Press release

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GfK study on Germany’s 2012 purchasing power shows stagnating consumer potential

The study "GfK Purchasing Power Germany 2012" by GfK GeoMarketing indicates that Germans will have around €400 more per capita in nominal disposable income for expenditures in 2012 than in the previous year. However, this growth is anticipated to be almost completely counterbalanced by rising prices. Germans' consumer potential varies widely from region to region. The study reveals that the city state of Hamburg ousts Bavaria as the nation's federal state with the highest purchasing power.

GfK GeoMarketing predicts a purchasing power of €1,636.2 bil. for all of Germany in 2012. Each citizen will accordingly have an average of €20,014 at his or her disposal in 2012 for consumption, rent and other living expenses.

Purchasing power corresponds to the population's disposable net income, including government subsidies such as pension payments, unemployment assistance and child benefit. Germany's number of employed is predicted to moderately increase again in 2012 and income trends in many branches are anticipated to remain favorable. Monetary government benefits are also expected to climb somewhat - e.g., pension payouts are predicted to increase more in mid-2012 than in the current year.

Based on this favorable outlook, GfK GeoMarketing predicts a two-percent increase in purchasing power in 2012. This equates to €413 per capita and a nationwide increase of €32.8 bil. compared to 2011. The predicted purchasing power figures are, however, nominal values that are not adjusted for inflation.

"Germans' real-value purchasing power is predicted to approach stagnation in 2012," explains Simone Baecker-Neuchl, head of GfK GeoMarketing's market data & research division and project leader of the purchasing power study. "The German Federal Bank currently projects an inflation of around 1.8 percent for 2012. This almost completely offsets the nominal purchasing power growth of 2 percent. Economic growth opportunities, particularly for the retail sector, thus continue to be directly contingent upon the mood and confidence of consumers."

GfK GeoMarketing

Germany's federal states: Hamburg overtakes Bavaria

The three city states of Bremen, Hamburg and Berlin are this year's winners among Germany's federal states, as index values for these federal states changed most compared to last year's values. Inhabitants of Bremen and Hamburg will have a per capita average of €18,684 and €21,985 respectively at their disposal in the coming year. For the first time since 2007, Bavaria no longer occupies the top spot among Germany's federal states, with this position now occupied by Hamburg.

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 are no other changes in the ranking of Germany's federal states. The federal states in eastern Germany continue to occupy the lower spots. Last-ranked Saxony-Anhalt has a per capita purchasing power of €16,606, which is more than €5,300 less than the corresponding figure for top-ranked Hamburg.

District ranking remains largely unchanged

A similar portrait emerges at the level of Germany's 412 urban and rural districts. There have been no major changes in the ranking of the 25 districts with the most purchasing power, with the sole exception of the rural district of Miesbach in Bavaria, which climbed nine spots. The list of the top-ten districts is identical to that of the previous year. The two top positions are held by Hochtaunuskreis district in Hesse and Starnberg rural district in Bavaria, with a per capita purchasing power of €29,285 and €29,142, respectively. Next in the ranking are the following districts, all of which have a similar level of purchasing power: Munich rural district, Main-Taunus-Kreis rural district, Munich urban district and Ebersberg rural district. Inhabitants of these districts have an average per capita purchasing power ranging from €27,877 to €26,704, which is 33 to 39 percent more purchasing power than the national average.

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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 in Germany are located in Bavaria. The districts in eastern Germany with the highest purchasing power are all located in the federal state of Brandenburg. The rural district of Potsdam-Mittelmark ranks 165 (€19,898 per capita); the urban district of Potsdam ranks 187 (€19,575 per capita) and the rural district of Oberhavel ranks 241 (€18,941 per capita).

Gauging purchasing power among urban districts

With the exception of Munich and Erlangen, the ten districts with the most purchasing power are all rural districts. This can be explained in part by the fact that the average purchasing power in Germany's large cities is brought down by the high share of young people - such as students - with lower incomes; by contrast, segments of the population with higher income often settle in the residential areas outside of the cities. An analysis focusing exclusively on the 111 urban districts among Germany's total 412 districts yields the following results: The five cities with the most purchasing power are Munich (index: 137.2), Erlangen (index: 125), Düsseldorf (index: 120.9), Baden-Baden (index: 119) and Frankfurt am Main (index: 117.5). These cities have a per capita purchasing power ranging from €27,464 to €23,510. Bringing up the lower end of the ranking is the city of Bremerhaven, with a per capita purchasing power of €16,439 (index: 82.1), followed by Wismar (index: 82.7), Halle (Saale) (index: 83.6), Brandenburg an der Havel (index: 83.9) and Stralsund (index: 84.2).

Purchasing power trends

A comparison of the forecasted index values to those of the previous year reveals that six of the ten districts with the largest positive changes are located in Bavaria, led by Starnberg, Garmisch-Patenkirchen and Miesbach.

The only district in eastern Germany among the nation's 25 districts with the greatest positive changes is Potsdam urban district, which climbed 25 places to a ranking of 187. Bremen climbed more spots than any other district in comparison to the previous year's values. The Hanseatic city jumped 33 places from 252 to 219 among Germany's 412 urban and rural districts.

About the study

GfK Purchasing Power is defined as the sum of the net income of the population according to place of residence. The purchasing power figures take into account income related to self- and non self-employment as well as capital gains and government subsidies, such as unemployment assistance, child benefit and pension contributions. Not included in the calculations are expenditures related to living expenses, insurance, rent and associated costs such as utilities (gas and/or electricity), clothing and savings plans. As a result, a nominal increase in purchasing power does not mean that each individual has more actual money at his or her disposal if the above-mentioned expenditures exceed the purchasing power increase. Also important to note is the fact that the purchasing power of a given region reflects an average value among the inhabitants living there rather than the purchasing power of specific individuals, households or the associated income distribution and gap between "rich" and "poor".

Calculations are carried out on the basis of reported income and earnings, statistics on state taxes and deductions as well as economic forecasts provided by leading economic institutes. The GfK has been calculating purchasing power since 1937. GfK GeoMarketing releases the purchasing power prognosis for the new year on January 1. GfK purchasing power data is available for all of Germany's urban and rural districts, municipalities and postcodes as well as 2.5 mil. street segments. GfK purchasing power studies are also available for 42 European countries.

Data applications

The regional GfK purchasing power data serves as an important planning basis for sales and marketing endeavors among companies from a diverse range of branches. In order to ensure that the data yields an accurate illustration of the regional distribution of purchasing power, the focus of the study is not on tracking data trends over the years. As the data reflects a prognosis, it is therefore not advisable to carry out a 1:1 comparison of the figures with those of previous years.

-- Important: Growth rates only published by GfK GeoMarketing in this press release --

The 2011 values mentioned in this press release for means of comparison are based on revised values. At the end of 2010, a per capita purchasing power of €19,684 was forecasted for 2011. The actual inflation rates and figures on income growth available at the end of 2011 have led to an adjustment in the average 2011 nationwide purchasing power to €19,601. Based on this revised value, a nationwide nominal (i.e., not inflation-adjusted) growth of 2 percent is predicted for 2012. However, the purchasing power growth in individual regions is dependent on numerous factors, including changes in the regional job market and demographic profile.

Additional information
on GfK Purchasing Power can be found at
www.gfk-geomarketing.com/purchasing_power.

Print-quality illustrations can be found at
www.gfk-geomarketing.com/purchasing_power-2012.

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 and reports
- Market data
- Digital maps
- Geomarketing software RegioGraph

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