GfK GeoMarketing

Press Release

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Consumer potential in Germany stagnates in 2012

GfK Purchasing Power survey

Nuremberg, December 13, 2011 – In 2012, Germans will nominally have approximately EUR 400 per capita more at their disposal than in 2011. This is one of the findings of the "GfK Purchasing Power Germany 2012" study carried out by GfK GeoMarketing. However, this increase will be offset almost entirely by higher prices. There is significant regional variation in consumers' purchasing potential. The city-state Hamburg has overtaken Bavaria as the state with the highest purchasing power.

GfK GeoMarketing forecasts that purchasing power for Germany will total EUR 1,636.2 billion in 2012. Each German can therefore expect an average of EUR 20,014 to spend on consumption, rent and general living costs. For 2012, GfK GeoMarketing predicts growth in purchasing power of 2% due to the anticipated positive labor market and wage developments, corresponding to EUR 413 per capita and an increase of EUR 32.8 billion nationally in comparison with 2011.

In real terms, however, German purchasing power will stagnate in the coming year. At the moment, the Bundesbank is expecting an inflation rate of 1.8%, which essentially negates any nominal growth in purchasing power. Economic growth, especially in retail, is still dependant on a good consumer climate including a positive mood and trust.

Federal states: Hamburg overtakes Bavaria

This year, the three city-states Bremen, Hamburg and Berlin are the winners among the federal states because they show the most marked change in index value compared to the previous year. The residents of Bremen and Hamburg will have an average per capita purchasing power of EUR 18,684 and EUR 21,985 respectively in the coming year. Consequently, Hamburg has overtaken Bavaria in the federal state ranking, occupying first place for the first time since 2007.

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Federal state rankings

Ranking in 2012	Federal state	GfK purchasing power per inhabitant in 2012 (EUR)	GfK purchasing power index per inhabitant in 2012*
1	Hamburg	21,985	109.8
2	Bavaria	21,758	108.7
3	Hesse	21,488	107.4

Source: GfK purchasing power 2012, © GfK GeoMarketing *(country average = 100)

There have been no other changes in the federal state rankings. The states in eastern Germany still occupy the lowest positions. Bottom-placed Sachsen-Anhalt has a purchasing power of EUR 16,606 per capita and therefore more than EUR 5,300 per capita less than the table leader Hamburg.

Stable district ranking

A similar picture is apparent among the 412 urban and rural districts. There are no significant changes in the ranking of the 25 districts with the greatest purchasing power. Only the Miesbach rural district in Bavaria improved its position and has moved nine places up the table. The order of the top 10 remains the same as in the previous year. The Hochtaunus district in Hessen (EUR 29,285 per capita) and the Bavarian rural distict Starnberg (EUR 29,142 per capita) lead the table by quite a margin. Munich, Main-Taunus and Ebersberg rural districts and Munich urban district are in similar positions with residents having between EUR 27,877 and EUR 26,704 per capita at their disposal on average. This corresponds to 33-39% more purchasing power than the national average.

Top 10 districts

Ranking in 2012	Urban /rural district	GfK purchasing power per inhabitant in 2012 (EUR)	GfK purchasing power index per inhabitant*
1	Hochtaunus rural district	29,285	146.3
2	Starnberg rural district	29,142	145.6
3	Munich rural district	27,877	139.3
4	Main-Taunus rural district	27,557	137.7
5	Munich urban district	27,464	137.2
6	Ebersberg rural district	26,704	133.4
7	Fürstenfeldbruck rural district	25,198	125.9
8	Erlangen urban district	25,009	125.0
9	Dachau rural district	24,799	123.9
10	Stormarn rural district	24,460	122.2

Source: GfK purchasing power 2012, © GfK GeoMarketing *(country average =100)

Half of the 25 districts with the highest purchasing power are located in Bavaria and all of the most prosperous East German districts are in Brandenburg. These are Potsdam-Mittelmark rural district ranked 165 (EUR 19,898 per capita), Potsdam urban district in position 187 (EUR 19,575 per capita) and Overhavel rural district at 241 (EUR 18,941 per capita).

Purchasing power comparison between urban districts

With the exception of Munich and Erlangen, the ten most prosperous districts are rural districts. This is due to a high proportion of young people with low incomes, such as students, lowering the average purchasing power in big cities. Members of the population with the highest incomes prefer to live in residential areas outside the cities. In an analysis of the 111 urban districts of the 412 districts, the following picture emerges: the five cities with the greatest purchasing power are Munich (index: 137.2), Erlangen (index: 125), Dusseldorf (index: 120.9), Baden-Baden (index: 119) and Frankfurt am Main (index: 117.5) with EUR 27,464 to EUR 23,510 per capita. Despite the prediction of a significantly more positive development, the city Bremerhaven finds itself at the other end of the scale with EUR 16,439 per capita (index: 82.1), followed by Wismar (index 82.7), Halle an der Saale (index: 83.6), Brandenburg an der Havel (index: 83.9) and Stralsund (index: 84.2).

Developments in purchasing power

Comparing the development of the index value to the previous year shows that there are six Bavarian districts among the ten districts with the highest increases, led by Starnberg, Garmisch-Patenkirchen and Miesbach.

There is only one East German district, the Potsdam urban district, among the top 25 with the greatest improvement, having climbed 25 positions to 187. The Hansa city of Bremen has risen the most places in comparison with the previous year, from 252 to 219, a difference of 33 places.

The survey

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, in the calculation of purchasing power. However, living costs, insurance, rent and 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, the purchasing power of a region is the average value for the population living there and reveals nothing about the purchasing power of individuals, purchasing power per household or the underlying distribution of income and hence the gap between "rich" and "poor".

Calculations are based on statistics for wages and income taxes, for the calculation of national benefits and economic institute forecasts. GfK has been examining purchasing power for Germany since 1937.

The GfK purchasing power data for the coming year for all German rural and urban districts, municipalities and postcode areas as well as for 2.6 million street sections always becomes available from January 1.

Note for editors: rates of increase published only in this press release

The figures for 2011 cited in this press release relate to the revised figures. At the end of 2010, a purchasing power of EUR 19,684 per capita was forecast for 2011. At the end of 2011, actual rates of inflation and figures relating to development of wages were made available so that a revised sum of EUR 19,601 for the German national average for 2011 has been calculated. Based on this revised value, a nominal, i.e. non-inflation-adjusted, increase of 2% is forecast for Germany. However, the development of purchasing power in the individual regions is dependent on many factors, such as the development of the regional labor market and population structure.

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The graphics are available in print resolution from
www.gfk-geomarketing.com/purchasing_power-2012

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