

Press Release

Date
December 14, 2009

Press contact:
Cornelia Lichtner

Contact info.
Tel.: +49 (0)7251 9295270
Fax: +49 (0)7251 9295290

E-mail
c.lichtner@gfk-geomarketing.com

GfK purchasing power survey for all German urban and rural districts

According to the findings of the latest GfK purchasing power survey for Germany, disposable income will fall by EUR 42 per capita in 2010. The effects of the economic crisis will reach private consumers. However, this nominal decrease in purchasing power is likely to be kept in check by low inflation. The survey conducted by GfK GeoMarketing also shows that there are major differences in the level of purchasing power between the various regions in Germany.

GfK GeoMarketing GmbH

www.gfk-geomarketing.com
info@gfk-geomarketing.com

Bruchsal headquarters:
Werner-von-Siemens-Str. 9
Building 6508
76646 Bruchsal
Tel.: +49 (0)7251 9295100
Fax: +49 (0)7251 9295290

Hamburg office:
Hans-Henny-Jahnn-Weg 53
22085 Hamburg
Tel.: +49 (0)40 2271120
Fax: +49 (0)40 2277282

Nuremberg office:
Nordwestring 101
90419 Nuremberg
Tel.: +49 (0)911 3952509
Fax: +49 (0)911 3954054

Management Board:
Olaf Petersen
Wolfram Scholz
Dr. Eberhard Stegner

Mannheim County Court
HRB 250872
Ust-ID: DE 143585033

Germans will have purchasing power totaling around EUR 1,550.2 billion in 2010. Purchasing power measures the net disposable income of the population including national benefits such as unemployment benefit, child benefit and pensions. In 2010, the purchasing power in Germany will decrease by EUR 7.5 billion or 0.5% compared with 2009 due to decreasing incomes as well as a decline of 216,000 inhabitants. This corresponds to a decrease of EUR 42 per inhabitant in 2010. On average, Germans will have EUR 18,904 per capita per year to spend on the costs of living and consumption.

In view of a probable stagnation in wage development and growing unemployment, Germans will have to economize more. However, low inflation is likely to keep further losses in check. The purchasing power of individuals depends particularly on whether they have secure employment or, for example, are experiencing large income reductions as a result of redundancy. The development of the labor market will have the greatest influence on the propensity of households to consume and on recovery from the economic crisis.

The eternal top 3: Hochtaunus district, Starnberg, Munich

As in 2009, the three areas of Germany with the highest level of purchasing power in 2010 will be the Hochtaunus district, the Starnberg rural district and the Munich rural district, with EUR 27,426, EUR 27,095 and EUR 26,057 per capita respectively.

The ten districts with the highest purchasing power in Germany in 2010

Ranking in 2010	Urban/rural district	Inhabitants	Purchasing power per inhabitant in 2010 (EUR)	Purchasing power index per inhabitant (federal average = 100)
1	Hochtaunus rural district	225,737	27,426	145.1
2	Starnberg rural district	129,861	27,095	143.3
3	Munich rural district	317,543	26,057	137.8
4	Main-Taunus rural district	226,072	26,003	137.6
5	Munich urban district	1,326,807	25,713	136.0
6	Ebersberg rural district	127,085	25,137	133.0
7	Fürstfeldbruck rural district	201,845	24,087	127.4
8	Erlangen urban district	104,980	23,674	125.2
9	Dachau rural district	136,801	23,354	123.5
10	Stormarn rural district	227,260	23,328	123.4

Among the 25 districts with the highest purchasing power, the Freising rural district (Bavaria) climbed 3 places from No. 17 to 14, with EUR 22,581 per capita. The Erlangen-Höchststadt rural district also moved up three places, and is now ranked No. 22. The Harburg rural district (Lower Saxony) fell by the most places, sliding from 13 to 18. A new entry in the top 25 is the Erding rural district (Bavaria), which was still ranked at No. 28 last year and is now 23. The Mettmann rural district (North Rhine Westphalia) is no longer represented in the top 25, having fallen four places. Otherwise, changes in the top 25 involved maximum movement of two places.

East-West divide still clearly in evidence

The most prosperous district in Eastern Germany, which lies in Brandenburg and is called Potsdam-Mittelmark, is ranked No. 190, with net disposable income of EUR 18,594 per inhabitant. The second-ranked East German district – the Potsdam urban district in Brandenburg, also bordering Berlin – comes 45 places later at No. 235, followed by the Oberhavel urban district (Brandenburg) at 247. The 25 districts with the lowest level of purchasing power are in all Eastern Germany, with the sole exception of the West German Bremerhaven urban district, at No. 401, whose inhabitants have disposable income of EUR 15,053. As in the previous year, the Uecker-Randow rural district came bottom out of all 413 urban and rural districts, despite positive development of the index (+1.0 to 73.5). Inhabitants of this district have EUR 163 more purchasing power on average than in 2009; however, they only have a total of EUR 13,893 in total, which corresponds to around half of the purchasing power in the richest district.

Growth bucking the crisis trend: the East catches up

A different picture emerges when comparing growth in purchasing power in the different federal states: Here, Eastern Germany clearly outperforms the West. Among the 25 districts with the greatest positive changes compared with the previous year, there are 23 East German and just two West German districts. These are the Neustadt an der Waldnaab rural district (Bavaria) and the St. Wendel rural district (Saarland), which rose 23 places in the rankings and was therefore the highest climber.

Top 10 climbers

Urban/rural district	Purchasing power per inhabitant per year in 2010 (EUR)	Purchasing power index per inhabitant (federal average=100)	Growth in index points
Demmin rural district	14,252	75.4	1.5
Oberspreewald-Lausitz rural district	15,298	80.9	1.3
Mansfeld-Südharz rural district	14,963	79.2	1.3
Kyffhäuserkreis rural district	14,873	78.7	1.2
Stendal rural district	14,999	79.3	1.2
Neubrandenburg urban district	16,894	89.4	1.2
Jerichower Land rural district	16,229	85.9	1.2
St. Wendel rural district	18,049	95.5	1.2
Altmarkkreis Salzwedel rural district	15,766	83.4	1.2
Anhalt-Bitterfeld rural district	15,281	80.8	1.2

Among the 25 districts with the greatest negative change in purchasing power compared with the federal average, there are no districts in Eastern Germany, but 14 in Bavaria, five in North Rhine Westphalia, three in Hesse and one in Baden-Württemberg, Rhineland Palatinate and Lower Saxony respectively. The federal states with strong economic performance such as Bavaria, Baden-Württemberg, Hesse and Rhineland Palatinate have been more affected by the crisis, not least because of their high dependency on exports and the consequent increase in unemployment. As a result, purchasing power in these states fell compared with the federal average, and the East German states benefited.

The East-German federal states: weak, but on an upward course

The federal states with the lowest rankings last year have swapped positions. Saxony-Anhalt, which was formerly bottom of the rankings, has been replaced by Mecklenburg-Western Pomerania. With purchasing power of EUR 15,672 per capita, Mecklenburg-

Western Pomerania now takes last place and has around 17% less purchasing power than the federal average. Otherwise, there have been no further changes in the order of the federal states. Bavaria (EUR 20,505 purchasing power per capita) is still in the lead, followed by Hesse (EUR 20,343) and Baden-Württemberg (EUR 20,227). Despite the fact that Saxony-Anhalt and Mecklenburg-Western Pomerania have the lowest levels of purchasing power in a comparison of the federal states, they are still among those that have recorded the largest purchasing power growth, along with Brandenburg and Thuringia. In Saxony-Anhalt, inhabitants will have an average of EUR 146 more in their pockets, followed by Brandenburg with EUR 126 more and Mecklenburg-Western Pomerania with EUR 120 more per capita. In contrast, the index of the federal state of Berlin has decreased by 0.3%, so that the purchasing power of the average Berliner will decline by EUR 96 in 2010 compared with 2009. Similarly, inhabitants of the federal states of Bremen, Lower Saxony, North Rhine Westphalia and Hesse will have around EUR 80 less at their disposal.

The survey

GfK has been examining purchasing power on an annual basis since 1937. The survey quantifies disposable regional income excluding taxes and social contributions but inclusive of state benefits. It is calculated as a per capita per annum amount in Euros and also published in index form (German average = 100). Calculations are based on statistics for wages and income taxes, for the calculation of national benefits, and economic institute forecasts. GfK calculates purchasing power for all German urban and rural districts, for all parishes and postcode districts and for 2.5 million street sections.

GfK defines purchasing power as the sum of all the population's net income with reference to their place of residence. Capital income and national benefits such as unemployment benefit, child benefit and pensions are included, in addition to net income from self-employment and employment. However, living costs, insurance, rent, additional expenses such as gas, electricity, clothing, and savings are not deducted from these disposable income figures. Consequently, a nominal rise in purchasing power does not automatically mean that every individual will have more money at his/her disposal if the expenses listed above also increase. In addition, regional differences in rent and living costs can mean that above-average purchasing power in a region does not flow entirely into consumption, but is tied up in higher rents and similar fixed costs. On average, Germans spend around a third of their purchasing power in the retail sector. The remaining two-thirds goes into fixed monthly expenses such as rent, energy costs, private old-age provisions and insurance, savings and other costs such as holidays and transport.





Further information:

Cornelia Lichtner, GfK GeoMarketing, phone +49 7251 9295270,
c.lichtner@gfk-geomarketing.com or visit
www.gfk-geomarketing.com/purchasing_power.

The relevant charts are available in print on request from
Cornelia Lichtner: c.lichtner@gfk-geomarketing.com.

About GfK GeoMarketing

GfK GeoMarketing is one of the largest providers of geomarketing services in Europe for customers and users from all branches of trade. Key business areas include:

-  Consultancy
-  Market data
-  Digital maps
-  Geomarketing software RegioGraph

The company is a subsidiary of the globally active GfK Group. Ranked fourth among the world's market research institutes, the GfK is represented in 100 countries with over 150 subsidiaries and 10,000 employees.