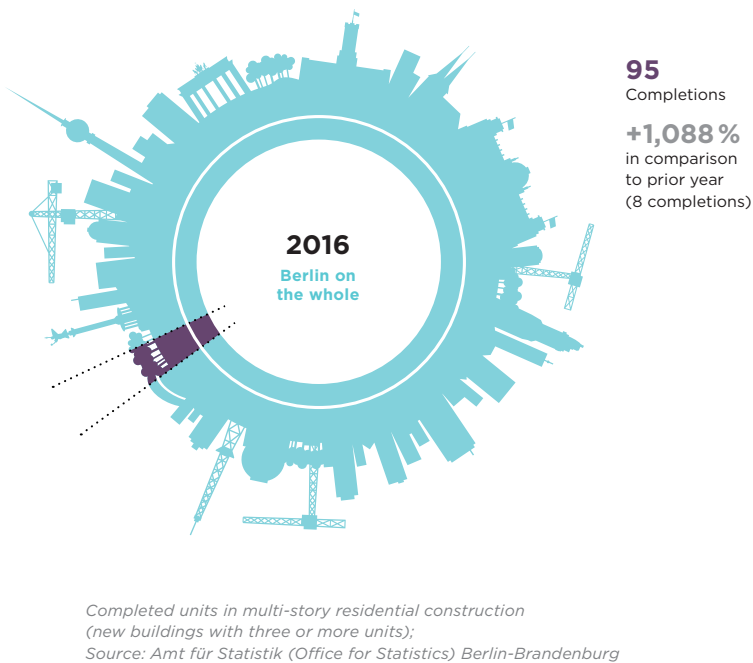
Till now a small market for condominiums that is gaining in dynamic through some large-scale construction plans.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Appraisals) Berlin, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

Low, but strongly growing construction completion figures. This trend will continue in the coming years due to several planned developments slated to come on line.

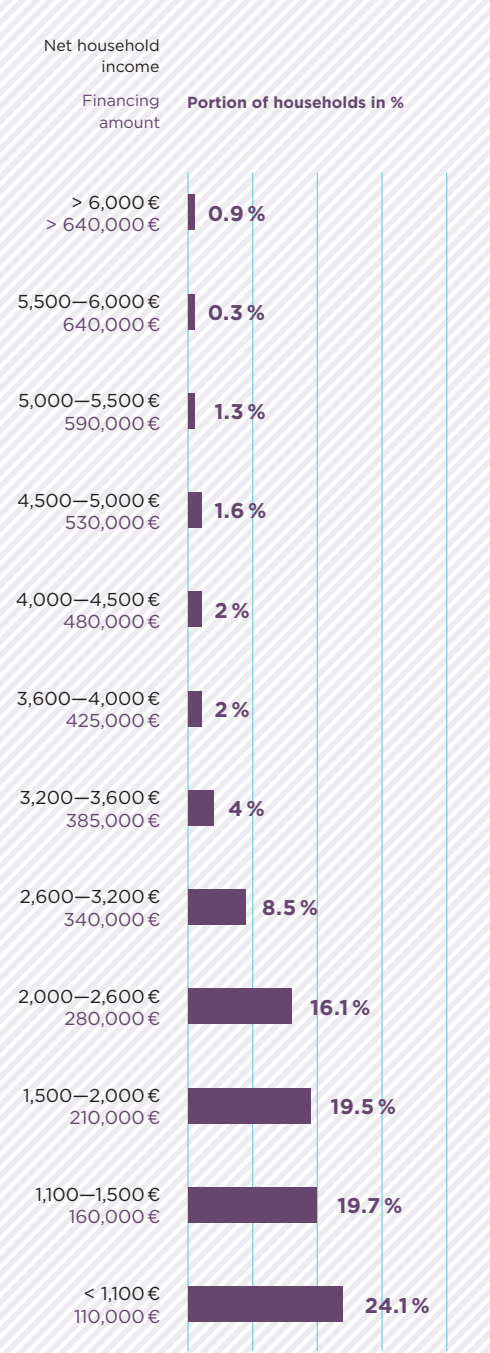


PRICES

The low level of prices to date will increase noticeably because of the new construction projects presently in planning.

FINANCING POTENTIAL BASED ON INCOME

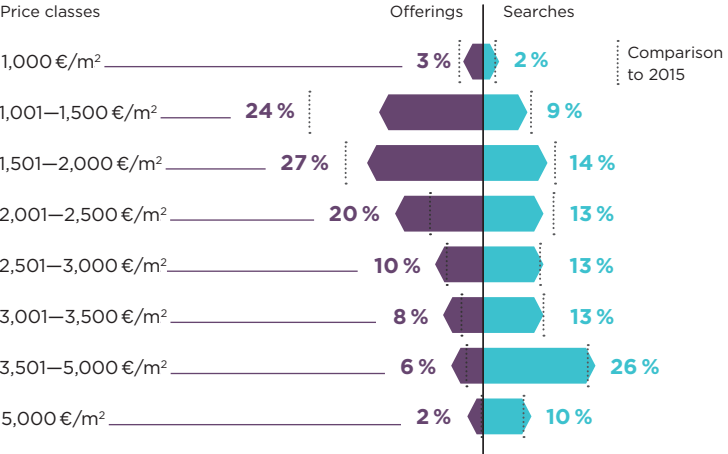
The medium net household income has barely increased over the past five years and still lies below the average for Berlin on the whole.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%;
Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

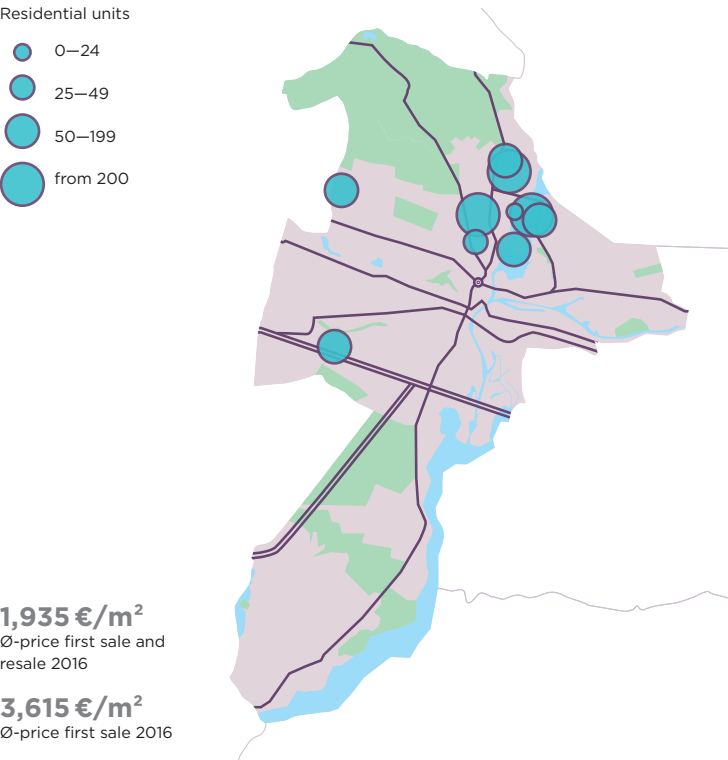
Three-quarters of the apartments on offer cost around 2,500 €/m², i.e. in a lower price segment.



Offerings and searches for condominiums at ImmobilienScout24;
Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

There is a whole series of new projects in planning, particularly for the *Wasserstadt* (waterfront city) Spandau.



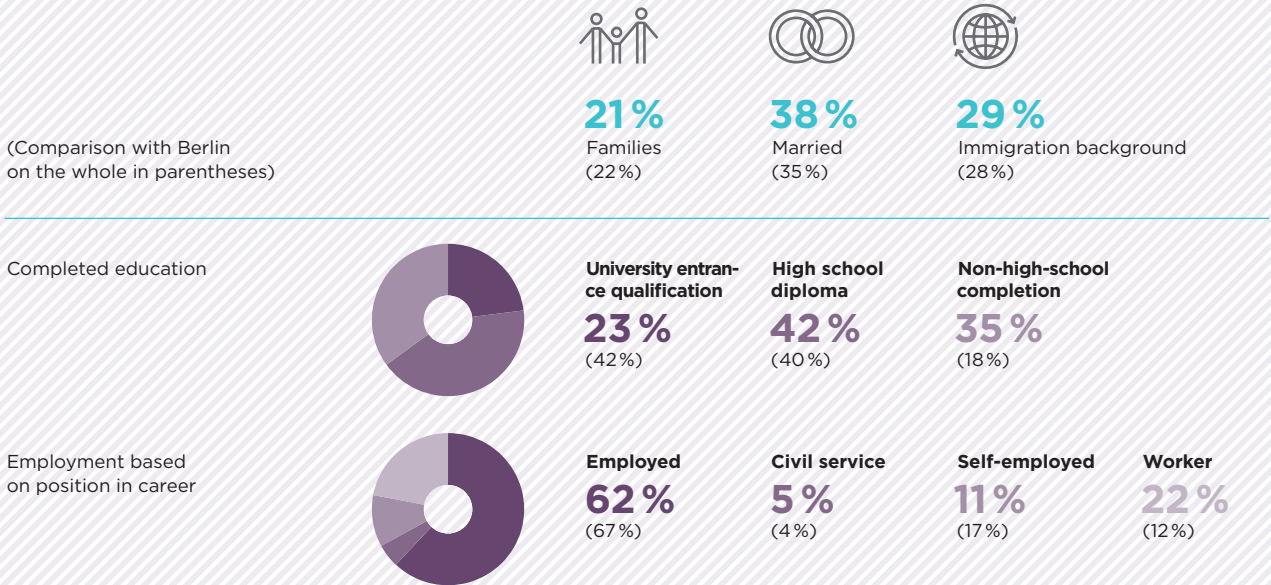
Planned condominium projects in multi-story construction (new buildings with three or more units);
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

CLIENTS

Berlin's middle class feels right at home here.

POPULATION STATUS

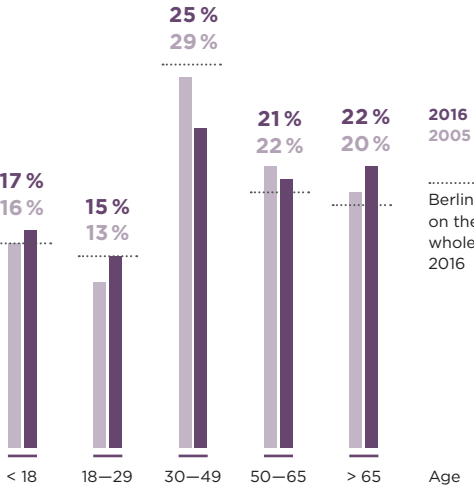
Due to large-scale industrial sites, Spandau posts the highest proportion of blue-collar workers, although that percentage is shrinking.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

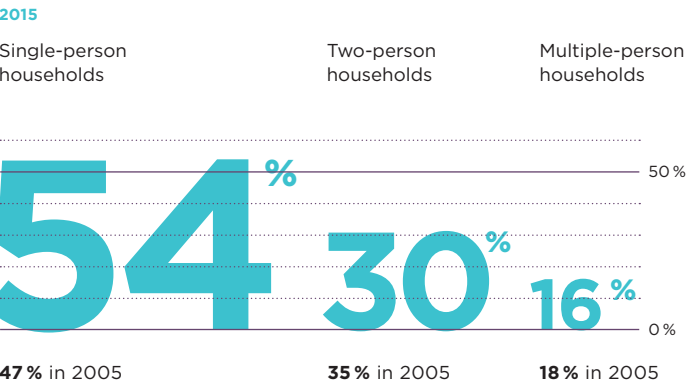
Both the group of over 65 year-olds and the group of under 30 year-olds have increased.



Comparison of age structure 2005/2016 and Berlin on the whole 2016;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

Second strongest increase in the number of single-person households in all Berlin.

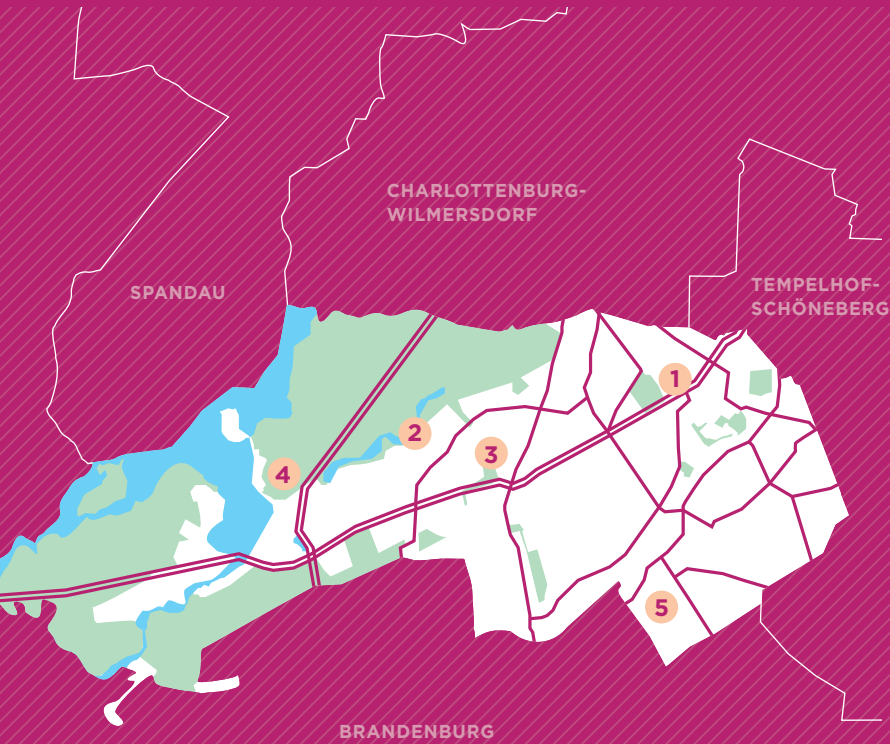


Comparison of household size 2005/2015;
Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

STEGLITZ-ZEHLENDORF

A NEIGHBORHOOD FOR LASTING VALUES

Not only most Berliners connect Steglitz-Zehlendorf with what is probably the most well-known of Berlin's lakes. As early as 1930, the largest public open air swimming pool opened at Wannsee, one that is overrun by thousands of swimmers when temperatures turn summery. And also the Small Wannsee, the Havel, the Schlachten and Nikolas lakes, but also the Krumme Lanke are all waterways that have put their imprint on this neighborhood. Whoever can afford it, built his villa directly along the water way back in the Kaiser's days. But not only direct waterfront is popular, almost all the streets in this neighborhood count among the good and therefore also among the most in-demand locations, according to Berlin's Rent Index. This means that property in this neighborhood is not only particularly stable in value, it also goes for ever higher prices. This applies to single-family homes as much as it does to condominiums. The level of rents is also unusually high for a location at the edge of the city. In Lichterfelde-West, spacious condominiums have already been in development for years now in a number of building phases. Further large-scale building plans are, however, not scheduled at the moment, in spite of the great demand.



AREA
103 KM²
RESIDENTS
304,086

Green spaces
Bodies of water

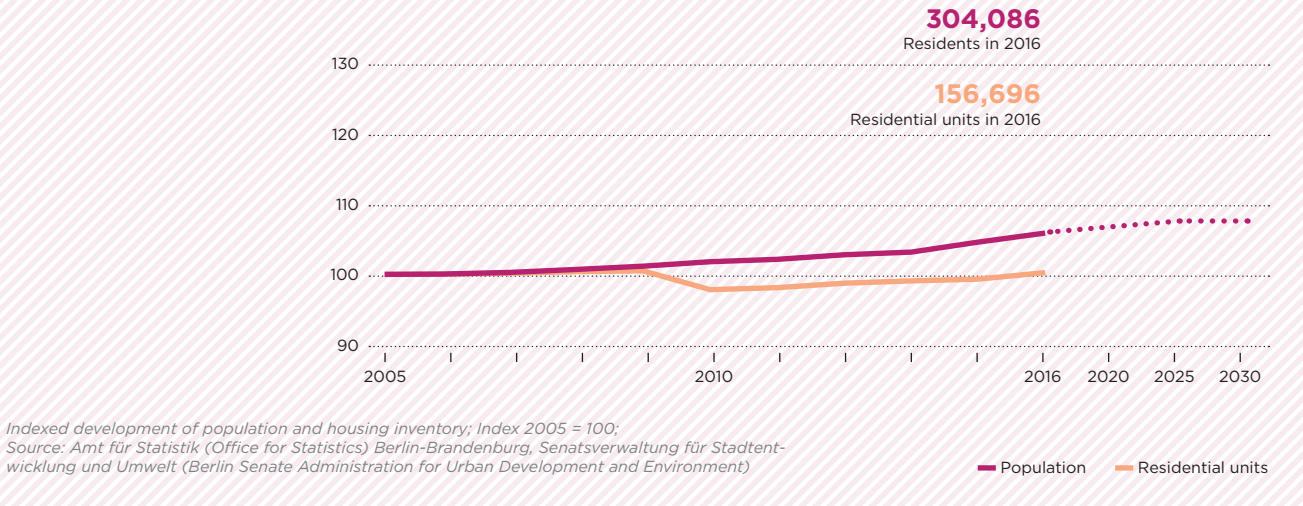
- 1 SCHLOSSSTRASSE**
The conversion of the Steglitzer Kreisel into condominiums directly adjacent to Berlin's second most important shopping street was recently confirmed.
- 2 SCHLACHTENSEE**
The center between the former country home colony of Schlachtensee and Krumme Lanke has developed beautifully: Around the small square adjoining the S-Bahn station people can meet up at cafés and restaurants to while away an hour or two.
- 3 ZENTRUM ZEHLENDORF**
Green, cozy and a little staid, this is how the residential area around the middle-class shopping center Zehlendorf presents itself. Good traffic links and the mostly attractive building structure result in consistently high demand.
- 4 NIKOLASSEE**
A peaceful residential area with a small center around the S-Bahn station. Many charming old "Altbau" buildings and unpretentious single-family homes of newer construction make up the general picture.
- 5 REITERPFUHL**
After several plans have already been drawn up for the brownfield on the Osdorfer Straße, a new part of the city is now supposed to be built with around 2,500 apartments, kindergartens, schools and playing fields.

MARKET

For years now Steglitz-Zehlendorf has registered a stable market for condominiums.

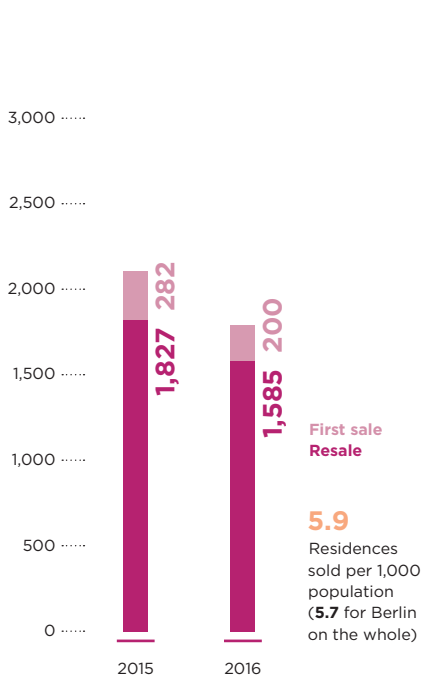
RESIDENTS VS. RESIDENCES

In a comparison with Berlin as a whole, population growth is rather restrained. According to forecasts, this will not change either.



CONDOMINIUMS SOLD

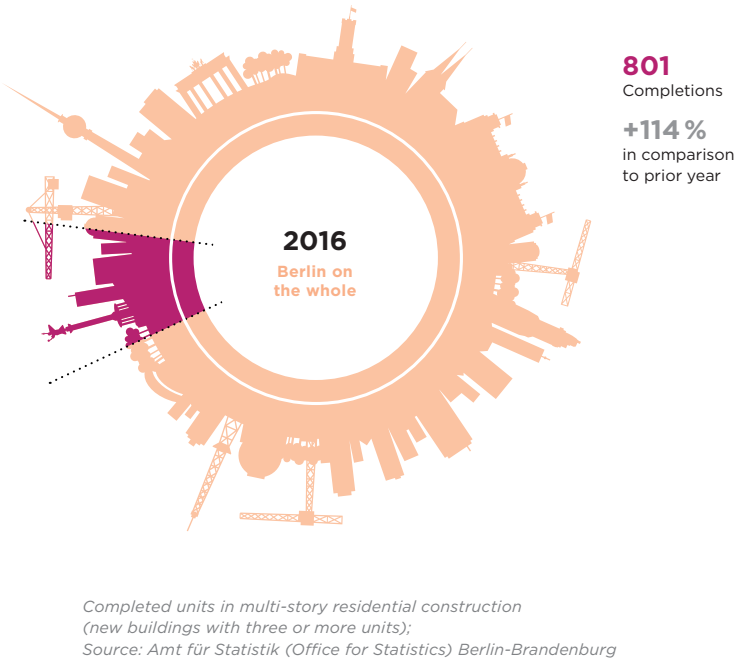
Almost 90% of the sales in this neighborhood in 2016 were resales.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Appraisals) Berlin, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

The number of construction completions has more than doubled in comparison to the previous year.

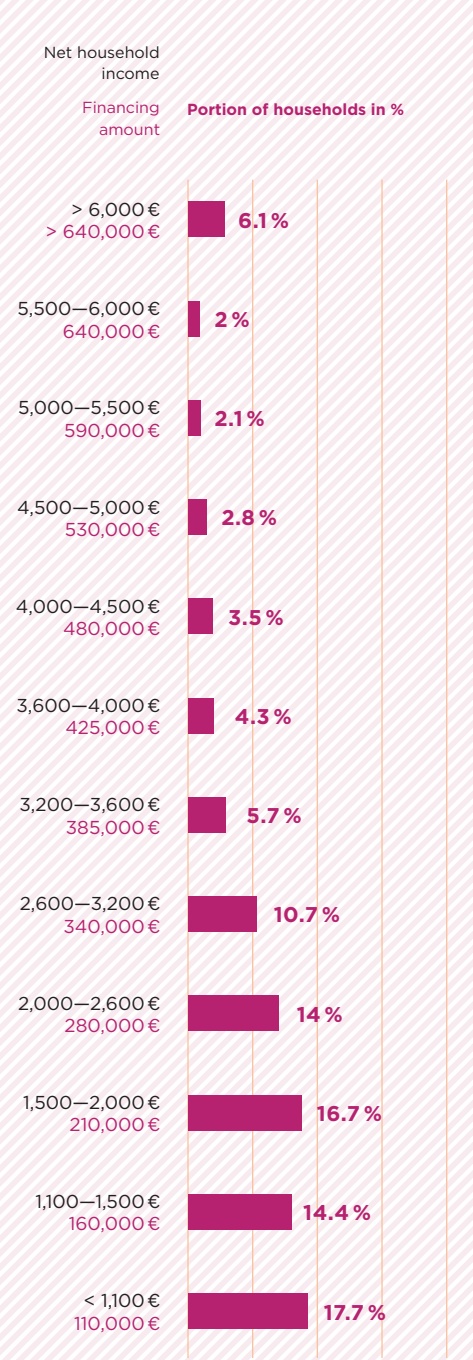


PRICES

The neighborhood stands for value preservation. The stable growth in prices will continue.

FINANCING POTENTIAL BASED ON INCOME

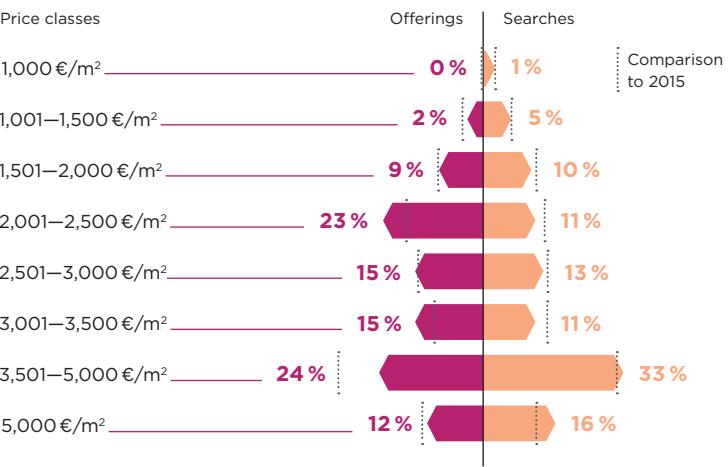
The neighborhood with Berlin's wealthiest population. The proportion of higher earners will continue to grow.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%; Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

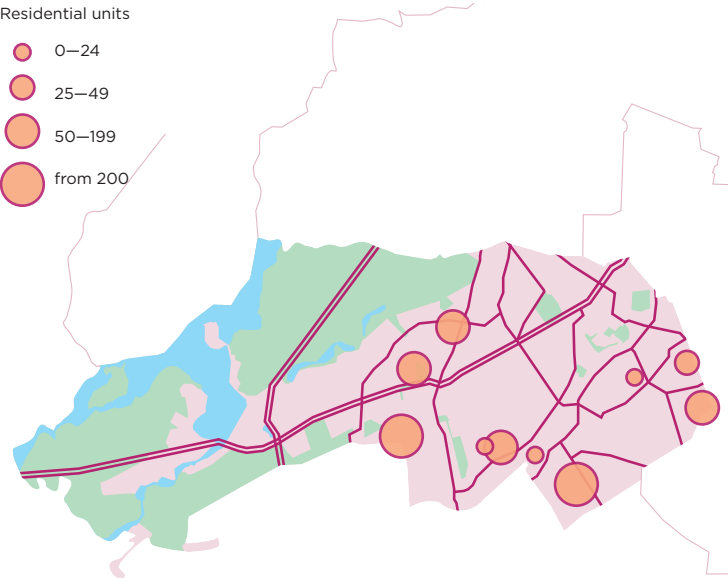
Offerings and searches are being concentrated more and more on the price segment starting at 3,500 €/m².



Offerings and searches for condominiums at ImmobilienScout24; Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

Slight increase in new construction activity: Above all in Lichtenfelde, several rental and condominium projects are being developed.



2,788 €/m²
Ø-price first sale and resale 2016

4,809 €/m²
Ø-price first sale 2016

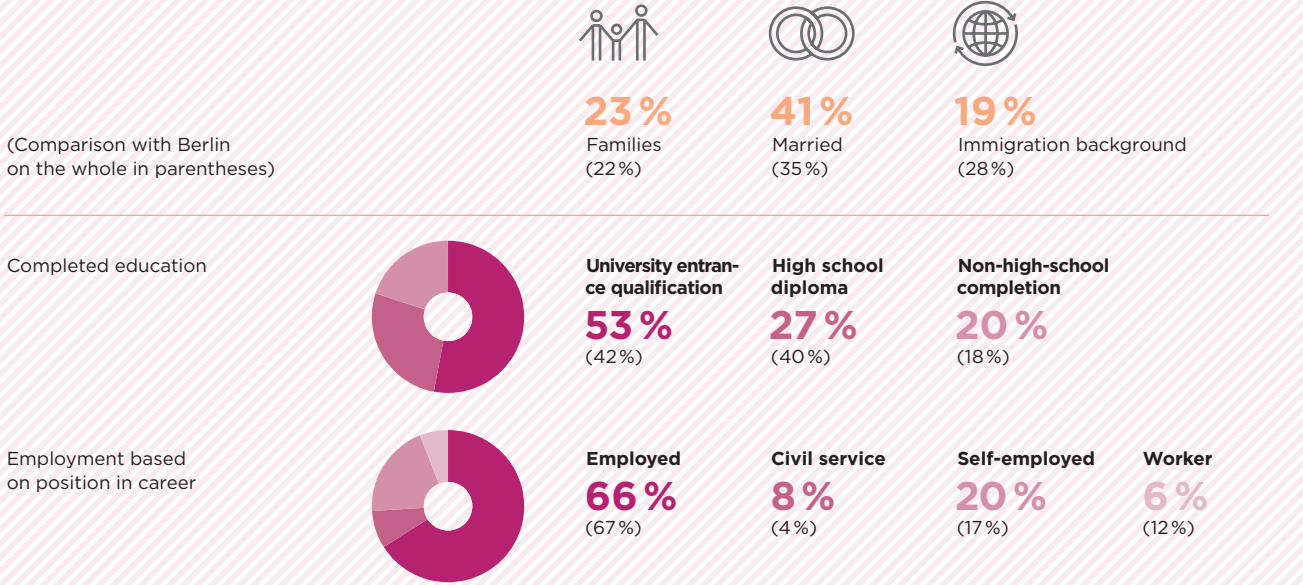
Planned condominium projects in multi-story construction (new buildings with three or more units); Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

CLIENTS

Particularly the older, well-established and well-educated middle class is looking for apartments here. No wonder then that the average age continues to rise steadily.

POPULATION STATUS

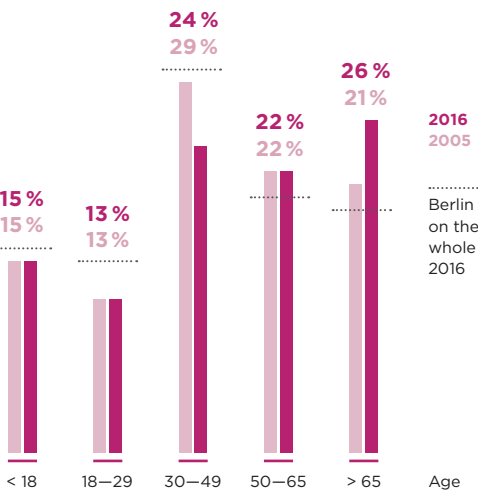
A high proportion of civil servants and many married couples speak to the more traditional character of this neighborhood.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

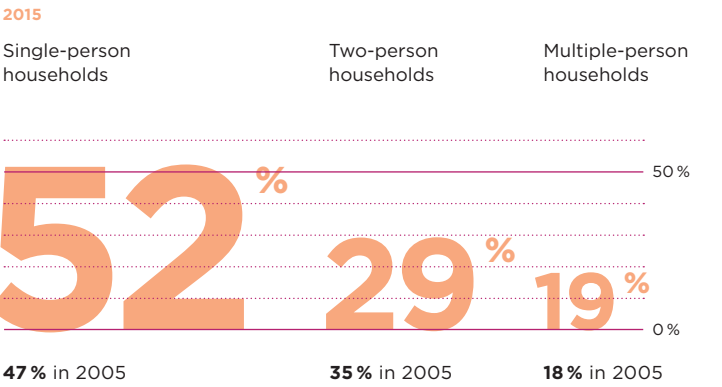
Berlin's oldest neighborhood: almost every second person is older than 50.



Comparison of age structure 2005/2016 and Berlin on the whole 2016; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

Slight reduction in the number of multi-family households in favor of single-person households.



Comparison of household size 2005/2015; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

TEMPELHOF-SCHÖNEBERG

ALL BERLIN'S DIVERSITY

The days when David Bowie and Iggy Pop took in the morbid charm of West Berlin every night are long past. But the aura of constant change remains. Besides the residential locations around the Winterfeldtplatz that have been in demand practically forever, the Potsdamer Straße is once again developing into the place to be. Last year, a number of flagship stores for international brands opened all at once, also a diverse number of galleries and a handful of trendy restaurants between all the cheap fast-food joints and shabby 70ies buildings. It's thus little wonder that the residential market is also following suit and the last commercial spaces in the area are being checked for residential use.

And then there would be Tempelhof: The mostly peaceful residential areas in Alt-Tempelhof are characterized by simple "Altbau" structures, a good traffic link and still affordable prices. But despite the available potential, there are still only a few condominium projects here. In contrast, there are presently several new construction projects in operation in the suburban to rural neighborhoods of Mariendorf, Marienfelde and Lichtenrade at the southern edge of the district.



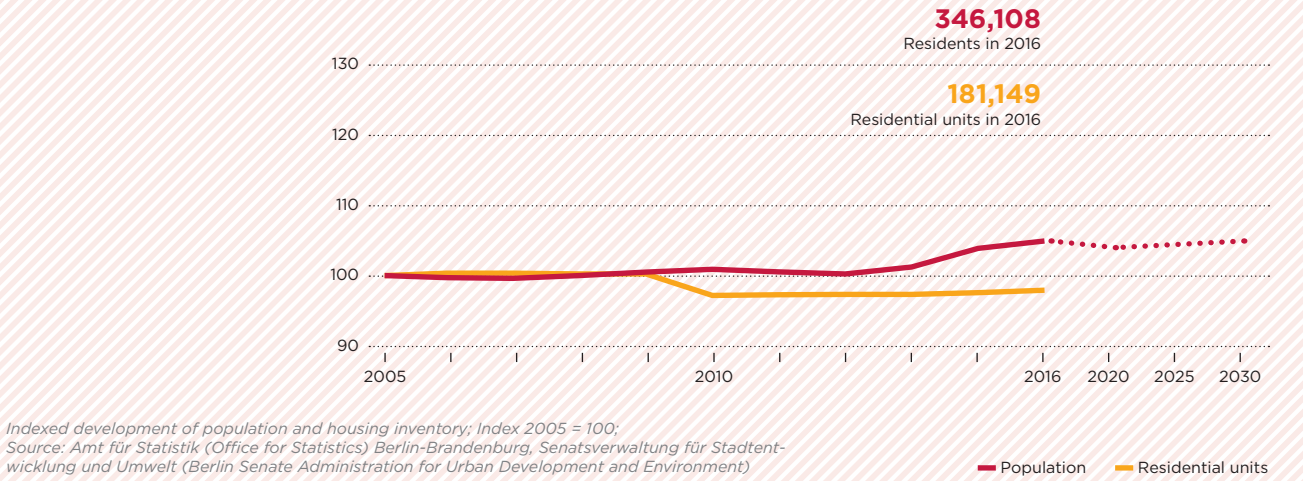
- 1 POTSDAMER STRASSE**
Style and money have now arrived in the Potsdamer Straße. Gradually, galleries and gastro-pubs are opening. The whole neighborhood is reorienting itself.
- 2 BAYERISCHER PLATZ**
The established neighborhood around the Bayrischen Platz scores points for beautifully restored stucco facades on splendid buildings with small gardens out front. It is also enjoying high demand, especially from a well-situated clientèle.
- 3 FRIEDENAU**
Urban, but also dignified living in the most densely populated place in Berlin. Well-tended old buildings, the "Altbau," and green front gardens have been decisive in making Friedenau one of the most beloved residential areas in the neighborhood, mostly for the well-educated middle class.
- 4 ALT-TEMPELHOF**
The small lakes and parks and the good traffic connection make this still affordable area a secret tip on the residential market.
- 5 LICHTENRADE**
Green, affordable and therefore especially family-friendly are the attributes that best describe this single-family-houses area at the southern edge of Berlin.

MARKET

Schöneberg is continuing to enjoy high demand. Tempelhofs residential property market, on the other hand, is only putting in a rather weak showing, and this in spite of good potential.

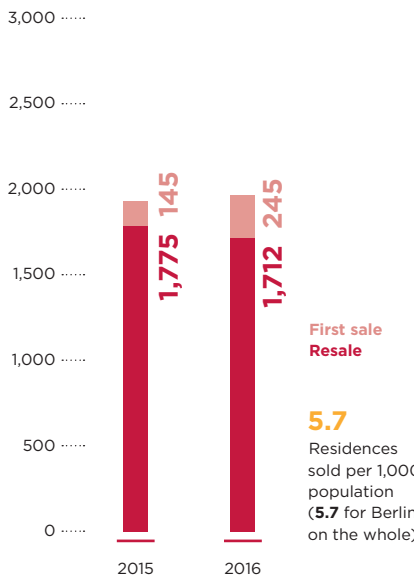
RESIDENTS VS. RESIDENCES

Particularly in central locations there is not enough available space to satisfy the high demand.



CONDOMINIUMS SOLD

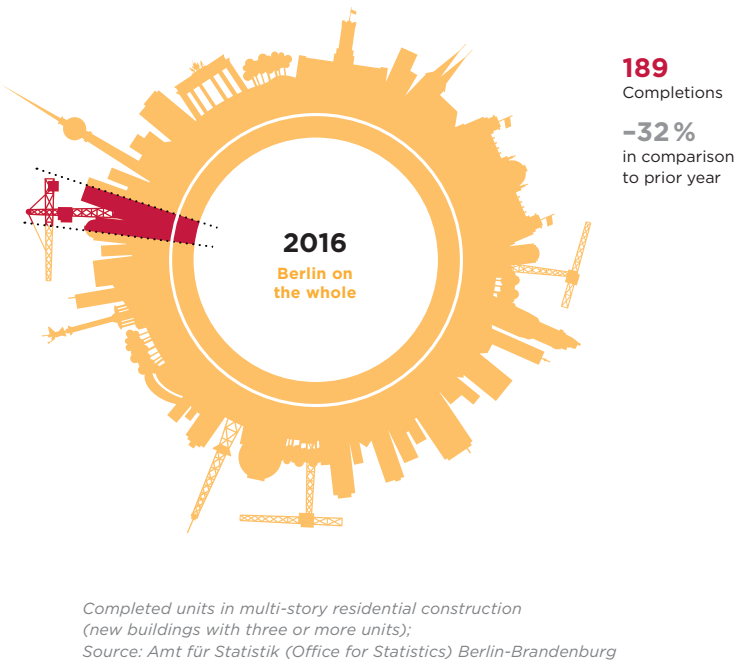
Slight increase in sales: Every eleventh apartment sold in 2016 was sold in Tempelhof-Schöneberg.



Number of condominiums sold without package sales;
Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Appraisals) Berlin, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

COMPLETIONS

Hardly any activity in multi-story construction. The number of completed apartments remains low.

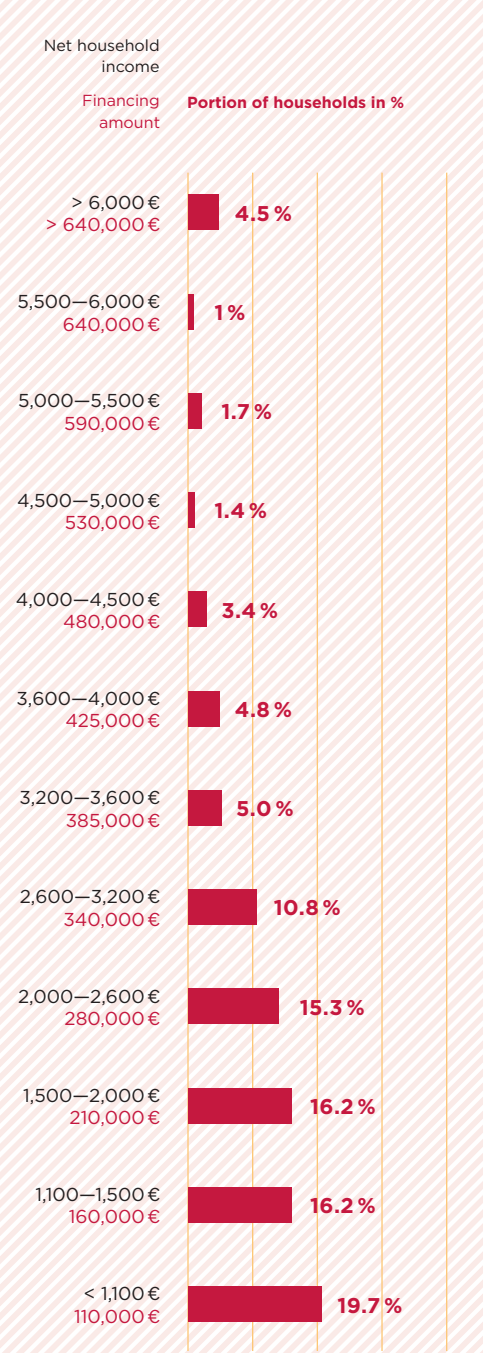


PRICES

There is a clear north/south disparity in prices in this neighborhood: Whereas Schöneberg is catching up with the prices in Charlottenburg, the prices in Tempelhof are still extremely moderate.

FINANCING POTENTIAL BASED ON INCOME

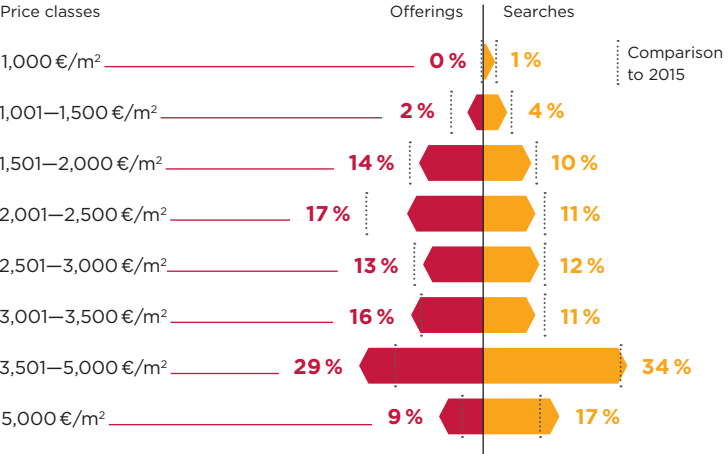
Disproportionately high number of households with a high income. At the same time, the proportion of low earners continues to sink.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%; Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

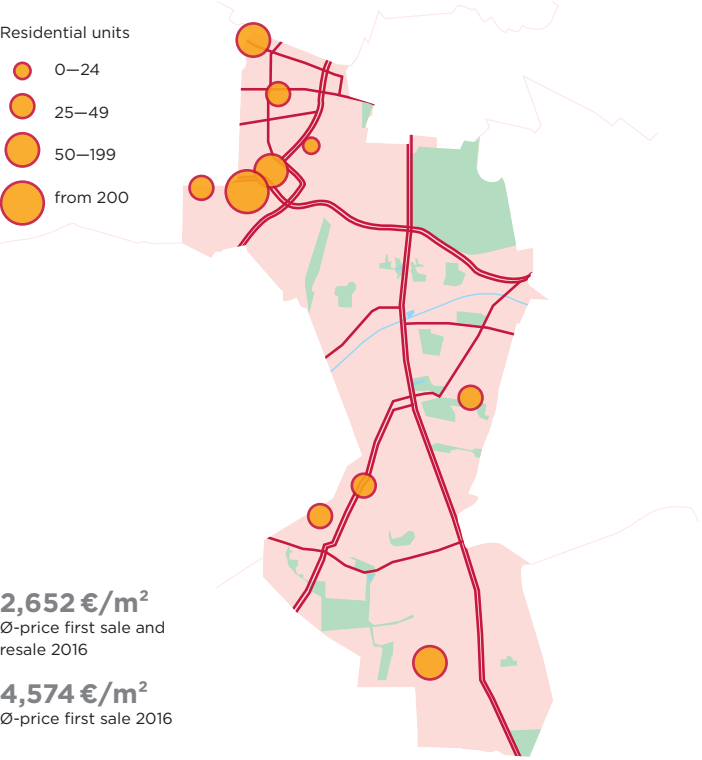
A relatively balanced market in terms of pricing. However, a disproportionately high number of searches face off against a small number of offerings.



Offerings and searches for condominiums at ImmobilienScout24; Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

Residential projects are being developed on the last large open spaces in the neighborhood all around the Südkreuz. Tempelhof, on the other hand, has not caught the eye of investors.



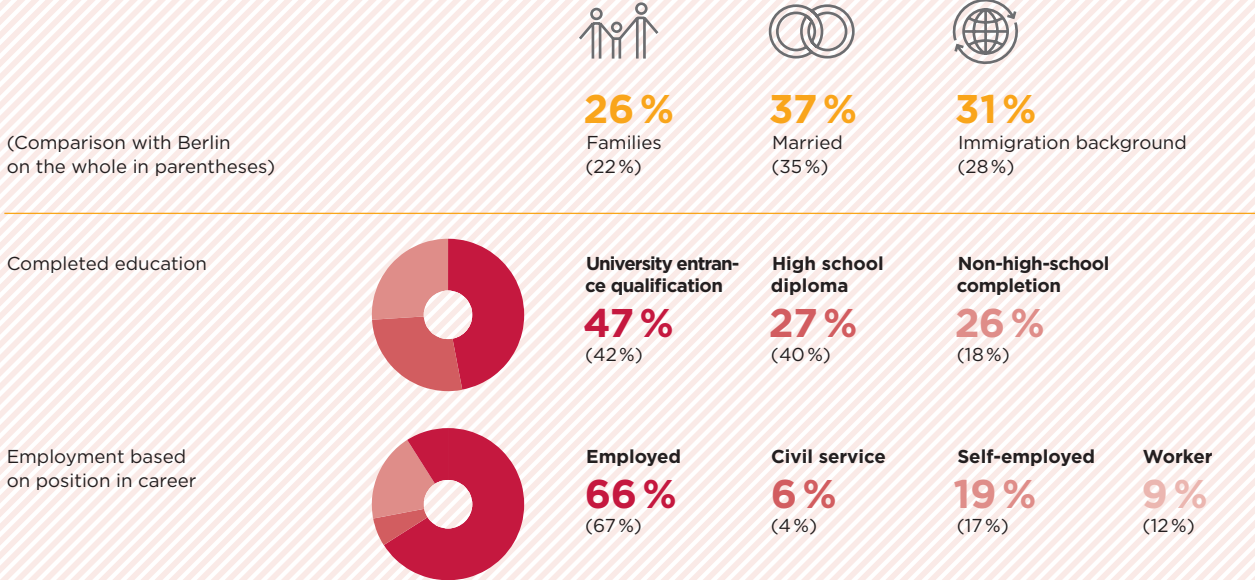
Planned condominium projects in multi-story construction (new buildings with three or more units); Source: Gutachterausschuss für Grundstückswerte (Panel of Experts for Property Appraisals) Berlin, ZIEGERT Research

CLIENTS

Mostly academicians love the north of this neighborhood. The south, on the other hand, is experiencing high demand from middle-class families.

POPULATION STATUS

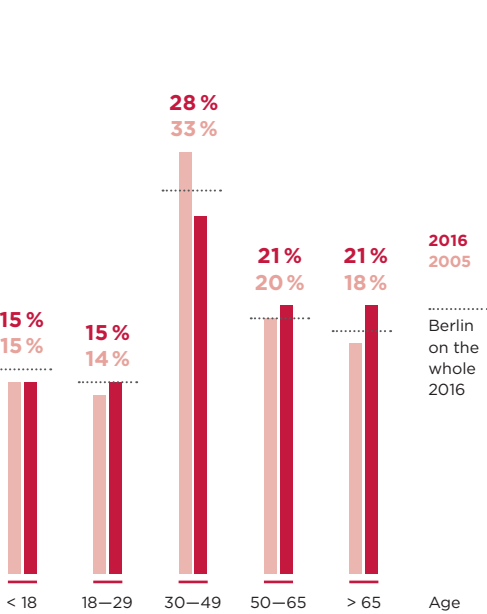
Besides Neukölln, the neighborhood with the highest percentage of families.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

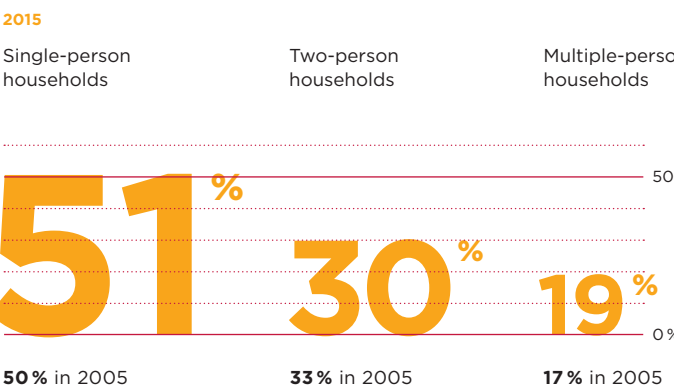
The number of 30 to 49 year-olds is falling rapidly. The number of over 65 year-olds, however, is rising.



Comparison of age structure 2005/2016 and Berlin on the whole 2016; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

As good as no change from the prior year. Every second person here in 2015 lived alone.



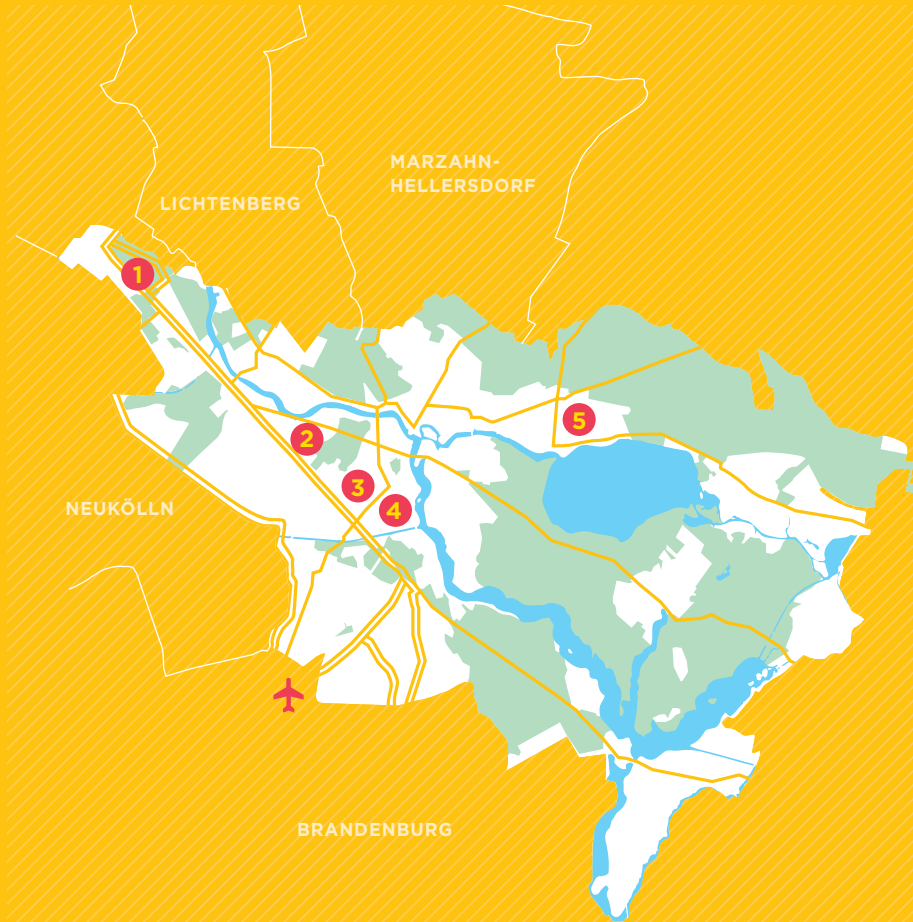
Comparison of household size 2005/2015; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

TREPTOW-KÖPENICK

EVERYTHING'S SO BEAUTIFULLY GREEN HERE

The science city of Adlershof with its more than 1,000 companies is Germany's largest research and technology park and also a real advertisement for the neighborhood. In the coming years, apartments for around 2,500 people are slated to be built in direct proximity to the campus of the Humboldt University. But the neighborhood is not just coming along well here. Around 70 % of the surface area is made up of water and forest, parks and nature preserves. It is therefore easy to see why the quality of life in most parts of this area is so high. Luxurious apartments are popping up across from the picturesque Old Town of Köpenick, further south along the Dahme the focus is on spacious family apartments with a garden and view of the water.

Less middle-class idylls and more pioneering spirit can be found in Oberschöneide: The University for Technology and Economics (HTW) has taken up residence in the former industrial halls, and some journals are already calling the Wilhelminenhofstraße the new hip mile. However, the only things there besides an organic burger joint are mostly fast-food places. Treptow-Köpenick counts among the fastest growing neighborhoods in Berlin. Assuring the infrastructure will therefore be key in creating sustainable development.



1 PLÄNTERWALD

If you go by bus along the Treptower Park, what first strikes the eye are the sumptuously adorned art nouveau buildings along the Federal highway. These are also very much in demand due to their proximity to the hip neighborhood of Neukölln.

2 NIEDERSCHÖNEWEIDE

The former industrial site still has to recover from its past. But the start has been made: At present, the promenade along the riverbank is being redesigned and several new construction projects are being built.

3 ADLERSHOF

Residential projects are popping up like wildflowers to quench the enormous desire for living space at this prospering scientific center. Ever so gradually, a restaurant scene is also developing to serve it.

4 ALONG THE RIVER DAHME

Several large new construction projects are scoring points here with direct waterfront. Besides a cozy atmosphere, there are also a few boat slips available for some of the owners.

5 FRIEDRICHSHAGEN

Busy building activity for single-family houses characterizes this highly desired residential area on Müggel Lake. In contrast to this, two-to-three-story multi-family houses dominate the scene along the lively Bölschestraße with its hospitable cafés.

AREA
168 KM²

RESIDENTS
259,524

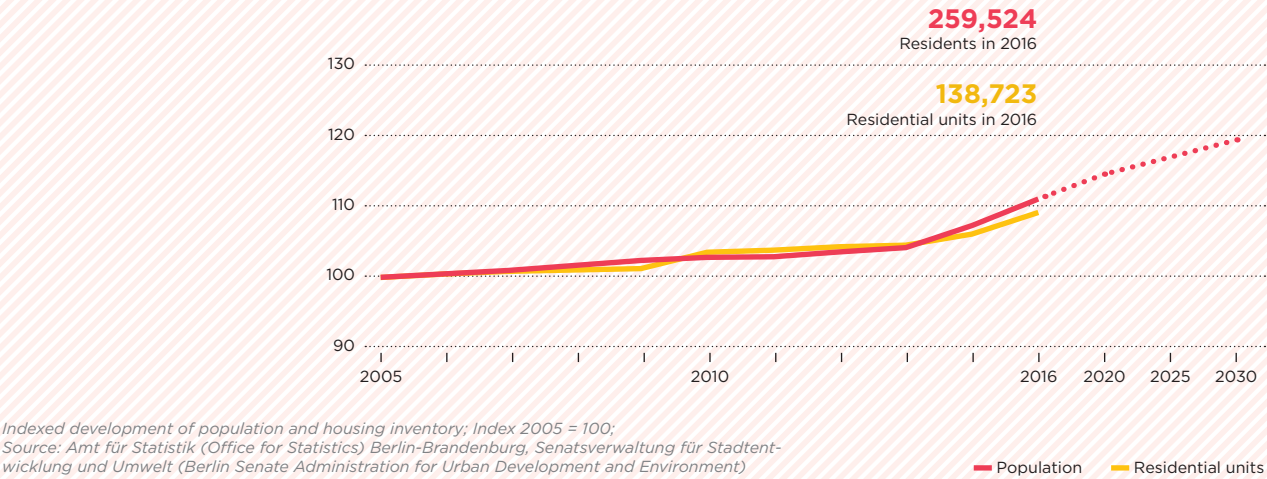
Green spaces
Bodies of water

MARKET

A large number of large-scale new construction projects and the second largest growth in population in all Berlin show how strong growth is in this neighborhood.

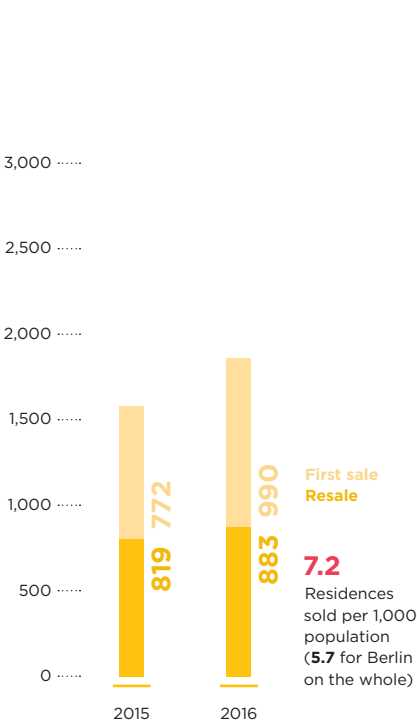
RESIDENTS VS. RESIDENCES

In no other Berlin neighborhood have housing inventories risen so significantly. However, the population grew even more.



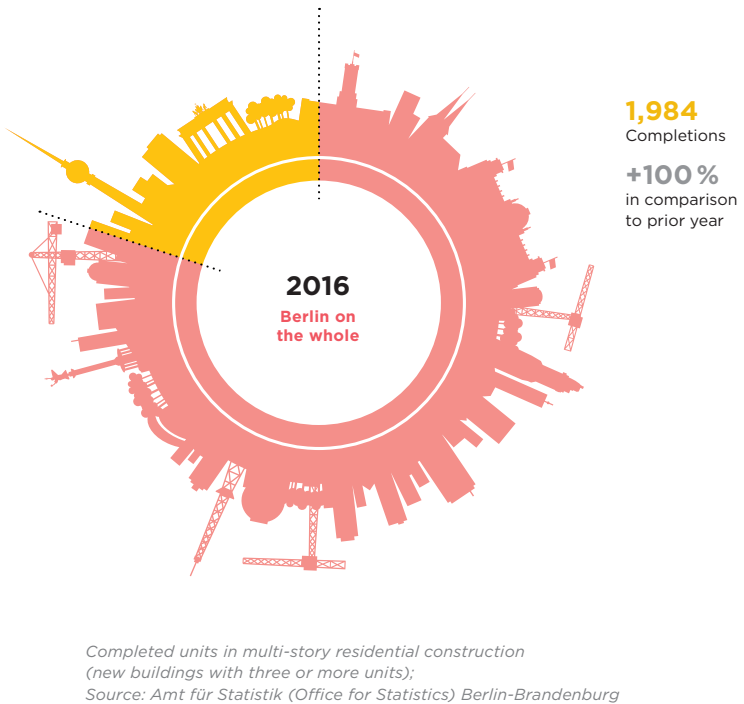
CONDOMINIUMS SOLD

Rise of 18%. Due to the many projects currently in planning, growth will continue in the coming years.



COMPLETIONS

Because of the completion of a number of large-scale projects, the leader for the first time among all Berlin's neighborhoods.

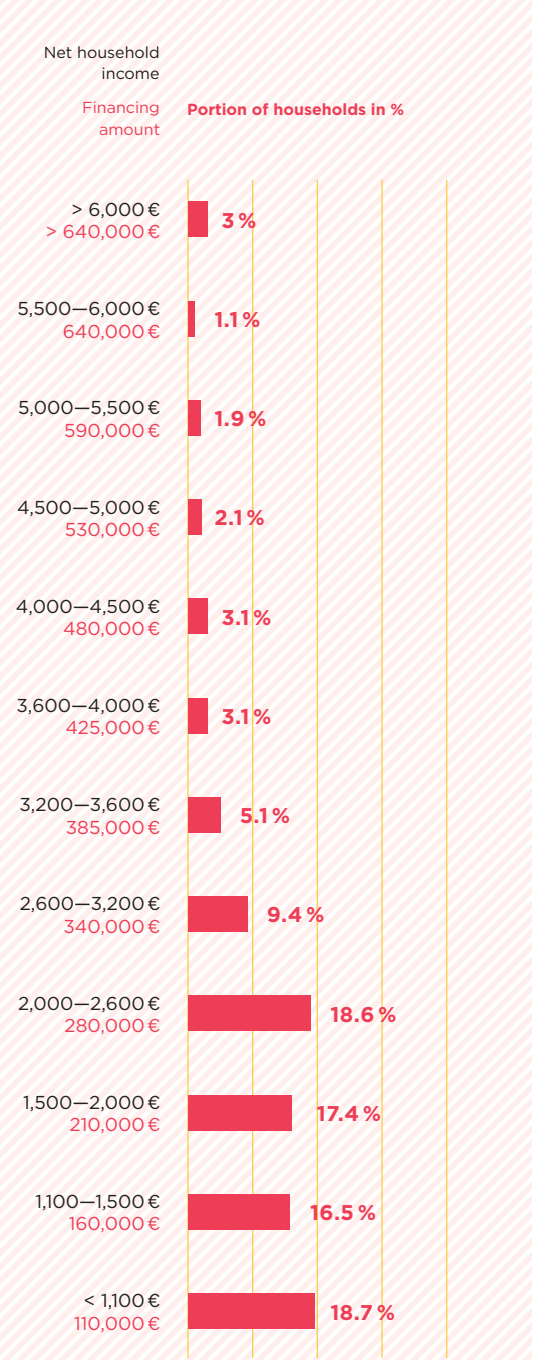


PRICES

Due to many new large-scale construction projects, the average price will rise considerably in the coming years.

FINANCING POTENTIAL BASED ON INCOME

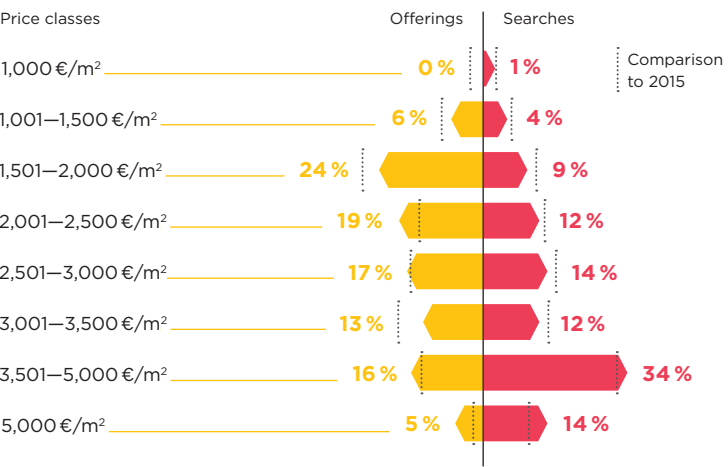
A lot of development in the upper income classes while the average net household income remains at an already high figure.



Portion of the population according to income class in the micro-census; the financing potential results from a 30-year mortgage, 4.5% annuity (2.3% interest and 2.2% principal) and a maximum total cost to the household of 40%; Source: ZIEGERT Research, Amt für Statistik (Office for Statistics) Berlin-Brandenburg

SUPPLY AND DEMAND FOR CONDOMINIUMS 2016

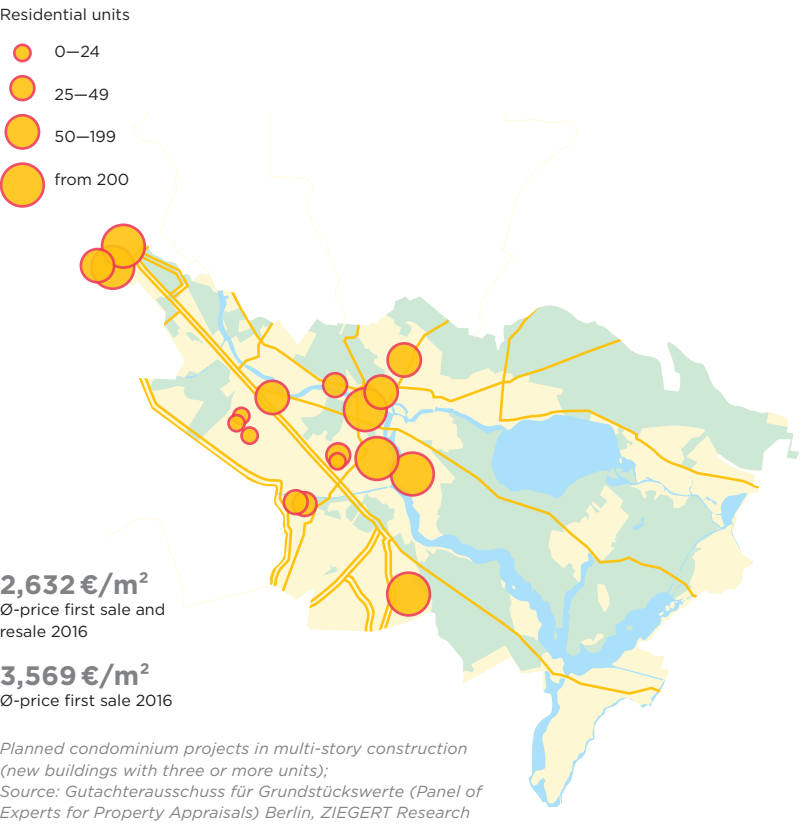
Half of the apartments on offer are below 2,500 €/m². In the future, offerings will shift into higher price segments due to new construction projects in planning.



Offerings and searches for condominiums at ImmobilienScout24; Source: ImmobilienScout24 MarktNavigator Profi

NEW CONDOMINIUM PROJECTS

Several large-scale projects, some with more than 1,000 apartments are presently in planning. The most new construction activity is going on in Adlershof and along the Dahme river.

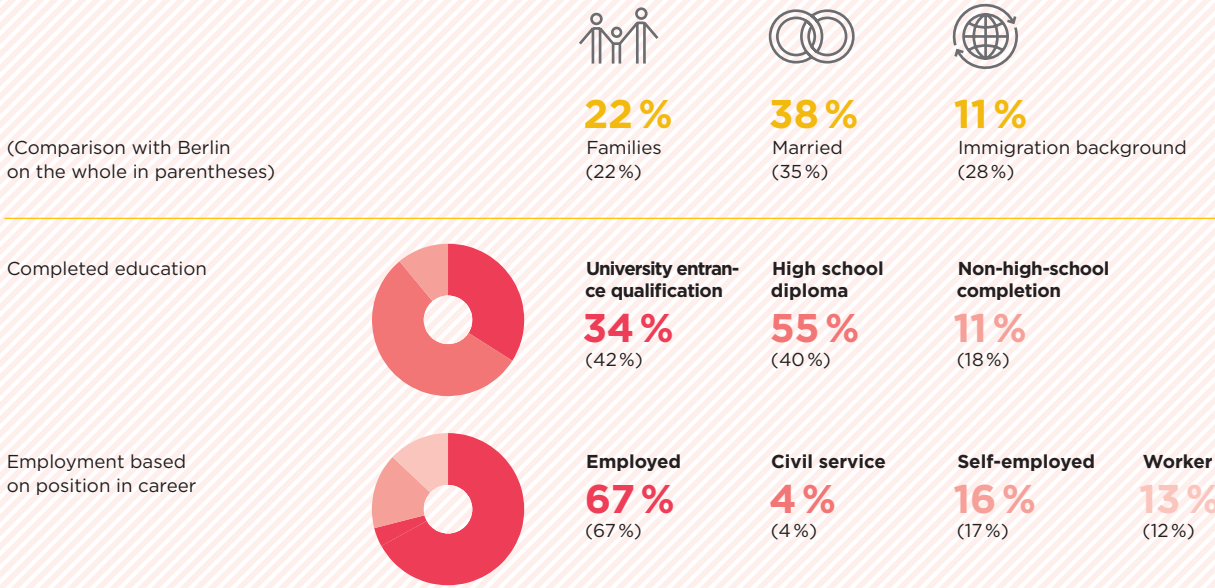


CLIENTS

While families have come to appreciate the peaceful southern locations along the die Dahme river, young singles feel the attraction of central Alt-Treptow.

POPULATION STATUS

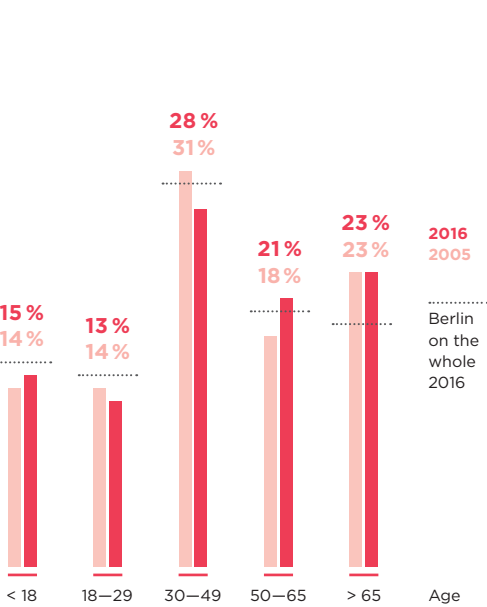
Every other person here has a high school diploma.



Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

AGE STRUCTURE

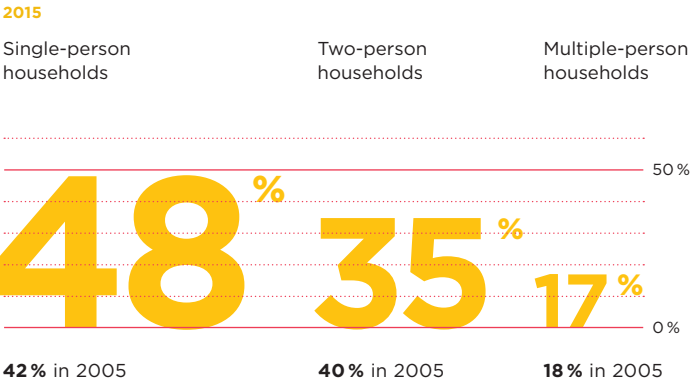
This neighborhood posts the third highest average age in Berlin. Above all the proportion of 50 to 65 year-olds has grown.



Comparison of age structure 2005/2016 and Berlin on the whole 2016; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg

HOUSEHOLD STRUCTURE

Slight increase in multi-family households in comparison to the previous year.



Comparison of household size 2005/2016; Source: Amt für Statistik (Office for Statistics) Berlin-Brandenburg



The ZIEGERT - Bank- und Immobilienconsulting GmbH is the leading sales company for condominiums in Berlin. In 2016, a total of 1,000 apartments with a total sales volume of 295 million Euros were sold. ZIEGERT and its more than 200 employees offer a 360° service for developers and private buyers that each client can take personalized advantage of segment-for-segment. From acquisition of the building lot for apartment construction projects to target-group-suitable marketing to consulting on financing for private buyers and even furnishing the property, the name ZIEGERT stands for top-quality services for everything to do with living in Berlin. In its international condominium marketing, ZIEGERT cooperates with Knight Frank, the largest independent real estate consultant in the world. This allows ZIEGERT products to be available in more than 60 countries. ZIEGERT won the 2016 International Property Awards in the Categories "Best Real Estate Agency Germany" and "Best Real Estate Agency Europe" as well as, together with the Berlin agency TPA, in the category of "Best Development Marketing." In 2015 and 2016, the company was rated Five-Star, the highest rating, in the "Makler-Kompass" ("Broker Compass") of the German journal Capital.

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Studio für Markendesign GmbH
www.minigram.de

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Editorial deadline: 1st September 2017

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Member of IVD



» From population changes to construction activity and the level of interest rates, all socioeconomic indicators are in place for a further upswing on Berlin's residential market.«

Nikolaus Ziegert, Founder and Managing Director
ZIEGERT – Bank- und Immobilienconsulting GmbH

» In the long run, opportunities are looking up. In a city with growth in both population and the economy, residential and commercial real estate will continue to be appealing.«

Prof. Dr. Michael Voigtländer,
Cologne Institute for Economic Research (IW)

» In view of low interest rates, an investment in real estate today works like a savings account favored by the financial markets. Even when 100 % of the principal is financed, the rental income usually covers the cost of paying the interest. Anything left over, and any possible supplementary payments, flow into paying off the principal and thus into asset creation.«

Sven Henkes, Managing Director
ZIEGERT – Bank- und Immobilienconsulting GmbH

» More and more institutional investors are trying to enter into new projects at the earliest possible time, for instance by employing mezzanine financing or through a forward deal, i. e. buying into a project before it is completed.«

Michael Seeberg, Chief Investment Officer
ZIEGERT – Bank- und Immobilienconsulting GmbH



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