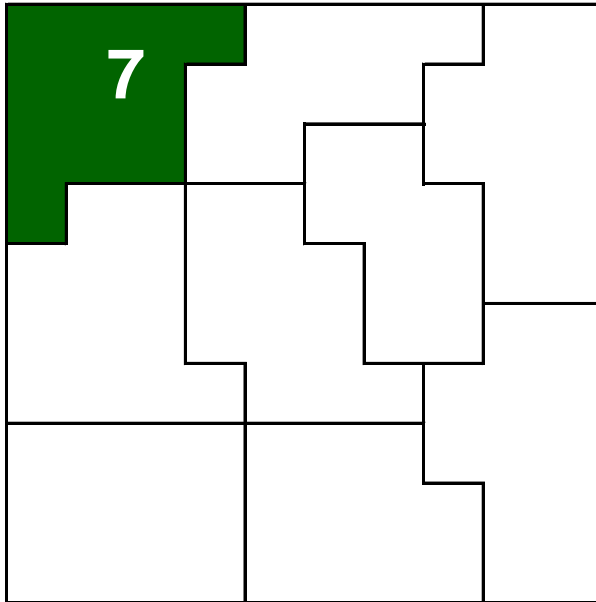


Segment 7: Upper middle class

Segmentation of demand in the German housing market



7.1 Upper middle class: Introduction

11 % of German households belong to the upper middle class. It comprises mainly families as well as older singles and couples. The upper middle class leads a traditional way of life. It is characterised by high brand awareness of consumer goods, exclusive and luxury leisure activities and a large degree of mobility for work and leisure.



The upper middle class live mainly in rich communes in the agglomerations of larger towns. They occupy villas and large single family homes with character. The micro location is often characterised by a good view and sunny situation, where possible close to a lake. Important factors are peace, outlook, privacy as well as a commune with low taxes and a good image. Property and material values are important to the upper middle class. Correspondingly it has a strong inclination to property ownership.

7.2 Upper 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.

Mrs. and Mr. Meckies, older couple

Bernhard Meckies is an entrepreneur. He runs his own company, which he took over from his father and brought through economically difficult times. At the moment the company is doing very well. The house, which he still lives in with his wife Hedwig after the children moved out, is also used for representation purposes, such as the motorboat on the nearby lake. Bernhard is already at retirement age, but continues to work, although his son would actually be willing to take over the company. His wife is not employed, but is involved in a charitable association.

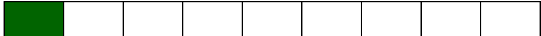

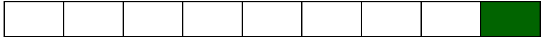
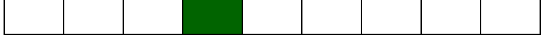




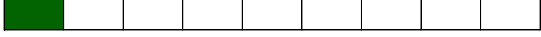



Family Uterstädt, family with kids

Christian Uterstädt is a pharmacist in the village. He lives in a beautiful detached house with a swimming pool in the garden on the southern slope of the village. His wife Tina also works in the pharmacy. She does this part-time and is also involved in school. Christian Uterstädt is a respected person in the village, and he is a member of the Rotary Club. He plays with the idea of political engagement. His 3 children still go to school.

Mr. and Mrs. Wagner, older couple

Klaus Wagner lives with his wife Beatrice in an elegant condominium in a rich community outside a large city with lake view. He is a lawyer and runs his own office with two partners and works a lot. She runs her own gallery. They always drive to work by car, have no children and tend to live in seclusion. They are very interested in culture: Among other things, they have a premiere subscription to the city opera. They spend most of their holidays in their second home in Italy.

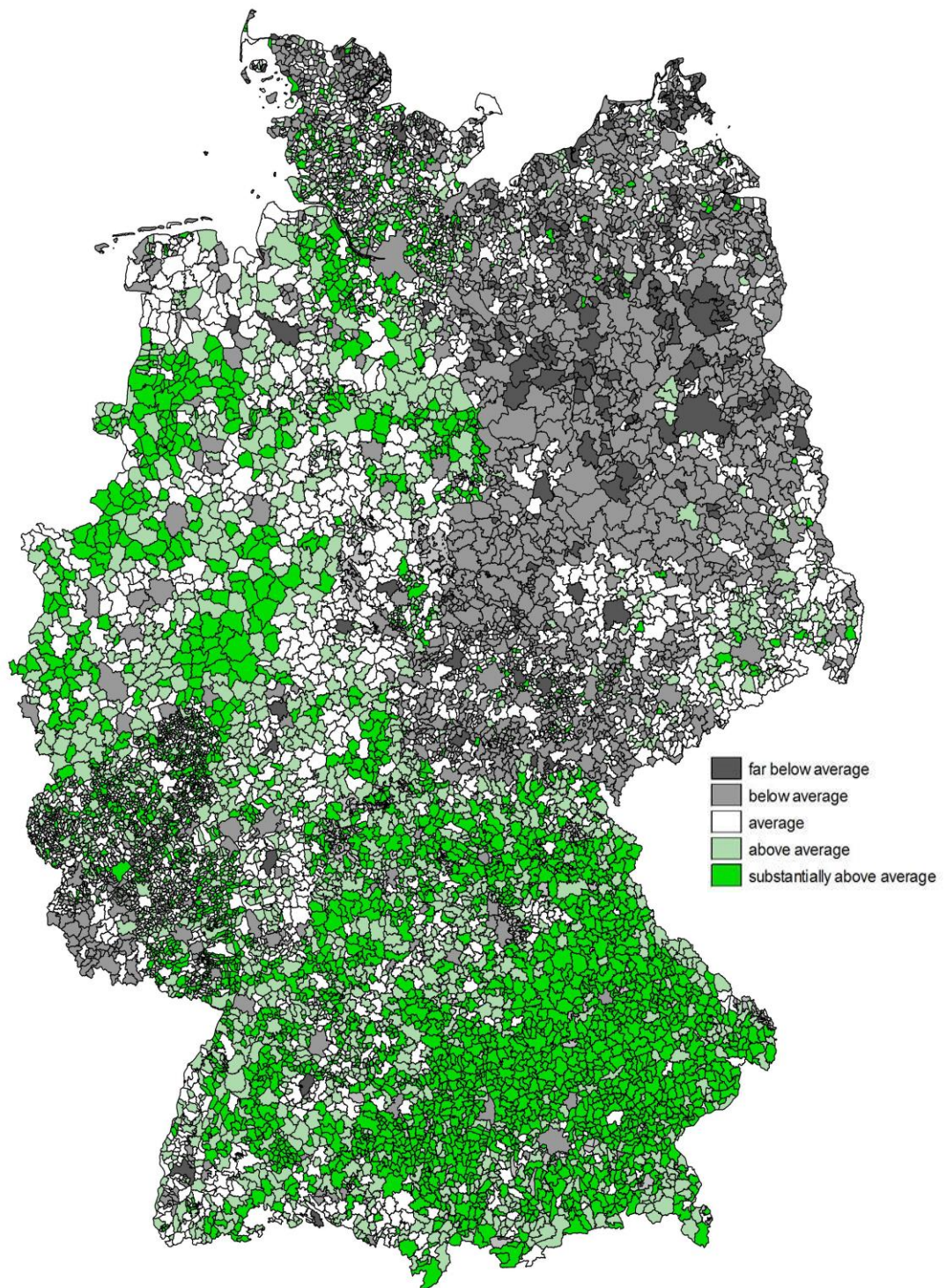
7.2 Who is the Upper middle class?

Characteristic	Typical characteristic
Educational level	High educational level
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Primary education</p>  </div> <div style="width: 45%;"> <p>Secondary education</p>  </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Tertiary education</p>  </div> <div style="width: 45%;"></div> </div>
Profession	Academic professions, senior management and managers mainly in commercial services, company owners
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Top management</p>  </div> <div style="width: 45%;"> <p>Liberal professions</p>  </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Other self-employed</p>  </div> <div style="width: 45%;"> <p>Academic professions and management</p>  </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Intermediary professions</p>  </div> <div style="width: 45%;"> <p>Qualified non-manual jobs</p>  </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Qualified manual jobs</p>  </div> <div style="width: 45%;"> <p>Unqualified labour</p>  </div> </div>
Professional status	Senior managers
Income	High income
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"></div> <div style="width: 45%;">  </div> </div>

Source: Fahrländer Partner.

7.3 Upper middle class: distribution

Difference between percentage in communes and nationwide percentage

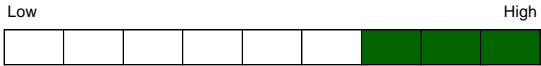



Source: Federal Agency for Cartography and Geodesy, Fahrländer Partner.

7.4 How does the Upper 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>Upper 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>10</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>22</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>16</td> <td>13</td> </tr> <tr> <td>Rural commune</td> <td>19</td> <td>15</td> </tr> </tbody> </table>	Residence Type	Upper middle class (%)	Total (%)	Big city	10	18	Smaller city	10	15	Bigger medium-sized town	9	10	Smaller medium-sized town	22	19	Bigger small-sized town	18	15	Small small-sized town	16	13	Rural commune	19	15
Residence Type	Upper middle class (%)	Total (%)																							
Big city	10	18																							
Smaller city	10	15																							
Bigger medium-sized town	9	10																							
Smaller medium-sized town	22	19																							
Bigger small-sized town	18	15																							
Small small-sized town	16	13																							
Rural commune	19	15																							
Neighbourhood	Superior, well cared for																								
Desire to move	Low																								
Price sensitivity	Low																								
Owned apartments quota	Average																								
Single family house quota	High																								
Desire to buy	Very high																								
Apartment layout	Generous																								
Architecture	Classic, «labelled»																								
Required surface area per person	High																								

Source: BBSR, Fahrländer Partner.

Characteristic	Typical characteristic
Standard of finishing	High 
Materials and appliances	High quality
Willingness to pay more for green products	Average, higher when it is a prestigious building 

Source: Fahrländer Partner.

7.5 Upper 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	Average to 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	Very important	<div style="display: flex; justify-content: space-between; width: 100%;"> Less important Important </div>
Access to amenities	Secondary	<div style="display: flex; justify-content: space-between; width: 100%;"> Less important Important </div>
Access to leisure facilities/recreation	Secondary	<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	Large balconies and terraces, patios, pools	<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).



Fahrländer Partner AG
Raumentwicklung
Seebahnstrasse 89
8003 Zürich

+41 44 466 70 00
info@fpre.ch
www.fpre.ch

Münzrain 10
3005 Bern

+41 31 348 70 00
bern@fpre.ch
www.fpre.ch