Debate about zoning of new development areas outside the city

The importance of the Frankfurt am Main metropolitan region as the most important European financial centre has increased further in recent years. As a result, the labour market in particular has undergone a very dynamic development and has attracted a large number of workers. This development is reflected in the growth of the population. Between 2013 and 2017, the financial metropolis grew by some 50,000 inhabitants. This corresponds to nearly 7.5% additional households. Housing supply of has also grown continually by about 3,300 new units per annum (2017: 3,160 units). The number of building permits hit a new record of 5,870 new dwellings in 2017. The planning authorities have identified potential residential development sites in their Building Land Development Programme. Not only will agricultural land and commercial areas be re-zoned and freed up to create new housing, for example in Nieder-Eschbach in the north of Frankfurt, whole new city districts will be created on continuous sites. The list includes projects around Frankfurter Berg, Kalbach-Riedberg and to the northwest of the city next to the Praunheim and Nordweststadt districts. The designation and provision of building land for affordable housing will be given the highest priority, with plans for 30% subsidised social housing. As work-related migration mainly involves small households, a whole variety of micro-living concepts are currently being built in inner-city locations, for example in the Europa Quarter. Despite higher levels of construction activity, it is to be expected that continuing high demand for housing and pent-up demand will lead to the market situation remaining tight. As a result, the possibility of incorporating parts of the neighbouring municipalities into the city is once again the subject of intense discussion in Frankfurt.

Housing market Frankfurt

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Residential units</th>
<th>Completion date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quartier am Henninger Turm</td>
<td>Sachsenhausen</td>
<td>approx. 1,000</td>
<td>2019</td>
</tr>
<tr>
<td>Wohnquartier Wings</td>
<td>Gallus</td>
<td>approx. 630</td>
<td>2021</td>
</tr>
<tr>
<td>Hafenpark Quartier</td>
<td>Ostend</td>
<td>approx. 600</td>
<td>2022</td>
</tr>
<tr>
<td>Wohnquartier Westend-Ensemble</td>
<td>Westend</td>
<td>approx. 470</td>
<td>2021</td>
</tr>
<tr>
<td>Wohnquartier Mainwald</td>
<td>Schwanheim</td>
<td>approx. 400</td>
<td>2020</td>
</tr>
</tbody>
</table>

Source: destatis, BBSR housing forecast, Municipal statistical offices, JLL; Status: January 2019

Strongly rising rents in the east of the city

The upward trend in asking rents accelerated further in 2018. At 6.4% compared with the previous year, the average growth rate was higher than the 5-year average of 4.4%. Average rents are therefore now at €14.90/sqm/month. Rents rose particularly strongly in the top-price segment (12.6%) and in the micro-apartment market (< 45 sqm living area), where tenants now have to pay an average of €19.00/sqm/month, 16.6% more than in 2017. By contrast, asking rents in the lowest price rental category rose by just 3.4%. Besides the high-priced inner-city locations, the east of the city is developing very dramatically. As the area around the headquarters of the European Central Bank and the Eastern Harbour has developed, average rents have risen by up to 20% in the past two years. Various micro-living concepts are also to be found in the local development areas. In addition, Bornheim and Fechenheim in the far east of the city, districts which are relatively affordable by comparison with the overall market, have shown particularly high rental growth (up to 26%).

Source: IDN immodaten, JLL; Status: January 2019
Strong rise in condominium prices, in particular to the west of the city centre

Price growth in the market for condominium apartments has also accelerated. Asking purchase prices are 11.2% above the level in the same period last year. Growth has been particularly strong in the lowest price segment (16.4%) and in new-build apartments (15.6%), while growth in the top-price segment (9.3%) was below the average. Specifically, asking purchase prices in the districts west of the city centre have risen rapidly. Locations which have seen high price rises in the last two years, such as the area between Bockenheim and Rödelheim (up to 35%) or Rödelheim itself (some 30%), are situated immediately adjacent to the high-priced inner-city districts. These large price trends are therefore prices converging as demand expands geographically. Large price increases of up to 44% in the last two years can also be seen in the north of the city. This is the case in areas such as Nieder-Eschbach, Nieder-Erlenbach or the North-West. There, the prices are being driven particularly by a high level of new-build activity.

Source: IDN immodaten, JLL; Status: January 2019
Asking condominium prices Frankfurt

Condominium price level
Average in €/sqm on postcode level

- < 3,500
- 3,500 < 4,500
- 4,500 < 5,500
- 5,500 < 6,500
- >= 6,500

Water Area
Green Area
Industrial or Traffic Area
Other Area

Source: JLL, IDN Immodaten GmbH, Infas Geodaten GmbH
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