



# Contents

I. Company Profil	3
II. Berlin	
Population Development	4
Economy	5
Residential Property Market	6 - 11
Residential Property Market in a Global Comparison	12
III. Summary	13
IV. Berlin Residential Property Market	14

## I. Company Profil

- Engel & Völkers was founded in 1977 in Hamburg by Dirk Engel and Christian Völkers
- 2005 at present more than 1.000 brokers
- 160 Real Estate Shops/Offices worldwide by June 2005
  - 143 shops for residential property
  - 17 offices for commercial property
- Represented in 19 countries across 4 continents
- Turnover 2004: € 49.7 Mio. (2003: € 32.3 Mio.) an increase of 45%, of which residential : € 32.3 Mio. (+45%) and commercial: € 13.5 Mio. (+50%). In the first half of 2005 turnover rose by 45% to: € 32.4 Mio.
- Opened offices in Phuket, Hongkong, Singapore, Barcelona and Madrid in 2005
- Exclusive partner of Christies Great Estates, Binswanger and Donaldsons International

*Exclusive Affiliate of*  
**CHRISTIE'S**  
**GREAT ESTATES**

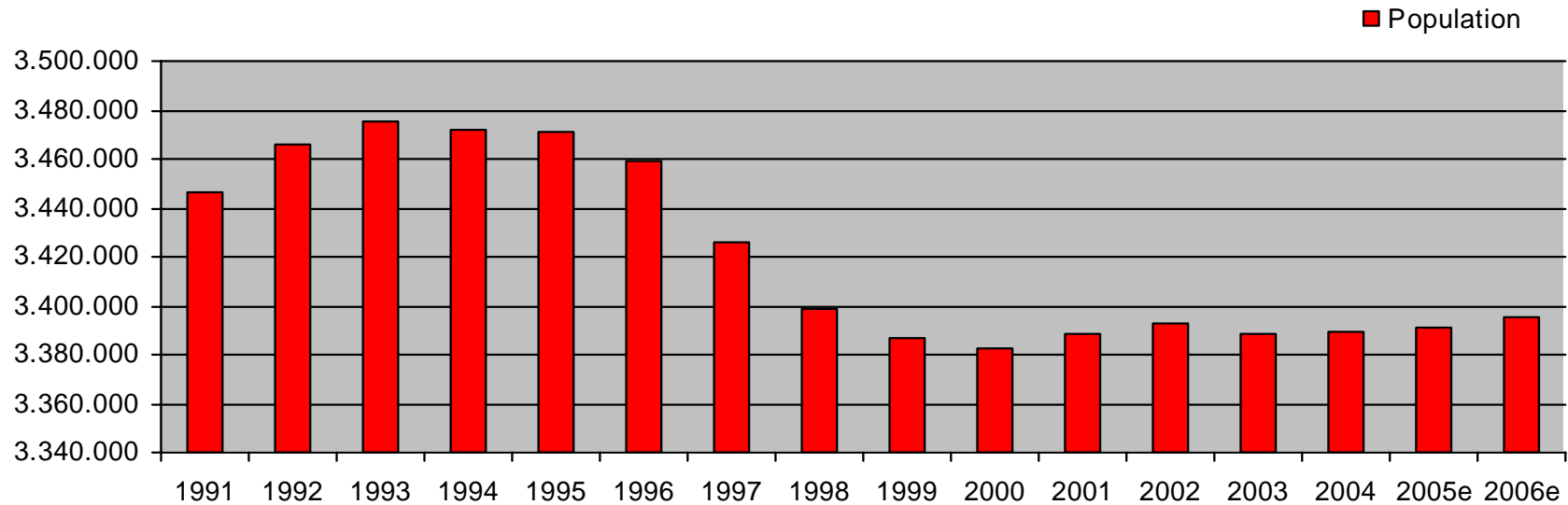


**Donaldsons**  
deutschland

## II. Berlin

### Population Development

- Berlin is the capital of Europe's largest economy.
- Approx. 3,4 Mill. inhabitants (incl. outskirts 4,3 Mill.).
- Migration balance (immigration ./ emigration) turns positive in 2000.
- Berlin is favoured – especially by young people – as a place to live and work.



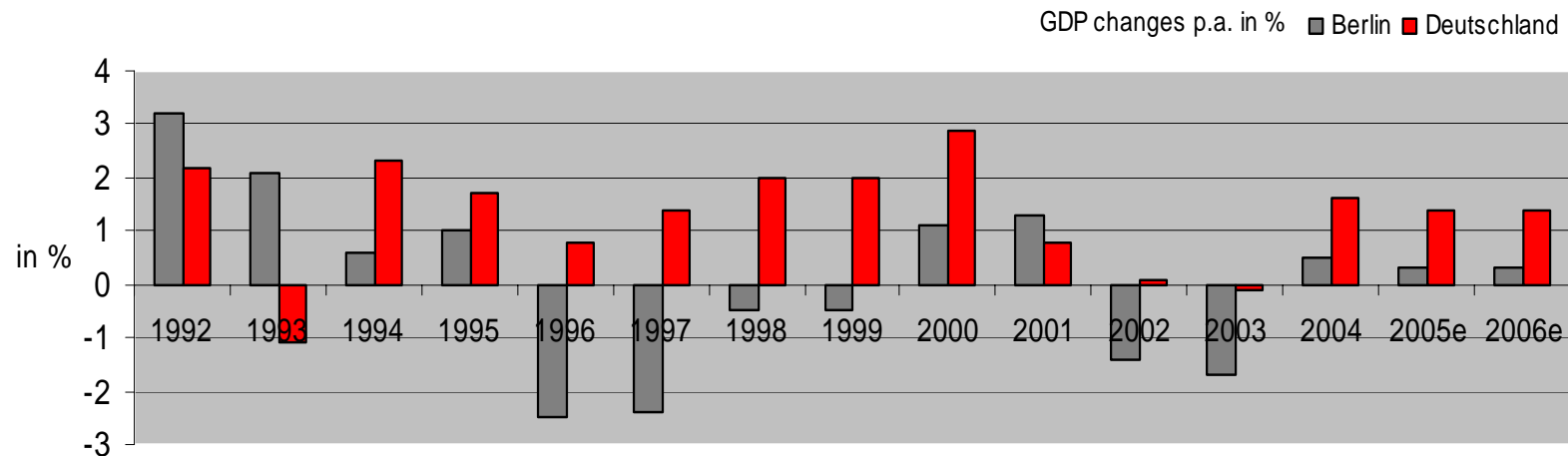
Source: Statistisches Bundesamt

Population levels off 3,386 Mio. / very favoured city to live and work

## II. Berlin

### Economy

- The rate of unemployment is with 19,2 % above the federal average of 11,3 % (status: 6/2005).
- Berlin's economy has underperformed the German average for 10 years.
- Construction output has been reduced significantly between 2001 - 2003. Output in 1991 at €4.6 billions, 1995 at €5.5 billions and in 2003 falling to €2.4 billions.



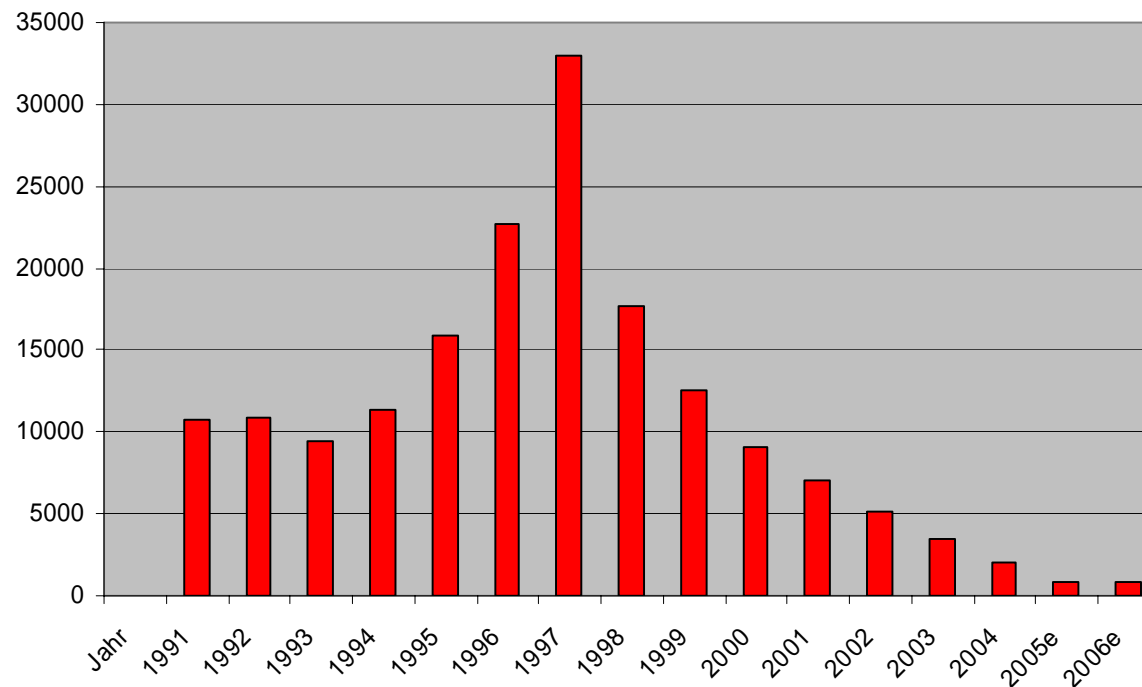
Source: Engel & Völkers Research

Good investment chances due to weak economy in Berlin

## II. Berlin

### Residential Property Market

- Berlin total: 1,87 Mill. flats. There from 130.000 vacant. Highest vacancy in East Berlin´s residential concrete slab buildings “Plattenbauten”.
- Residential new building construction output has fallen significantly.
- Rental demand on good locations is rising.



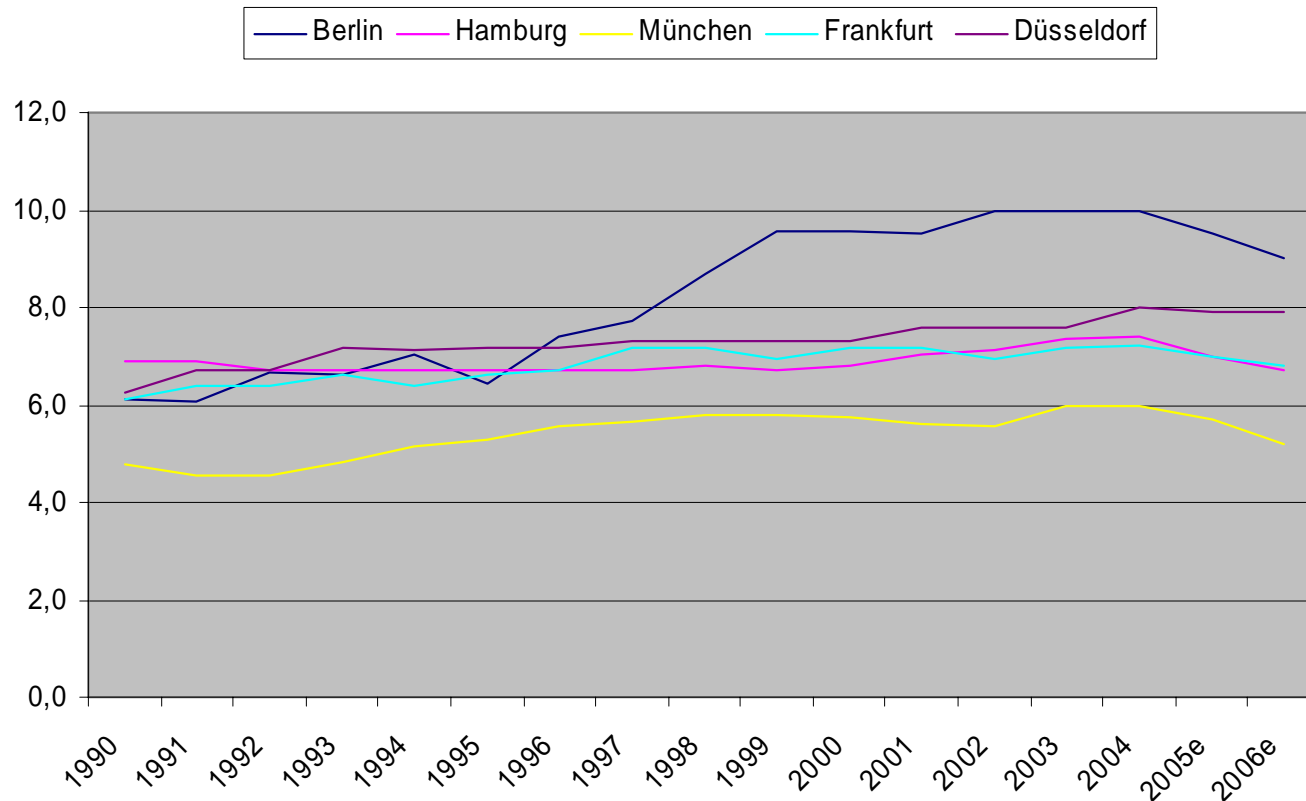
Source: Statistisches Bundesamt

**New residential development decreases**

## II. Berlin

### Residential Property Market

#### Comparison in Germany : development of the yield - in %



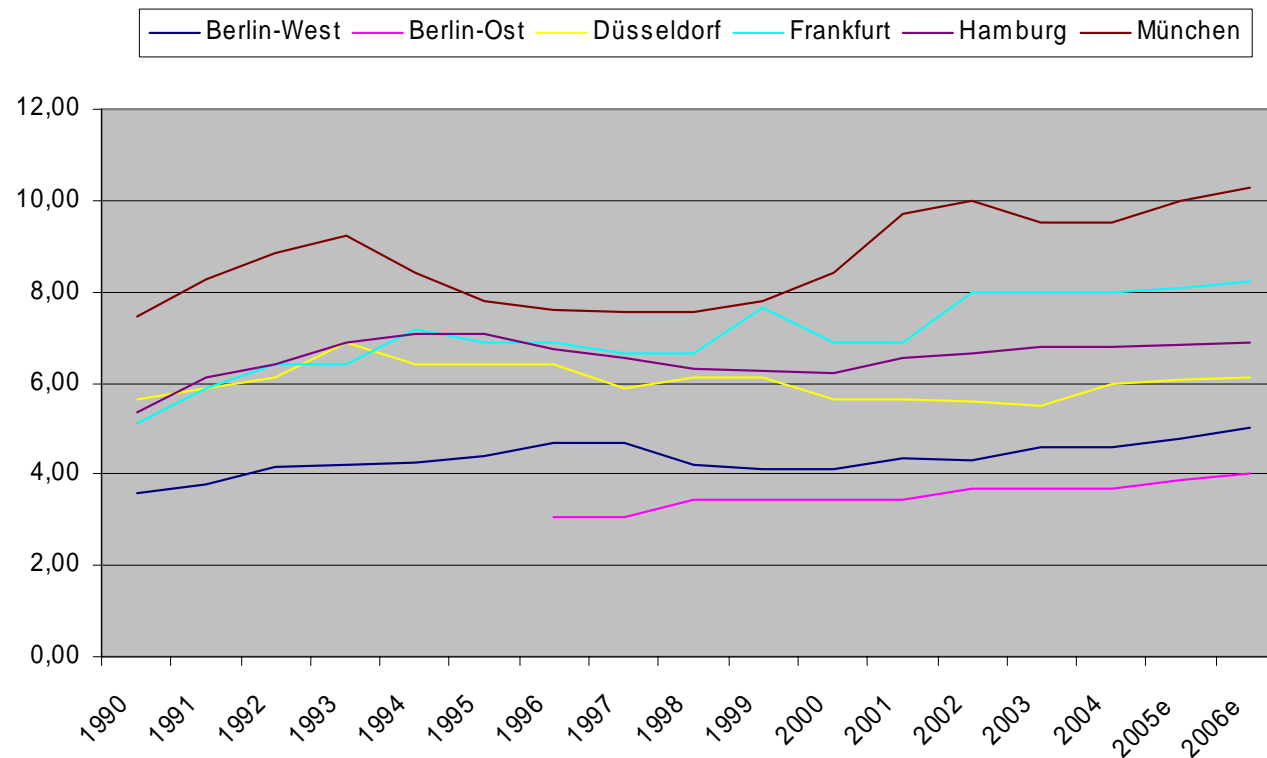
Source: Engel & Völkers Research nach Gutachterausschuss

Highest yields in the national comparison

## II. Berlin

### Residential Property Market

Comparison in Germany : Development of the average rents/m<sup>2</sup> in € per month



Source: Engel & Völkers Research nach Gutachterausschuss

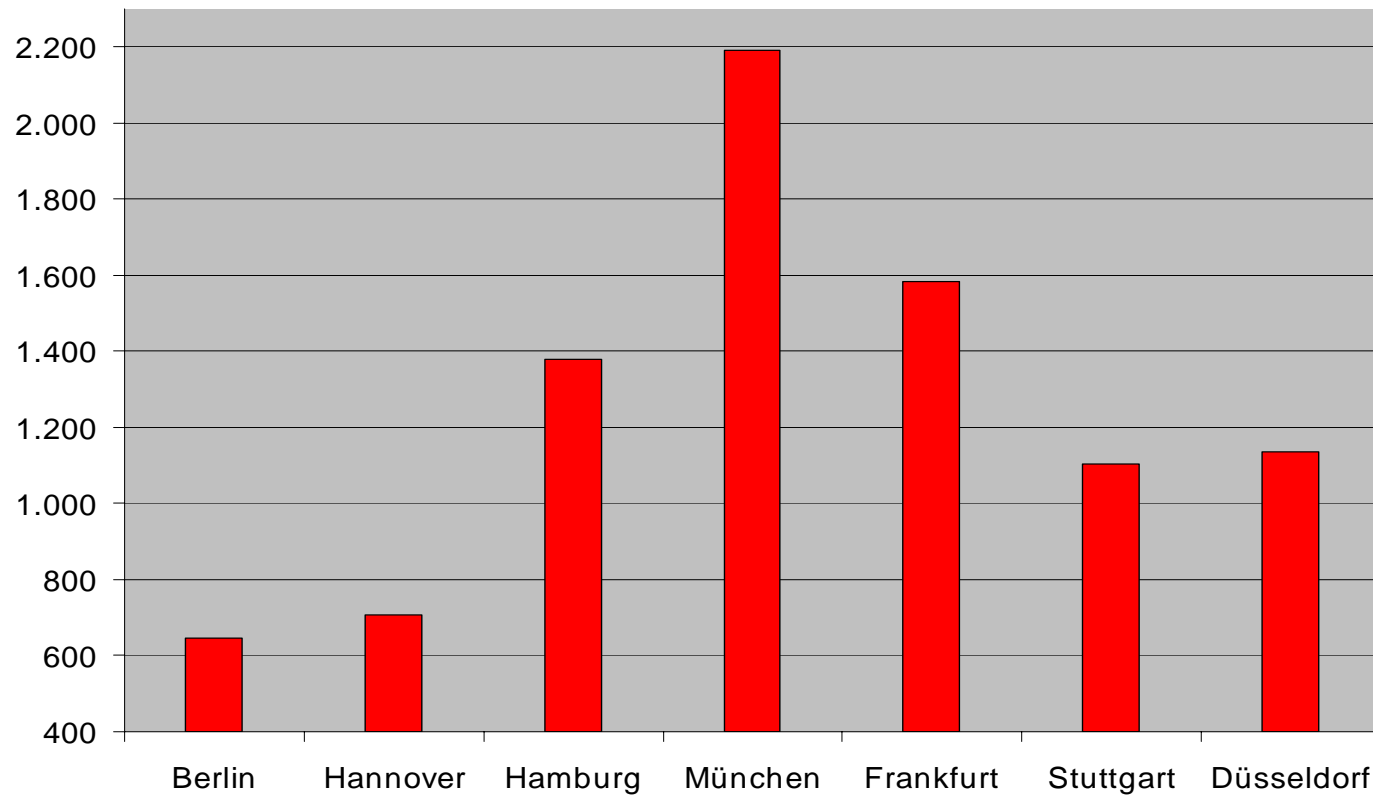
Note: net rents cold, €/m<sup>2</sup> living area, monthly, related to 3 room flat approx. 70m<sup>2</sup>

**Lowest rents in national comparison**

## II. Berlin

### Residential Property Market

Innergerman comparison; Price for investment in € m<sup>2</sup>, 2004



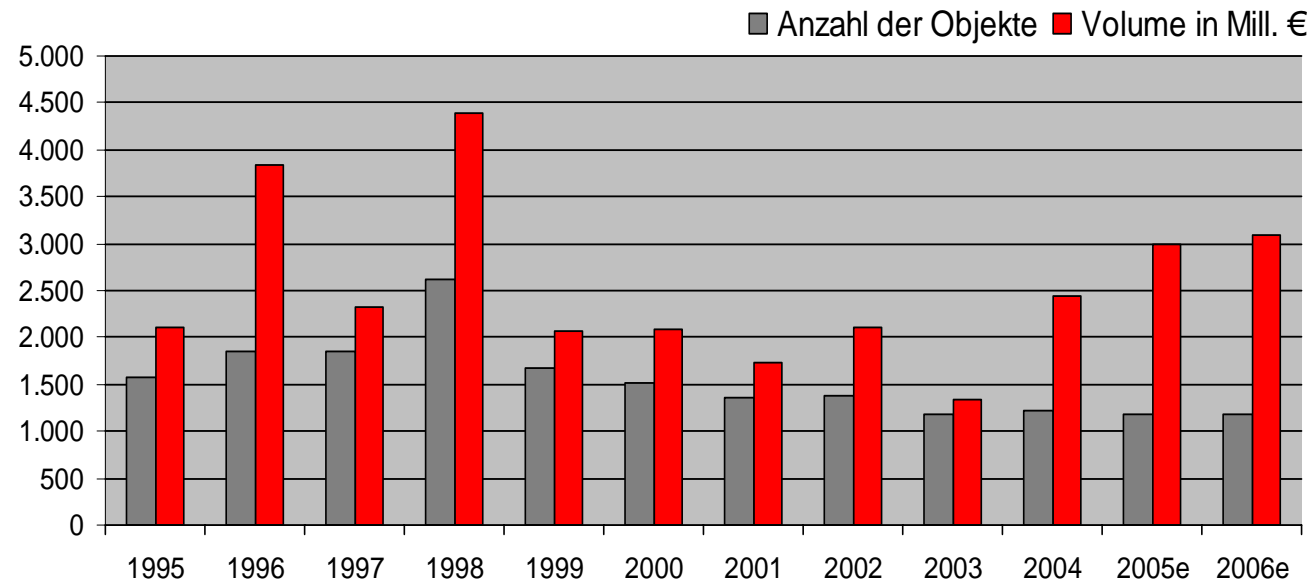
Source: Engel & Völkers Research nach Gutachterausschuss

**Berlin offers the best entry opportunities**

## II. Berlin

### Residential Property Market

- In comparison to the top 7 German Residential Property Market, 47 % of the transactions with almost 52 % of the total volume take place in Berlin.
- This clarifies the flexible entry possibility.
- The demand of international investors in this market rises (Cerberus – GSW, SOROS – WBM).



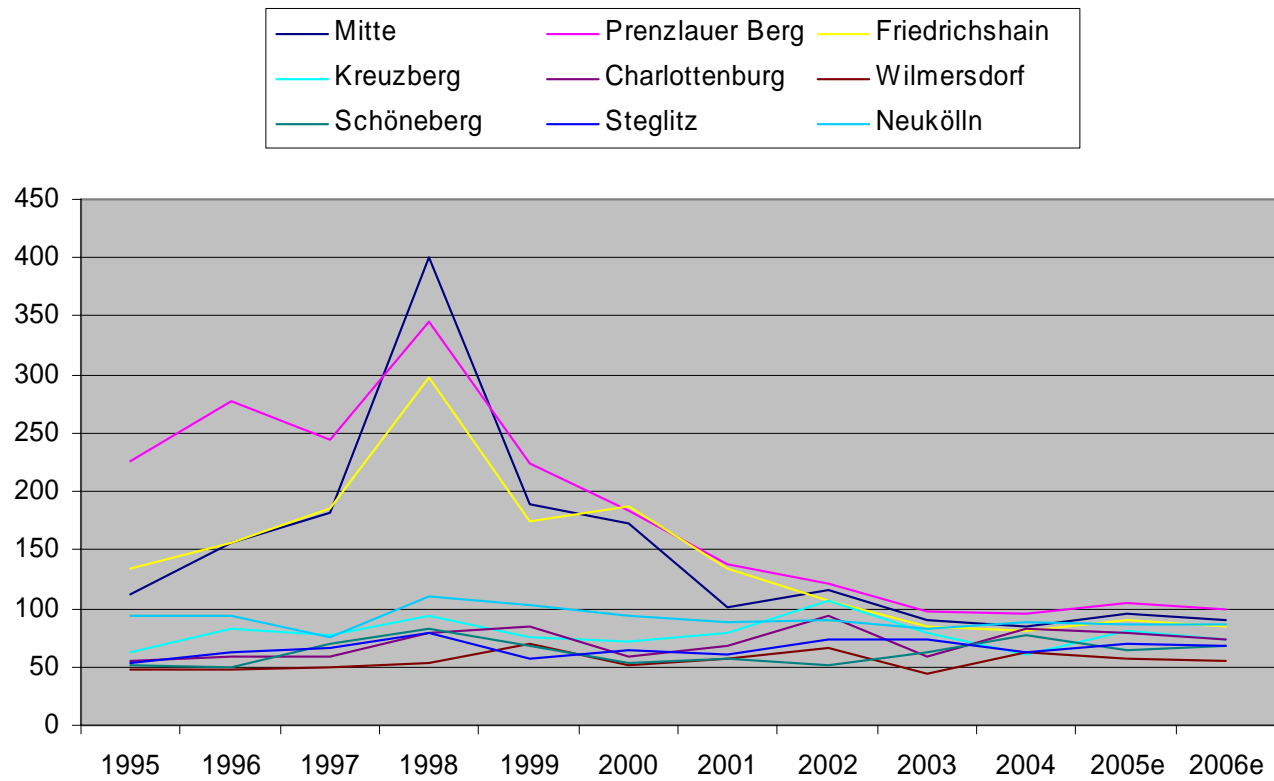
Source: Engel & Völkers Research nach Gutachterausschuss

High turnover – at low price level – offers a very good market entry

## II. Berlin

### Residential Property Market

#### Number of residential property transactions in example areas of the city

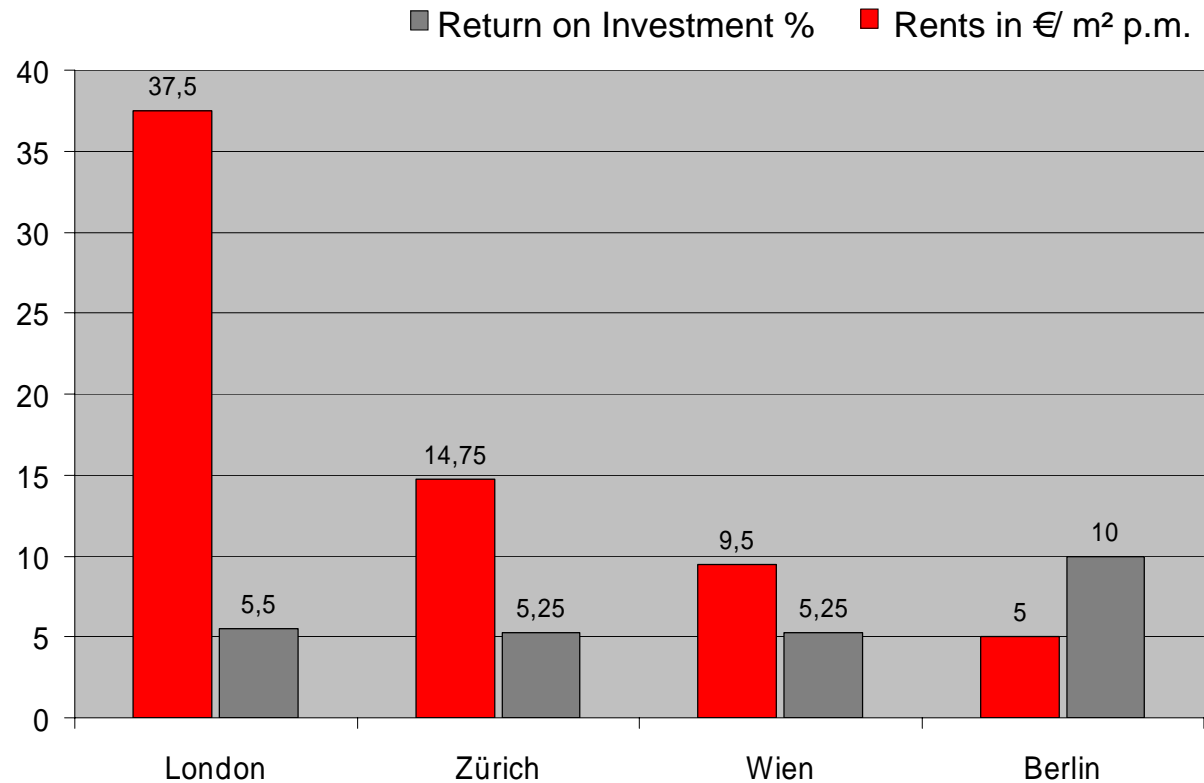


Source: Engel & Völkers Research nach Gutachterausschuss

Steady turnover with slight increase in Western areas

# Residential Property Market in a Global Picture

Berlin, Zürich, Wien, London



Source: Engel & Völkers Research nach Gutachterausschuss

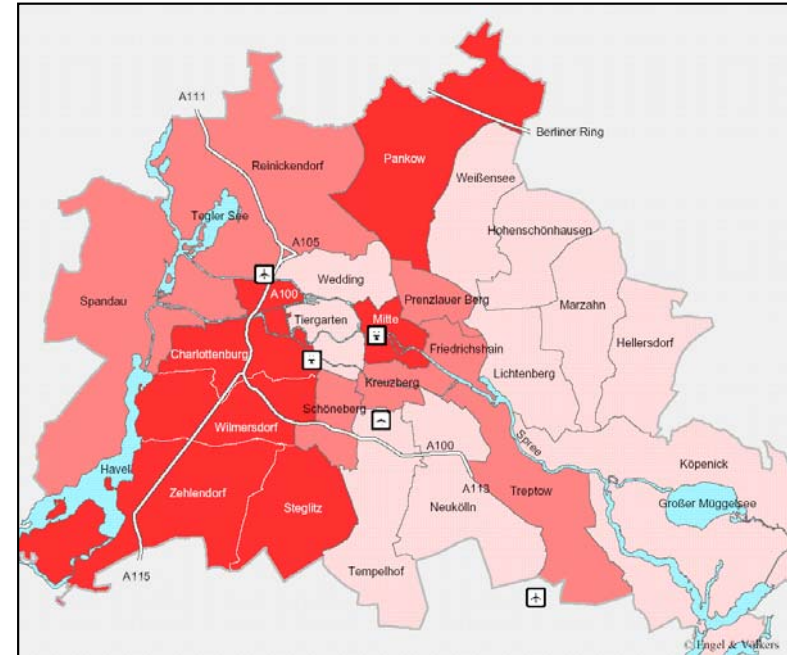
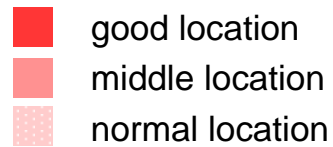
Berlin has the best proportion between rent level and rates of return

### III. Summary

- Residential apartment buildings in Berlin as a target, offer:
  - - highest yields with lowest rents in national and international comparison
  - - long term rise of values through rent increases and yield shifts
  - - positive cash flow at purchase
  
- Berlin's population levels off at 3,38 Mio. and starts to rise again.
- The market offers good Investment opportunities due to a weak economy.
- Berlin offers highest turnover at lowest price level.
- Interest rates are at all time low.

We recommend to focus on residential apartment buildings with stable cash flow and potential to maximize value

# V. Berlins Residential Property Market



Indicator	2003	2004	2005	Trend
yield in %	<span style="display: inline-block; width: 15px; height: 15px; background-color: darkred; margin-right: 5px;"></span> 7,00 – 8,50	7,00 – 8,00	6,25 – 7,50	↘
	<span style="display: inline-block; width: 15px; height: 15px; background-color: #e91e63; margin-right: 5px;"></span> 9,00 – 10,00	9,00 – 10,00	8,00 – 9,00	↘
	<span style="display: inline-block; width: 15px; height: 15px; background-color: #f08080; border: 1px dotted #f08080; margin-right: 5px;"></span> 11,00 – 13,00	11,00 – 13,00	11,00 – 12,00	→
transactions	city (total) 1.174	1.218	*	↘
transactions volume in Mio. EUR - city (total)	1.341,40	2.460,80	*	↘
residential rents EUR/m <sup>2</sup>	<span style="display: inline-block; width: 15px; height: 15px; background-color: darkred; margin-right: 5px;"></span> 5,00 – 9,00	5,00 – 9,00	5,00 – 9,00	→
	<span style="display: inline-block; width: 15px; height: 15px; background-color: #e91e63; margin-right: 5px;"></span> 3,70 – 6,90	3,70 – 6,90	3,70 – 6,90	→
	<span style="display: inline-block; width: 15px; height: 15px; background-color: #f08080; border: 1px dotted #f08080; margin-right: 5px;"></span> 3,00 – 6,00	3,00 – 6,00	3,00 – 6,00	→

\* at the moment no facts available