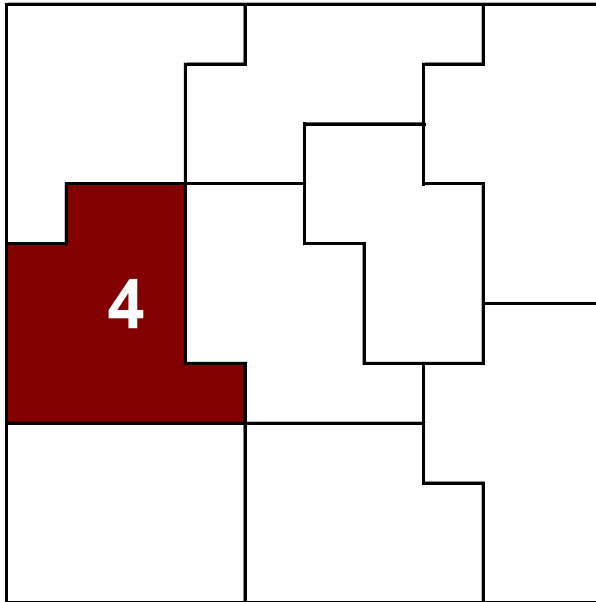


Segment 4: Traditional middle class

Segmentation of demand in the German housing market



4.1 Traditional middle class: Introduction

13 % of German households belong to the traditional middle class. This segment is characterised by a clear division of roles within families: the father goes to work and the mother takes care of the home and children. In terms of consumption the segment is oriented towards the upper middle class. Its key values are public order, discipline, property, thrift and symbols of material status.



The traditional middle class prefer to live in their own home with a garden in a rural setting in the agglomerations. Accessibility plays a secondary role in the choice of location; more important is to find the right property and desirable environment.

4.2 Traditional middle class: 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.

Family Müller, family with kids

Timo Müller is a customer advisor in a Volksbank branch in a village. He lives with his wife and two children in a rather modern new apartment. His wife Barbara takes care of the household. In their place of residence, they appreciate the fact that they know their neighbours and that the children's way to primary school is short. Timo Müller plays football in the local club and serves on the club's board of directors. The family is very well integrated in the village and sees no reason to live in a more central place.

Mr. and Mrs. Besser, middle-aged couple

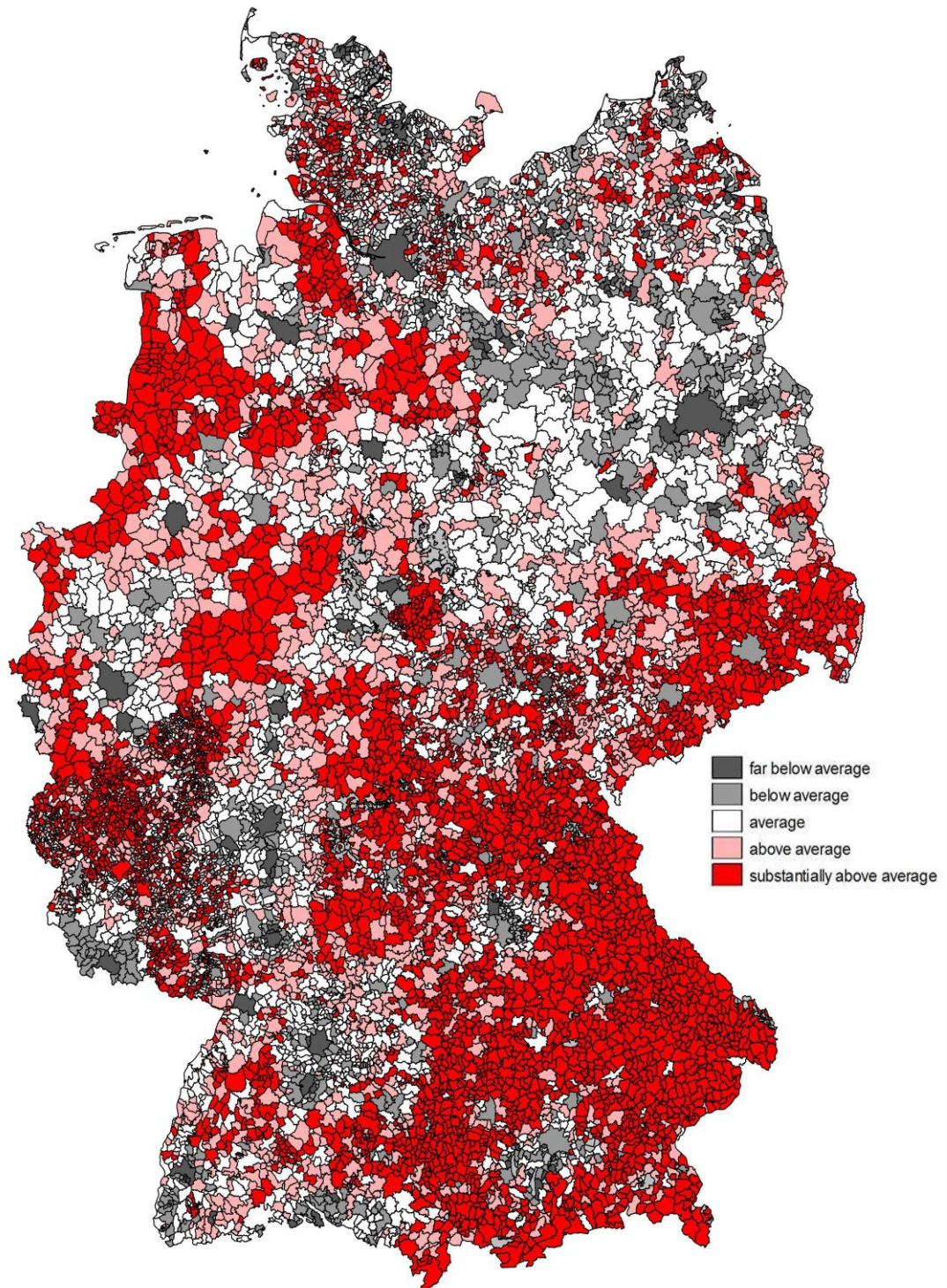
Hans and Erika work in the restaurant Ochsen, a middle-class restaurant in a small town. Hans completed an apprenticeship as a cook and is now responsible for the kitchen in his own business. Erika does the service alone. They live above the restaurant in an apartment. In their spare time they usually go for walks with their dog or watch television. But most of the time they spend in their own business. The apartment is mainly used for sleeping.

Mrs. Schiela, older single

Sara Schiela was a kindergarten teacher and has lived alone for a long time. Her husband died 12 years ago. She is now 75 years old. She bought a beautiful apartment, which she lovingly furnished and decorated. What she appreciates most about her apartment is its peace and security. She also needs the space to store her numerous books. She rarely travels and is mostly at home. Accordingly, she attaches great importance to it. She is very happy when her children come to visit with their children.

4.3 Traditional middle class: distribution

Difference between percentage in communes and nationwide percentage


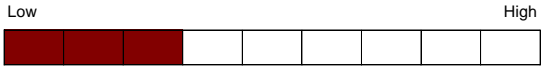


Source: Federal Agency for Cartography and Geodesy, Fahrländer Partner.

4.4 How does the Traditional middle class live?

Characteristic	Typical characteristic																								
Place of residence	Rural communes, small-sized towns, smaller mid-sized towns																								
	<table border="1"> <caption>Bar chart data: Place of residence</caption> <thead> <tr> <th>Residence Type</th> <th>Traditional middle class (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Big city</td> <td>10</td> <td>18</td> </tr> <tr> <td>Smaller city</td> <td>11</td> <td>15</td> </tr> <tr> <td>Bigger medium-sized town</td> <td>9</td> <td>10</td> </tr> <tr> <td>Smaller medium-sized town</td> <td>21</td> <td>19</td> </tr> <tr> <td>Bigger small-sized town</td> <td>18</td> <td>15</td> </tr> <tr> <td>Small small-sized town</td> <td>17</td> <td>13</td> </tr> <tr> <td>Rural commune</td> <td>24</td> <td>16</td> </tr> </tbody> </table>	Residence Type	Traditional middle class (%)	Total (%)	Big city	10	18	Smaller city	11	15	Bigger medium-sized town	9	10	Smaller medium-sized town	21	19	Bigger small-sized town	18	15	Small small-sized town	17	13	Rural commune	24	16
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Neighbourhood	Housing developments in green areas																								
Desire to move	Average to low																								
Price sensitivity	Average to high																								
Owned apartments quota	Average																								
Single family house quota	High																								
Desire to buy	Average																								
Apartment layout	Conventional, clear division of rooms																								
Architecture	Classic single family																								
Required surface area per person	High																								

Source: BBSR, Fahrländer Partner.

Characteristic	Typical characteristic
Standard of finishing	Average 
Materials and appliances	Rather conventional furnishing, modern appliances
Willingness to pay more for green products	Low 

Source: Fahrländer Partner.

4.5 Traditional middle class: 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	Low	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Preference for countryside	Very high	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Sun & view	Important	<div style="display: flex; justify-content: space-between; width: 100%;"> Less important Important </div>
Access to amenities	Very important	<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	Secondary	<div style="display: flex; justify-content: space-between; width: 100%;"> Less important Important </div>
Importance of external spaces	High	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Child-friendly	Important	<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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