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Current Challenges of Housing Policy in
Germany and Outlook to the Priorities of the
Spanish Presidency in Housing and Urban
Development

European Housing Forum 25th of January 2010
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Transport, Building and Urban Development



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Agenda

- Housing and real estate sector in Germany
 - Current challenges facing the housing and real estate markets
 - The housing market in Germany/ Housing prognosis for 2025
 - Internationalization of the housing market
 - Housing policy:
 - For elderly people
 - For climate protection
- Outlook to the Spanish Presidency (Housing and urban development)
 - Priorities and Agenda



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Current Challenges

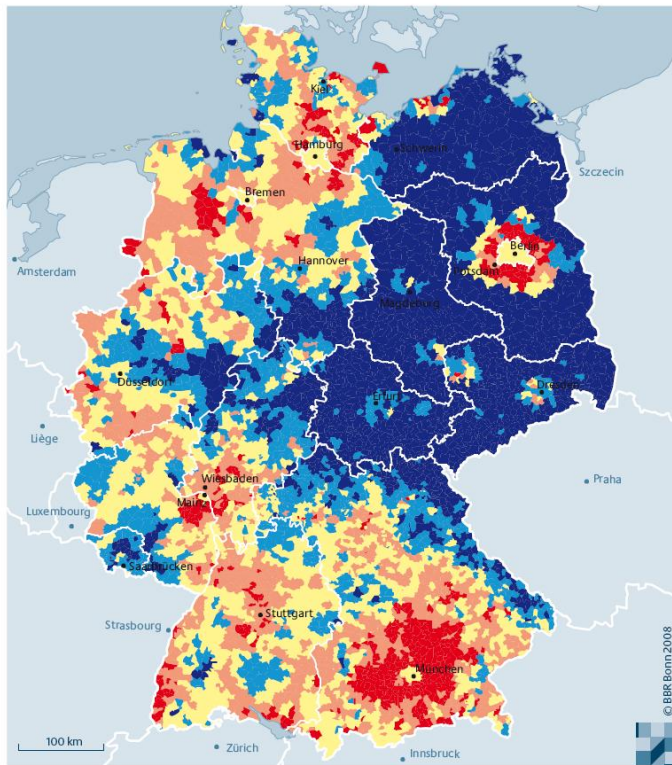
- Demographic decline in Germany has an impact on housing demand, sectoral and regional submarkets
- Ageing population produces other preferences
- Tackling the climate change
- Housing and real estate market is increasingly influenced by international investors
- Gap between growth and shrinking regions is widening
- Need for affordable housing for low-income households



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The housing market in Germany

Regional population development from 2005 to 2025



Fluctuations in population in the period 2005-2025 in %



Data base: BBR-Bevölkerungsprognose 2005-2025/bw
Geometrische Grundlage: BKG, Verbandsgemeinden, 31.12.2005

Regional population development 2005 to 2025



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The housing market in Germany

Housing supply

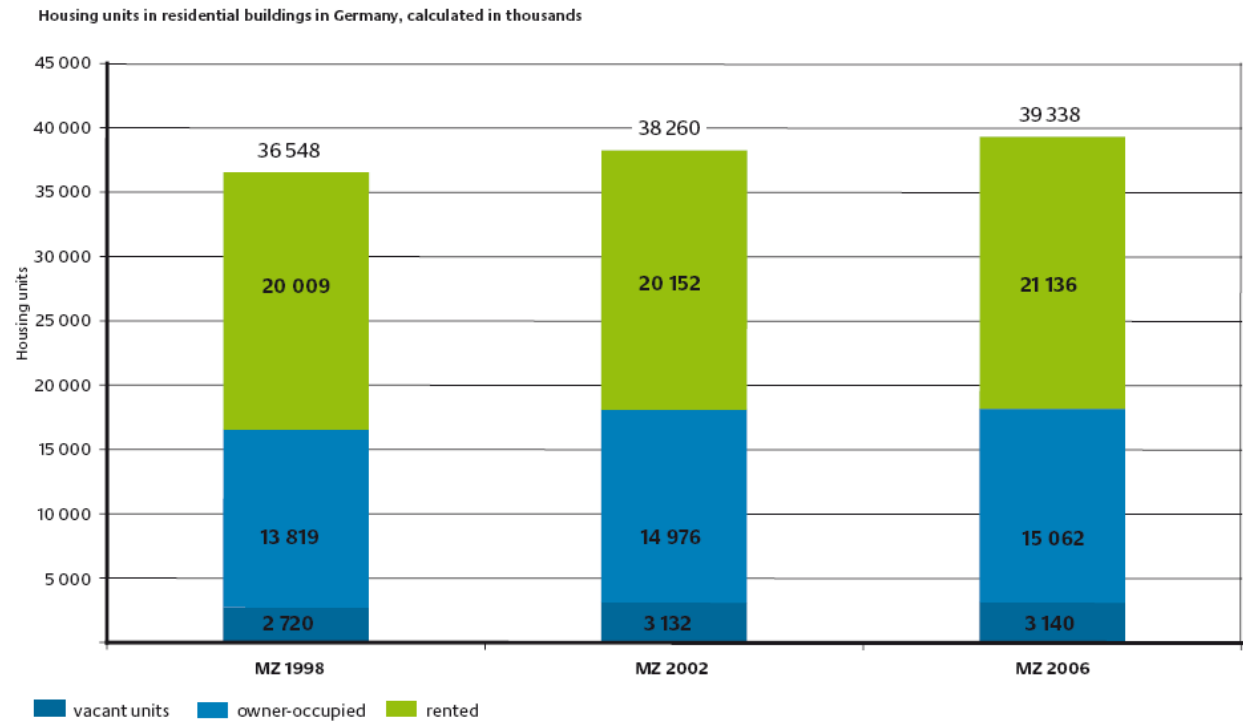
- Apartments: 39,6 million (2006)
- Average size of apartments: 90,2 m²
- Household size: 2 persons
- Per capita floor space: 48,6 m²/ 37,7 m² (owner-occupied, rented)
- Vacancy : 3.1 million apartments (8 % of housing stock)
- Home ownership rate: 43,2 %



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The housing market in Germany

Housing stock and types of usage from 1998-2006



Source: Federal Statistical Office, Microcensus 1998, 2002, 2006 (Fachserie 5 Heft 1)



The housing market in Germany

Trends on rental and real estate market

Rental Market

- Housing markets are relaxed
- Average rent: EUR 5.94 m² (2006), excluding heating costs
- Regional differences between growth and shrinking regions

Real Estate Market

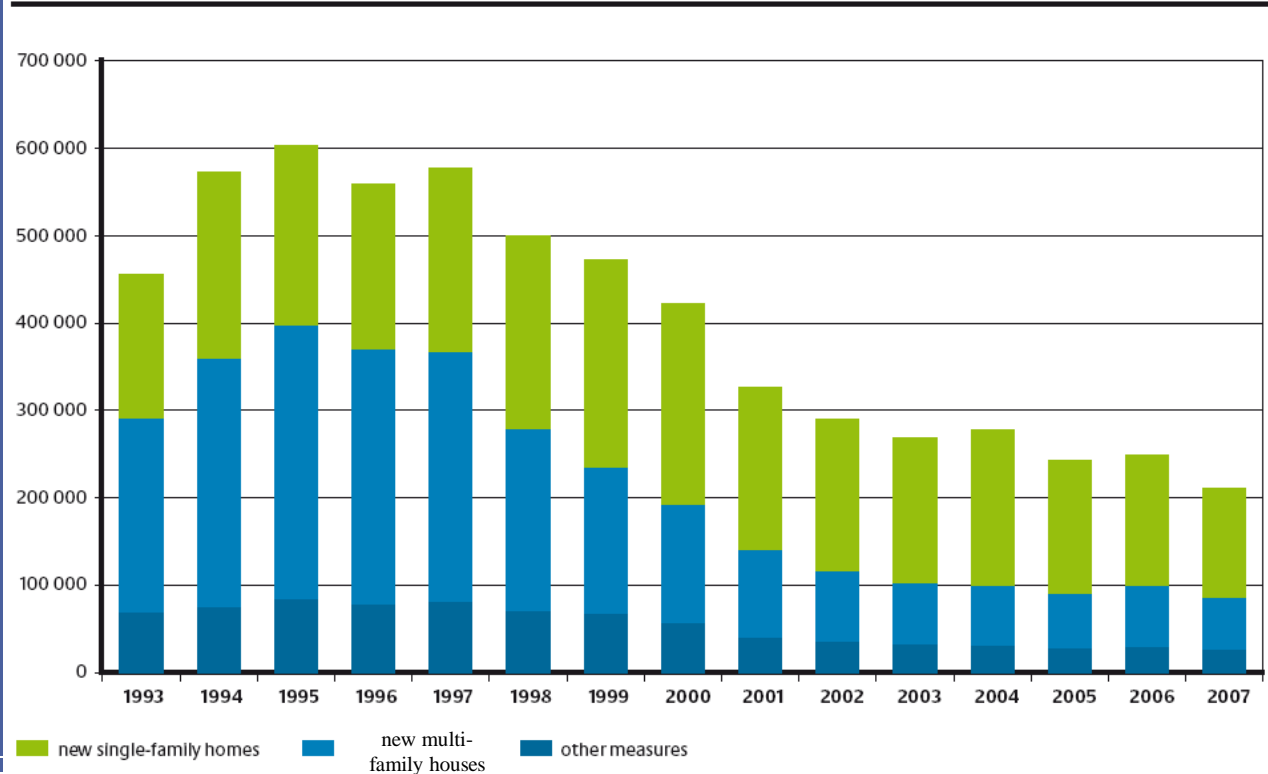
- Prices fell in recent years
- Average sales price for private homes:
EUR 280.000 (shrinking regions), EUR 420.000 (growth regions)



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The housing market in Germany

Completed buildings in Germany from 1993 to 2007

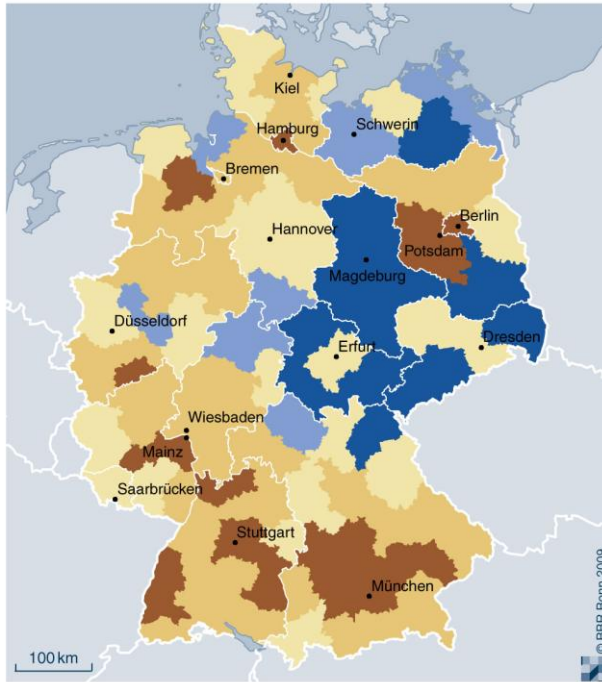


Source: Federal Statistical Office, construction activity and housing, Fachserie 5 Reihe 1

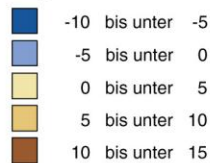


Prognosis of future housing demand and risk of vacancies in apartment buildings

Entwicklung der Wohnflächennachfrage insgesamt bis 2025

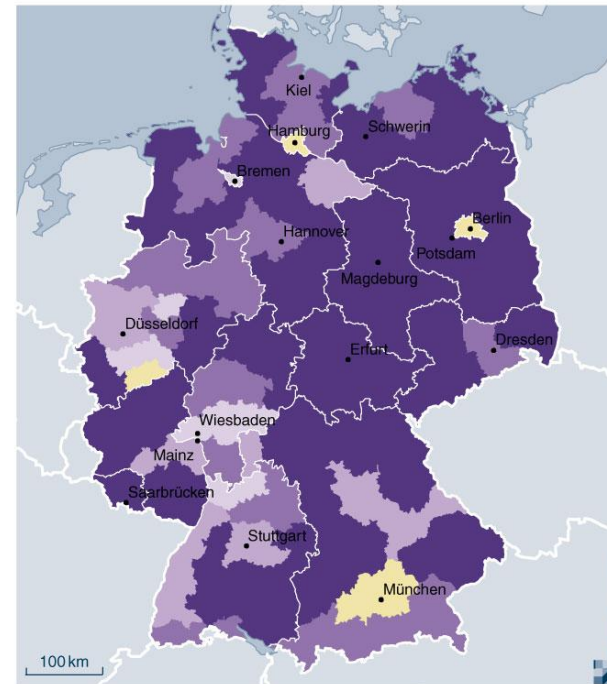


Entwicklung der Wohnflächennachfrage
insgesamt 2010 bis 2025 in %



Datenbasis: BBSR-Wohnungsmarktprognose 2025
Geometrische Grundlage: BKG, Raumordnungsregionen, Stand 31.12.2006

Abschätzung des Leerstandsrisikos in Mehrfamilienhäusern
bis 2025



Zu erwartendes Leerstandsrisiko in Mehrfamilienhäusern



Datenbasis: BBSR-Wohnungsmarktprognose 2025
Geometrische Grundlagen: BKG, Raumordnungsregionen, Stand 31.12.2006



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Internationalization of the housing market

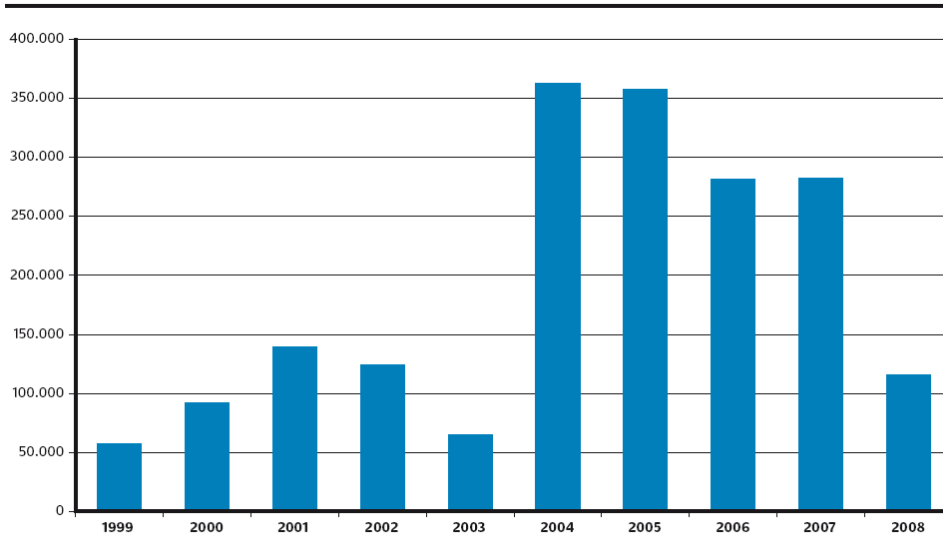
- Internationalization of housing and real estate market focus of public attention
- 1999 to 2008: sales of 1.9 million apartments, often to foreign investors
- Decline in 2008 as a result of the financial crisis
- Change in ownership structure had no negative impact on housing supply
- Financial crisis is expected to have an impact, but in general German housing market is very stable



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Internationalization of the Housing Market

Number of apartments sold from 1999 to 2008



Source: BBSR-Datenbank Wohnungstransaktionen

Overview of sales and acquisitions according to type of owner/investor
from 1999 to 2008

	Sales Housing units	Share	Acquisitions Housing units	Share	Balance Housing units
Public authorities	901,000	48%	348,000	19%	-553,000
Municipalities	369,000	20%	145,000	8%	-223,000
Federal/Land	532,000	28%	202,000	11%	-330,000
Private	880,000	47%	1,508,000	80%	627,000
Other	98,000	5%	24,000	1%	-74,000
Total	1,879,000	100%	1,879,000	100%	0



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Housing and real estate market policy

Guiding principles

- Key objective: adequate and affordable housing
- Financial assistance reduced due to relaxed housing market
- The focus of funding shifted towards qualitative aspects of housing
- Social security system for low income households
- Social housing was transferred to the Länder in 2006



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Housing and real estate market policy

The role of the EU in housing and urban development policy

- EU has no regulatory authority but there are influences
 - Directive on energy efficiency
 - Use of structural funds for investment in housing
 - Leipzig charter
 - others
- German coalition agreement:
„On the european level we deny financial support for housing“



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Housing and real estate market policy

Age-appropriate housing

- Proportion of elderly people is rising
- New challenges for provision of housing
- Government provides framework for investment towards needs-oriented investment
- 2009: first economic stimulus package for financing housing modernisation and adoption of housing to needs of elderly people
KfW: EUR 80 million p.a. reducing costs for loans (www.kfw.de)
- Research projects/Best practices



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Housing and real estate market policy

Real estate and climate protection: political framework

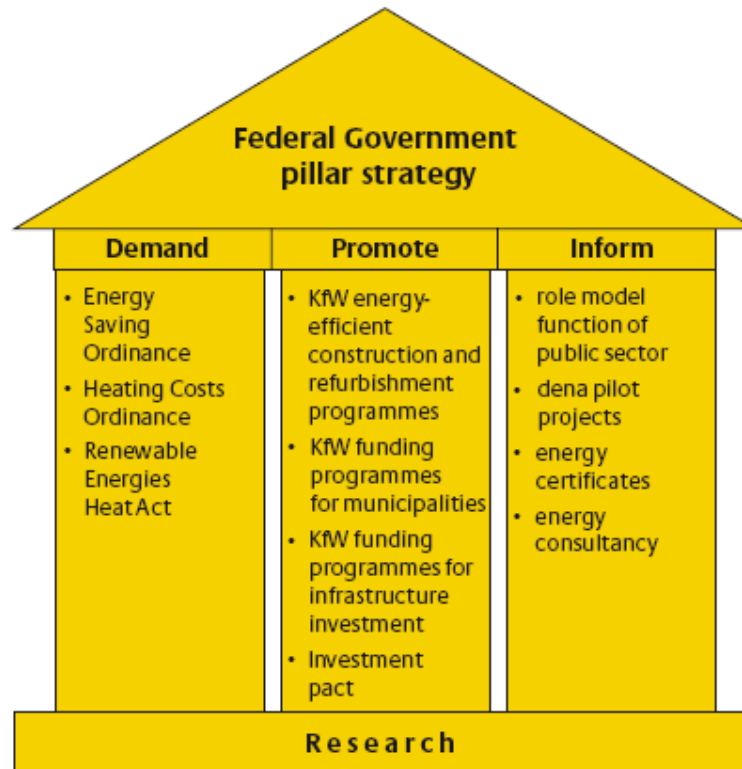
- 2007: Integrated European Climate and Energy Policy
- Building sector accounts for 40 % of Germany`s energy consumption
- Consumption of energy for heating has declined since 1997 due to energy efficient improvement
- Objective is to increase annual rate of refurbishment to 3 % of existing housing stock (390.000 apartments)



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Housing and real estate market policy

The Federal Government's pillar strategy



Source: BMVBS



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Housing and real estate market policy

Real estate and climate protection: regulatory framework

- 2007: German Energy Saving Ordinance came into force
- Objectives:
 - Create new buildings with best possible energy balance
 - Use energy-saving potentials in existing housing stock
- 2009 Amendment of Energy Saving Ordinance
- more information: www.bmvbs.de (German)





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Housing and real estate market policy

Promotion of energy efficiency

- State funding of energy-efficiency concentrates on existing building stock
- 2001 First introduction of building rehabilitation programme
- 2009 economic stimulus package: EUR 1.5 billion p.a. 2009 to 2011
- Used for: new energy efficient buildings, energy efficient renovation of existing housing stock, modernization of municipal and social infrastructure
- Investment in 1,35 million apartments /houses 2006 to 2009



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Priorities of the Spanish Presidency

Housing

- Concepts of the rehabilitation of the existing housing stock
- Fullfilment of housing needs
- Job creation
- Financing and agreement between the public administration and the private sector
- The role of architecture



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Priorities of the Spanish Presidency

Urban agenda

- Priority topics for urban agenda
 - Integrated urban regeneration
 - Urban dimension of climate change
 - Demographic challenges
 - Economic crisis
- Implementation of Leipzig charter
- Development of reference framework in MS/institutions group



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Priorities of the Spanish Presidency

Calendar

- Urban Development Group (UDG), Madrid, 23.3.2010
- Director General Meetings
 - Madrid, 27th April: DG Meeting (Housing)
 - Madrid, 28th April: DG Meeting (Urban Development)
- Informal Ministerial Meetings
 - Toledo: Housing Ministers: 21st June 2010
 - Toledo: Urban Development: 22nd June 2010



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Priorities of the Spanish Presidency

Calendar

- High Level Conference
„Urban Sustainability and integrated Urban Regeneration in
Europe“
26-27th April 2010, Madrid
- Regional International Conference SB10mad:
Sustainable Building. Revitalization and Rehabilitation of districts
28-29-30th April. Madrid (www.sb10mad.com)
- Solar Decathlon Europe 2010 Madrid. June 2010



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Thank you very much for your attention!
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