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Prices keep going up

Bit by bit, Frankfurt's locations – at least the top ones – are coming up to the level of Munich or Hamburg. It is conspicuous that the micro location becomes more and more important.

Sixty-four-dollar question: what is 118 centimeters wide, nearly 63 centimeters long and gives room for 93 votes? Right, it's the voting sheet in DIN-A0-size that Frankfurt's citizens had to fill for the council election in March. And we from Hamburg thought it should be a real hard choice making 20 marks. What this has to do with the real estate market of “Mainhattan”? Basically nothing, except that the people of Frankfurt certainly have less choice when it comes to finding the suitable real estate.

Frankfurt is buzzing. It booms, just as many metropolises in Germany do. Yet at Main river the demand apparently is still a little more. Because the trend called “madness-trend” by several experts, covers nearly all areas. This can also be observed in various urban hinterlands, of which you will get to read more later on. However, one doesn't need to talk to the proponent of the market in order to see how positive its development is. Construction projects are all around, going from Ostend to Riedberg district, from Sachsenhausen to Europaviertel. Real estate properties are wanted – in various locations they are even ripped out of the provider's hands. And other bloomers of this development are spoken of: customers are partially outbidding one another; at times the prices are not even being called up anymore and also the number of customers paying in cash is said to be increasing. Thus there is no time for any hesitation, especially not in the top locations. Often the offer is so small that calling it a scarcity may even be an understatement.

Yet it is also striking that especially in the high-end-segment no purchases are being made blindly. A lot of the active people of the market do have a very good home already and do not have a real pressure to buy something. In other words: no compromises are being made when it comes to prices in the range of millions and to one's own home. One rather holds on and probes the micro location. After all, Westend doesn't necessarily mean the same as Westend. No joke, the demand can be compartmented into Westend-north and Westend-south or Nordend-east and Nordend-west – you might get mixed up with this...

The reason why the Frankfurt market is so much in motion can be easily explained: the city is mainly extremely attractive for outsiders since it holds a large inventory of period city buildings, a still healthy price-value proportional relationship and offers a large spectrum of jobs from the stock market to the airport. For that reason a multitude of large-scale investors and private investors are very interested in this market. Similarly active are currently those who were “driven” into the real estate market due to fear of inflation and/or low interest rates. Be it for one's own use or as an investment – security is the motto. Added to this are buyers from the generation benefitting from inheritances and people who “flee” the countryside who want to live in the “middle of it all”. They all want to arrive in a marketplace that, traditionally, is very limited. That this leads to increased prices that are not locally limited is obvious. Due to the general demand, it isn't only the

traditionally best locations that benefit. Even good middle-class locations such as the districts Dornbusch, Bornheim or Bockenheim are more in demand. Additionally one notices also locations that only few would have on their lists.

We are not talking as much about the noise-polluted district of Lerchesberg. However, one can notice surprisingly construction activity taking place in locations in the south of Frankfurt. In spite of all this the opinions are divided. While some consider that money is being spent too freely, others view the situation a bit more relaxedly. There will always be people who are interested in this location, they say. And, as a matter of fact, there are reports of Russian buyers who were taken by the expansiveness of the properties on the “newly rich hill”. And, after all, airplane noise can be found nearly everywhere in Frankfurt. It is possible to follow this currently at www.umwelthaus.org.

Let's return to the “new” locations. The quarter around the railway station is especially part of this. There are city-subsidized programs for the conversion of office spaces into living spaces. The starting price is already possible at 1,000 Euro per square meter usage space. And who would have thought years ago that even the district of Roedelheim would be considered as a location with potential? Maybe the people of Frankfurt will face a difficult choice in the near future.

Prices in good and very good locations

These days, in talking to real estate agents around Frankfurt, words such as “positive” or “good” are rather the exception or are being used in connection with locations further away from the metropolis. Considerably more frequently one can hear terms such as “exceptional circumstances”, “sensational” or “sold out”. This is especially true of three addresses that have been traditionally the focal point of interest of Frankfurt's citizens: areas peopled by mansions in the “Vordertaunus” area, the south around the city of Dreieich and Alt-Buchsschlag as well as Wiesbaden. In these three locations the demand did not merely increase, it has exploded. Objects are being looked for that the market is currently incapable of supplying, they say. And it is possible to sell objects that would have been considered almost unsellable only a year ago. The reason for this is not only the increased interest in real estate but also the fact that a lot of families moved into this area.

This is especially true of the popular locations in the Vordertaunus area. Particularly Bad Soden, for some years now, was literally able to build upon two-digit numbers of people moving into the area. And currently even a day school and a private school are under construction. Consequently there appears to be a dearth of real estate objects wherever one looks. Supposedly only 20 to 25 houses are actively being offered on the market. With this it occurs occasionally that properties along railway lines or main roads change the owner.

Another example: Koenigstein, frequently the traditionally most asked-for luxury address in Frankfurt's high society, was talked about not so secretly as being overly old and too remote – especially in winter time. However, for those who like large grounds, palatial properties, the quiet and a green environment, this location practically cannot be avoided. Same goes for those who love to see the big city lights at night. Certainly this can be also found at Frankfurt's Riedberg or in other locations, however, in the exclusive residential area “Falkenstein” in Koenigstein can be found the properties befitting one's social status – in the street called “Am Wiesenhang” for example. And by the way, the demolition of the home for the elderly at “Reichbachweg” may bring additional

properties onto the market.

It goes without saying that the demand in Bad Homburg and Kronberg but even in less prestigious locations such as Hofheim in the Taunus area or Eppstein is being met with a significantly inadequate availability. An expert summarizes the situation with the following statement: "It's like being in the trenches without ammunition." There is, however, a plus side to this increase in demand: there have been such high prices that even the very expensive objects, some really rare pieces, wound up on the market. Yet it is doubtful that this will decrease the demand by any means.

One is presented with the same picture in the south of Frankfurt. Dreieich's district of Alt-Buchsschlag. Since last year there is even an international school, as if the historical residential area wouldn't have been enough. But seriously, for young families this is a dream location for living in but it is a nightmare to find anything there. Objects valued between 750,000 and a million Euro would sell extremely well but they are very rare. The inadequate supply in the coveted garden city is exacerbated by the consistently growing interest on the part of the people of Frankfurt.

Also in Wiesbaden the market is "buzzing". Pent-up wishes from recent years, classical purchases undertaken with a desire to improve the value of a property and, last but not least, the fear of inflation – all these factors have motivated the market. In the process older buildings, especially apartments, are being sought for and paid for in some cases with breathtaking prices. For the year 2011 a further increase in demand and prices is being predicted. The upshot is the same as every year: be it the "Nerotall" or the "Komponistenviertel" district – doing real estate in Wiesbaden you cannot go wrong.

Further afield, Mainz presents itself as a stable market, especially considering investors. One benefits from the moderate prices, the university and a good employment market. Similar to some parts of Frankfurt the airport is a real liability.

Commuters from the Offenbach area are in a better position. In places such as Rodgau and Langen even well-located buildings can be bought for prices as low as 300,000 Euro. Exclusive residential areas such as Heusenstamm-Rembruecken or Juegesheim can be found here as well, and using the S-Bahn one can arrive in Frankfurt within 20 to 30 minutes.

We won't offer an overview without mentioning some sort of secret tip: secure, warm, attractive and, in comparison to the Vordertaunus, considerably lower priced, is the northern part of the Hessische Bergstrasse in the south of Frankfurt. Quite some celebrities are living or used to be living here, approximately 30 to 40 minutes away from the city. The top objects in the center of this wine-growing region cost up to 1,2 million Euros – exceptions confirm the rule.