



Germany in 2011

As Germany enters a new year their economic prospects are clear for all to see. Unemployment is at its lowest since 1992 whilst job vacancies are at their highest level since 2007. Many production plants across the country remained operating throughout the Christmas period to simply fill orders. Also for the first time domestic consumption is starting to rise. Over Christmas consumption reached record levels with **Stefan Genth** head of **German Retail Federation** claiming "The mood among retailers is better than it's been in a decade". **GfK** predict purchasing power in Germany will increase in 2011 by €499 per capita compared to 2010.

One would wonder can anything hamper the insatiable appetite of the German economy over the coming year. It is clear however that caution lingers as **Angela Merkel** and the **German Federal Government** remain less than optimistic as they predict growth of 1.8% for the year. Analysts such as **IFO** have the figure for growth between 2.3% and 3.2%. So why perhaps is the federal government remaining so prudent? **Gustav Adolf Horn**, the head of the **Macroeconomic Policy Institute** (IMK) states there are three potential threats to economic growth.

- Should countries such as China put a brake on growth, Germany would suffer a hit in demand for their exports.
- As debt ridden EU countries have put harsh austerity measures in place, this too could cause damage.
- Thirdly as the Eurozone crisis remains unsolved, uncertainty is rife. Should a Eurozone country become insolvent in 2011 the consequences for Germany could be disastrous. IFO expert Schneide believes the odds of this scenario occurring to be c. 20%.

It is clear however that Germany intend to tackle such problems by proposing the creation of an economic government for Europe. It remains to be seen however what this will entail and the consequence of such a government on the wider euro economy. With elections in 7 of Germany's 16 states this coming year **Merkel** is keen to reassure her people that their tax has not been wasted on the bailout of weaker EU economies. Obtaining this reassurance will also be important if **Merkel** wants to hold her seat for a third term in government. One certainty however, should such a governing body be created, a price will certainly have to be paid by countries such as Greece for the bail outs they received in 2010.

Exports Expected to Reach €1 Trillion in 2011

2011 looks set to be a record year for German exports with the **Federation of German Wholesale, Foreign Trade and Services** predicting exports will rise about 7% next year.

In 2010 exports reached €937 billion. Regions such as China, Southeast Asia and Brazil showed increased demand for exports particularly machinery, cars and electronic equipment. Although demand from China has increased by 34.3% Germany's EU neighbours remain the biggest export destination, taking in 59% of the total exports in the third quarter of 2010.

Although emerging economies like China are showing increased demand for German exports, the above verifies that Germany still very much relies on their EU counterparts to bolster their impressive export driven economy.

Germany - Key Economic Stats 2010

Unemployment	7.7%
GDP Growth	3.7%
Inflation	1.1%
IFO Index	109.9

GO - transaction update

Every month we will highlight some of the large property deals, projects & transactions recently announced in Germany.

Property Name	Type	Location	Size (let area m ²)	Sales Price (€)	Tenant
Nordbahnhof Carrée	Office	Berlin	38,000 sq.m	c. €110,000,000	Deutsche Bahn
Europa Arkaden II	Office	Darmstadt	8,000 sq.m	€18,000,000	-
Casa Reha	Nursing Home	Ludwigsburg	N/A	€14,600,000	-
Floragärten	Residential	Berlin	104 apartments	€20,000,000	-
Campus Röthelheimpark	Retail	Erlangen	10,700 sq.m	€28,000,000	N/A
Vogelweidestrasse	Residential	Munich	130 apartments	€25,000,000	-

Greenman Property News

Construction Begins on new Greenman Auto Site

Construction has begun on **Greenman Auto's** sixth property in Berlin. Located in the district of Lichtenburg in former East Berlin, the site will have two tenants, **Jet Conoco** petrol station and **Cosy Wasch** car wash. Surrounded by high density residential properties the site is situated adjacent to a busy **Lidl** store, and sits on one of the busiest routes into Berlin.



On completion this site will add a further €16,250 per month in rental income to the Greenman Auto fund. The site is expected to be complete by March 2011, with tenants occupying their units in April.

For further opinion, detailed analysis of the prospects for the German Commercial Property Market in 2011 or to find out more about investing in **Greenman Investments** please contact us at +353 1 647 1121 or by email: enquiry@greenmaninvestments.eu

