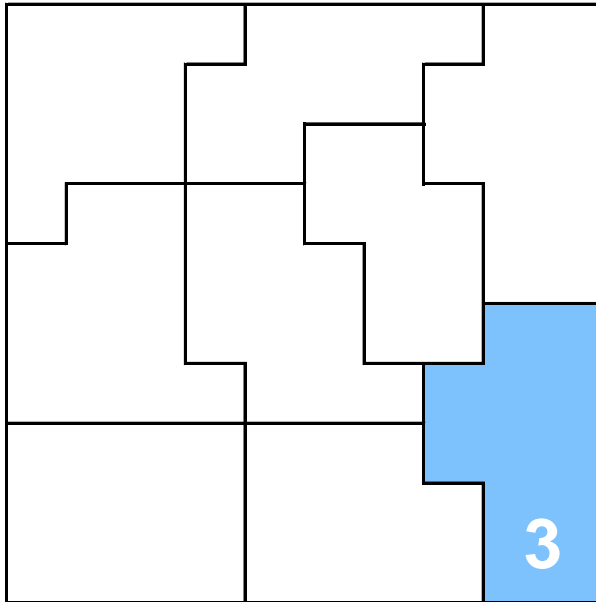


Segment 3: Transitional-alternative

Segmentation of demand in the German housing market



3.1 Transitional-alternative: Introduction

12 % of German households belong to the transitional-alternative segment. This group prefers to live in a large or medium-sized urban centre. The majority live in one-person households or in shared accommodation. The age group of this segment is considerably younger than that of the other segments. It comprises the largest number of apprentices and students whose income is (for the time being) low.



Transitional-alternatives prefer to rent in old buildings or live in temporary accommodation in cities and towns and in agglomerations close to town centres. Their key values are freedom and flexibility. They reject the social conventions of the middle class. They work and spend their leisure time in the private and public sphere. In their leisure activities they look for excitement.

3.2 Transitional-alternative: Examples of three fictional households

The following fictional examples are intended to explain the segment of demand described. They are exaggerated, may contain clichés and are not based on scientific evidence.

Ms. Meier, young single

Sabine Meier is 28 years old and works as a temporary saleswoman in two different clothes shops. This happened by chance. It is important to her that she can go out several times a week in the evening. To make sure she gets home well in the early hours of the morning, she attaches great importance to a central residential area. She lives in a small one-room apartment in the centre of a big city. Her income is sufficient for her current livelihood. She hasn't thought about her future yet.

Mr. Vogel, flat-sharing community

Timon Vogel studied biology in Berlin and is now doing his doctorate at the Free University in Berlin-Dahlem. Due to his doctoral salary, he lives in a shared flat with four other students in Berlin-Kreuzberg. He travels a lot by bicycle and often goes to his favorite pub around the corner with friends in the evening. On weekends he usually stays in town and enjoys the cultural offer.

Mrs. Rosso and Mr. Kessler, young couple

Tabea Rosso is an actress and plays in several small productions. She lives with her partner Tim Kessler in a very cheap apartment. They would like to live in a more luxurious apartment, but cannot afford it at the moment. Tim works as a freelance journalist for several newspapers. Their independence is very important to both of them. They are therefore not interested in getting married and do not plan to have children. They also can't imagine ever moving from the city to the countryside.

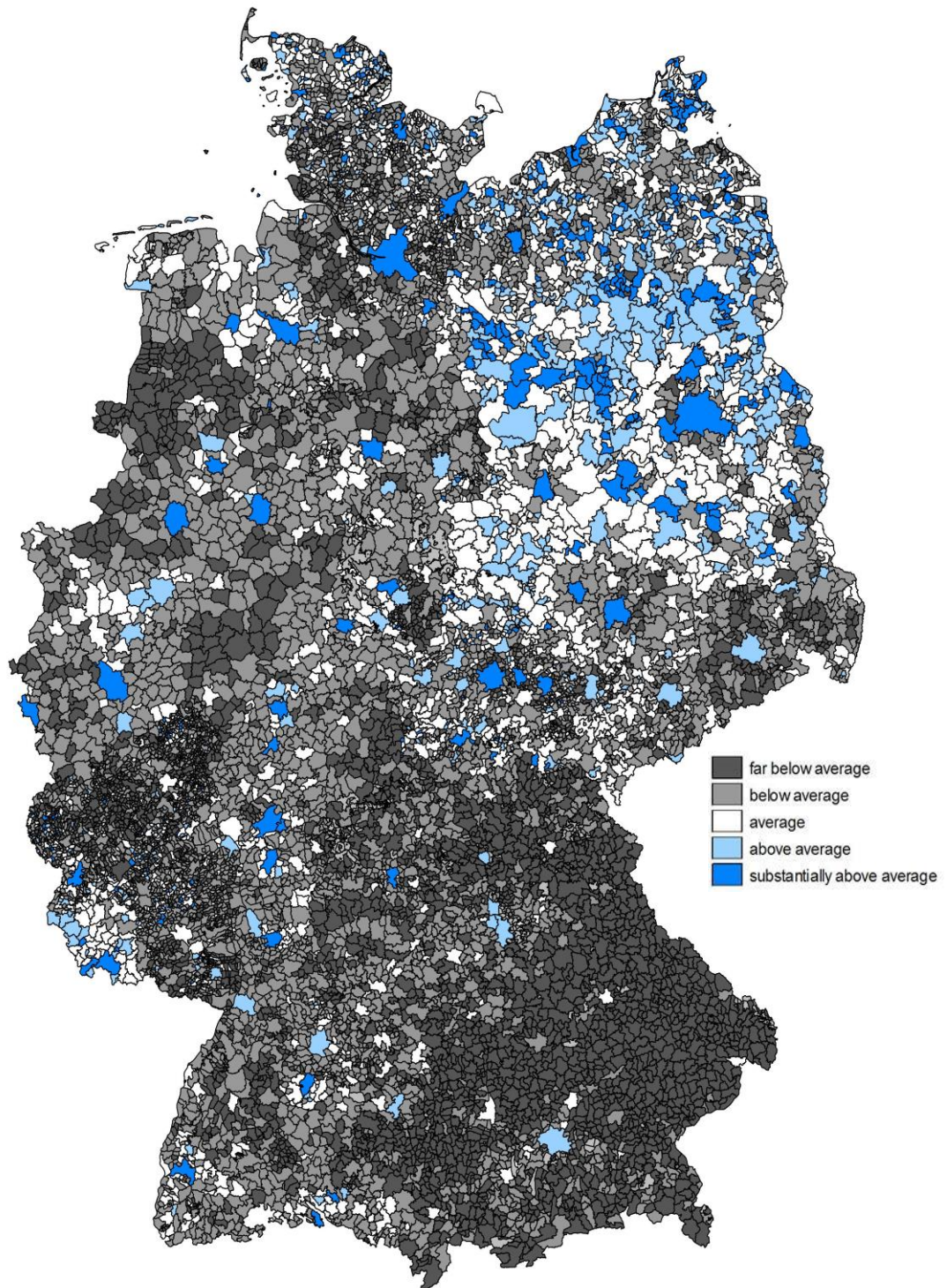
3.2 Who are the Transitional-alternatives?

Characteristic	Typical characteristic
Educational level	Average educational level
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div> <div style="display: flex; align-items: center;"> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px; background-color: #e0f0ff;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> </div>
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Profession	All branches
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div> <div style="display: flex; align-items: center;"> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px; background-color: #e0f0ff;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> </div>
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Professional status	Ordinary workers, often part-time, several jobs or studying
Income	Average to low
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div> <div style="display: flex; align-items: center;"> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px; background-color: #e0f0ff;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px; background-color: #e0f0ff;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px; background-color: #e0f0ff;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px; background-color: #e0f0ff;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> <div style="width: 100px; border-bottom: 1px solid black; margin-right: 5px;"></div> </div>

Source: Fahrländer Partner.

3.3 Transitional-alternative: distribution

Difference between percentage in communes and nationwide percentage





Source: Federal Agency for Cartography and Geodesy, Fahrländer Partner.

3.4 How do the Transitional-alternatives live?

Characteristic	Typical characteristic																								
Place of residence	Cities																								
	<table border="1"> <caption>Bar Chart Data: Place of Residence</caption> <thead> <tr> <th>Location Type</th> <th>Transitional-alternative (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Big city</td> <td>30</td> <td>18</td> </tr> <tr> <td>Smaller city</td> <td>20</td> <td>15</td> </tr> <tr> <td>Bigger medium-sized town</td> <td>10</td> <td>10</td> </tr> <tr> <td>Smaller medium-sized town</td> <td>15</td> <td>18</td> </tr> <tr> <td>Bigger small-sized town</td> <td>10</td> <td>15</td> </tr> <tr> <td>Small small-sized town</td> <td>10</td> <td>13</td> </tr> <tr> <td>Rural commune</td> <td>10</td> <td>15</td> </tr> </tbody> </table>	Location Type	Transitional-alternative (%)	Total (%)	Big city	30	18	Smaller city	20	15	Bigger medium-sized town	10	10	Smaller medium-sized town	15	18	Bigger small-sized town	10	15	Small small-sized town	10	13	Rural commune	10	15
Location Type	Transitional-alternative (%)	Total (%)																							
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Small small-sized town	10	13																							
Rural commune	10	15																							
Neighbourhood	Urban																								
Desire to move	High																								
Price sensitivity	Average to high																								
Owned apartments quota	Low																								
Single family house quota	Low																								
Desire to buy	Low																								
Apartment layout	Rather small, contained rooms																								
Architecture	Preference for old buildings																								
Required surface area per person	Average																								

Source: BBSR, Fahrländer Partner.

Characteristic	Typical characteristic
Standard of finishing	Low 
Materials and appliances	Low
Willingness to pay more for green products	Average 

Source: Fahrländer Partner.

3.5 Transitional-alternative: Neighbourhood

Finding an apartment is a process characterised by the preferences and constraints that influence demand. In the segments of demand of the higher social strata preferences play a greater role, whereas restrictions are more important among the lower strata. The following information relates to the results of the process.

Characteristic	Typical characteristic	
Preference for an urban environment	Very high	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Preference for countryside	Low	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Sun & view	Low	<div style="display: flex; justify-content: space-between; width: 100%;"> Less important Important </div>
Access to amenities	Unimportant	<div style="display: flex; justify-content: space-between; width: 100%;"> Less important Important </div>
Access to leisure facilities/recreation	Important	<div style="display: flex; justify-content: space-between; width: 100%;"> Less important Important </div>
Access to cultural activities	Important	<div style="display: flex; justify-content: space-between; width: 100%;"> Less important Important </div>
Importance of external spaces	Secondary	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Child-friendly	Average	<div style="display: flex; justify-content: space-between; width: 100%;"> Less important Important </div>

Source: Fahrländer Partner.

Disclaimer

The segments of demand in the housing market represent a classification by FPRE based on two dimensions: social stratum (economic dimension: lower, middle and higher stratum) and lifestyle (value orientation: from traditional/conservative to individualistic). The 9 segments of demand are different regarding their housing needs and preferences as well as their economic restrictions. While for Switzerland a detailed description of the segments of demand was possible thanks to individual household data from the census 2000, the description was based on publicly available data for Germany. If no data was available, the description was derived from the Swiss figures (if plausible).



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