



Hamburg ahead

INTERNATIONAL BUILDING EXHIBITION HAMBURG

## Gentrification in Wilhelmsburg?

June 2013



**IBA\_HAMBURG** Building the City Anew

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# 1. Why are rents rising in Wilhelmsburg?

All over Germany, there is a prevailing trend for people to move into urban areas. In Hamburg, for example, the population is increasing by 10,000-15,000 each year - mainly as a result of immigration. At the same time, the per capita living space has increased during the past ten years by almost 10 square metres. One consequence of these parallel developments is that rents have undergone a marked increase, whether in Berlin, Munich, or Hamburg. Wilhelmsburg has been similarly affected by this development - albeit less drastically than the "rest" of Hamburg.

Figure 1 shows the development of monthly rent levels during the period 2006-12, in Hamburg and three selected districts. It clearly indicates that in Hamburg the rent of apartments offered on the private housing market increased by 45.5 per cent during this period. There was a similar rent increase in St. Pauli over the same period (42.1 per cent), whilst in Wilhelmsburg (34.7 per cent) and Billstedt (22.6 per cent) rents did rise but not as steeply as throughout the rest of Hamburg.

The figure also shows, however, that rent levels<sup>1</sup> in Wilhelmsburg at € 7.99 per square metre and in Billstedt at € 8.15 per square metre are still distinctly below (-32.8 per cent and -31.5 per cent, respectively) the Hamburg average of € 11.89 per square metre.

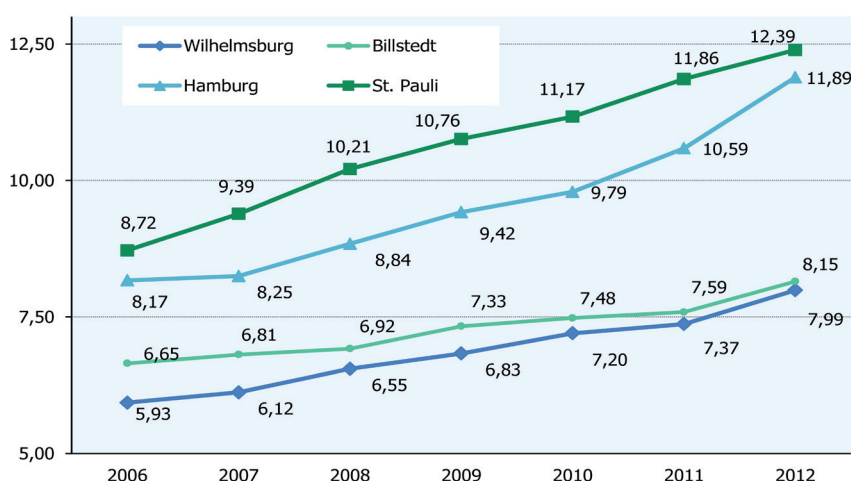


Fig. 1: Rent development (average basic net rent in €/m<sup>2</sup>)

2012: for the period 1.1.-30.6.2012

2011: deviation from the last report as a result of new calculations based on the whole year

<sup>1</sup> The rent is the level for apartments offered on the housing market (= new lets) during the respective year. This rent should not be confused with that for existing lets.

## 2. What has the IBA Hamburg done for housing construction?

Germany has a more than 100-year history of international building exhibitions. In their capacity as urban development laboratories, these events are intended to supply answers to questions regarding the future of urban areas. The primary focus, in this respect, is on quality and innovation rather than quantity.

Consequently, housing construction is only one of many issues covered by an international building exhibition. Nevertheless, 1208 apartments and houses were newly built as part of the Internationale Bauausstellung IBA (International Building Exhibition) Hamburg.

### **Specifically:**

#### **WILHELMSBURG/VEDDEL: 817 NEW APARTMENTS**

- Wilhelmsburg Central: 330 apartments
- "Global Neighbourhood" (Weimarer Strasse / Veringstrasse / Neuhöfer Strasse): 274 apartments; 100 per cent publicly funded
- "New Hamburg Terraces" (Schlöperstieg): 94 apartments; 30 (32 per cent) of these publicly funded
- "Georg-Wilhelm Courtyards" (Georg-Wilhelm-Strasse / Kurdamm): 48 apartments; 15 (31 per cent) of these publicly funded
- "Open House" (Dorothea-Gartmann-Strasse): 44 apartments; 31 (70 per cent) of these publicly funded
- "Veringeck" (Veringstrasse): 19 apartments; 100 per cent publicly funded
- "Top Climate Plan" (Wilhelmsburger Strasse): 8 apartments; 100 per cent publicly funded

#### **HARBURG: 391 NEW APARTMENTS**

- "Harburg Schloßinsel Park": 207 apartments; 15 (7 per cent) of these publicly funded
- Other "Harburg Upriver Port" areas: 184 apartments (including 57 housing units with 193 student residence places)

#### **IN ADDITION, A FURTHER 516 APARTMENTS IN RENOVATED OLDER BUILDINGS:**

- "Global Neighbourhood" (Weltquartier): 469 apartments; 100 per cent publicly funded
- Veddel: 44 apartments; 100 per cent publicly funded
- Other areas of Wilhelmsburg: 3 houses

**A total of 1724 apartments have been newly built, converted, or modernized as part of IBA Hamburg, every second one publicly funded.**



### 3. What is the cost of the new apartments built as part of the IBA project?

Of the 1208 newly built apartments, 354 (i.e. about one third), are social housing (funded as part of the public housing scheme) and the gross basic rent per month is € 5.70 per square metre. An additional 469 renovated and modernised apartments are also social housing. A further 19 apartments are partly publicly funded, as social housing with a partial subsidy.

The remaining approximately 900 newly built apartments are privately financed. Where these are offered for letting, the average net basic rent per month is € 9.50-12 per square metre. In comparison, the purchase prices quoted by private property developers for independently owned apartments and houses are € 2500-3800 per

square metre (or a little higher in some places, such as the Harburg Schloßinsel) and are therefore below the Hamburg average for new-build apartments.<sup>2</sup>

Figure 2 illustrates the price development of newly built, privately owned apartments in Hamburg from 2004 to the beginning of 2013. It demonstrates that during this period, the prices of such properties throughout Hamburg increased by around one third. The same is also true for Wilhelmsburg but the rise here is at a clearly lower level (Wilhelmsburg: +35.7 per cent to € 2690 per square metre; Hamburg: +33.2 per cent € 3787 per square metre).

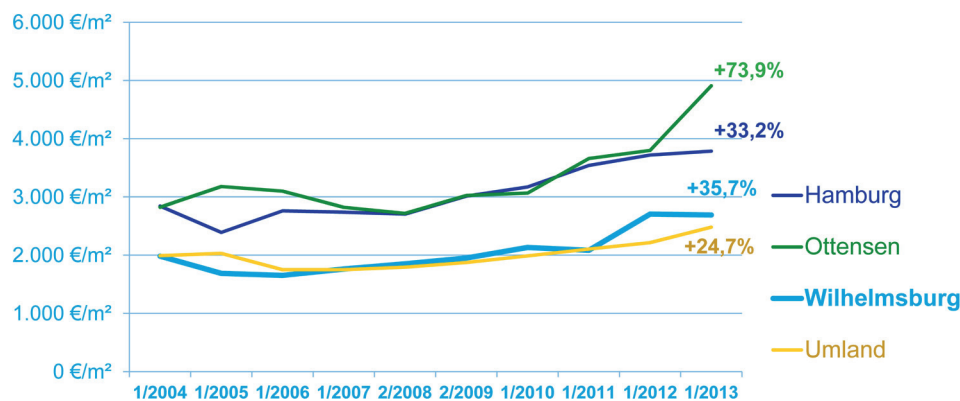


Fig. 2: Price development of privately owned, new-build apartments in Hamburg (2004-13)  
Umland = surrounding region

<sup>2</sup> Property prices for private apartments in the new-build market 2013 (Source: F+B 2013, LBS-Immobilienatlas): Wilhelmsburg € 2690 per square metre; Hamburg € 3787 per square metre.

## 4. Is the IBA contributing to Wilhelmsburg's gentrification?

The gentrification phenomenon has various social and economic definitions. In the case of a society driven by a market economy, it is the economic definition of "gentrification" that has come to be accepted as plausible, if still imperfect. It is based on the differences in the rate of return on building and land prices: an increase in property value resulting from renovation work ("value gap") accordingly brings a subsequent increase in land values in its wake ("rent gap").<sup>3</sup>

Gentrification does not simply mean an increase in value as a result of building work but also the social displacement of residents and restructuring as a result of an increase in property prices. An improvement in living conditions in a particular district (e.g. as a result of better schools, better choice of shops, and attractive parks and open areas) does not in itself represent gentrification.

Over the past ten years, this term has come to be used with increasing frequency. At the start of the twenty-first century, it was a concept familiar primarily to town planners and sociologists. Nowadays, however, it appears regularly in the press as a political buzzword. The term is even more widespread online and has meanwhile been tagged as an individual keyword subject on the Zeit.de and Spiegel.de websites.

<sup>3</sup> The socio-scientific interpretation of gentrification is "the perspective of a double invasion-succession cycle under the assumption of a successive influx of higher-earning households, which it has so far, however, not been possible to prove empirically", according to Ingrid Breckner: "Gentrifizierung im 21. Jahrhundert", in: [www.das-parlament.de/2010/17/Beilage/005.html](http://www.das-parlament.de/2010/17/Beilage/005.html)

In order to fully appreciate the situation in the Wilhelmsburg district in the light of this background, we should take a look at the history of this long neglected neighbourhood. At the so-called "Future Conference", which the Senate was obliged to hold in 2001/2002 at the behest of concerned citizens, one of the most frequently voiced concerns from this district was how to counter the problem of young families moving away from the area and the formation of ghettos. It was indeed true that prior to this, Wilhelmsburg had experienced fifty years of decline and segregation as educationally aware, middle-class residents left the neighbourhood. The aim now is to attract new, better-educated population groups back into the district.

In addition to investment, for example in infrastructure, educational facilities, and cultural activities, it was also necessary to provide additional types of housing and introduce new living concepts. In order to avoid displacing older, established residents, the IBA's main focus is on new housing construction – primarily on previously less or undeveloped building land and brownfield sites. Not only will this mean that no one will be displaced but additional living space for old and new islanders will be created.

Around one third of the new apartments are publicly subsidised and therefore in line with the existing housing situation in the district – in Hamburg as a whole, the ratio is not 1:3 but 1:9. In addition to the 274 new-build apartments in the "Global Neighbourhood", a further 469 housing units have been renovated or converted. All the apartments here are publicly subsidised and all the inhabitants are being given the chance – at great expense and with rents guaranteed for 30 years – to return to their old neighbourhood after the renovation is complete. A total of 1350 people will return to their homes in July 2013, or have already done so.

Once work in the “Global Neighbourhood” is completed in mid-2014, it will be home to around 2000 people – in other words, 300 more than when the area suffered from numerous vacant premises. This is clear evidence that the IBA’s motto of “improvement without displacement” is proving successful.

A great deal has also been accomplished within the framework of the IBA to develop socially responsible housing projects in the

neighbourhood most severely affected by gentrification, the popular Reiherstieg district with its historic, late nineteenth-century houses and multicultural atmosphere, and also to improve the area’s infrastructure by means of specific measures in the fields of education, culture, and the local economy. Parallel research (see section 6.) is constantly checking for the emergence of any negative developments – though so far this has not been the case.

## 5. Have residents of the Global Neighbourhood (Weltquartier) been displaced by renovation?

No. All of the former 1700 residents of the “Global Neighbourhood”, which, desperately in need of drastic modernisation work, was renovated in cooperation with the SAGA GWG municipal housing association, were given the chance to move back into one of the new or converted apartments available for altogether 2000 people – with an increase in total monthly rent of € 0.13 per square metre. The rents are fixed for a period of 30 years and currently amount to € 8.42 per square metre (gross rent including bills) and are consequently below average for Wilhelmsburg despite their new-build standard.

During the conversion process, which lasted several years, 84 per cent of the former residents were provided with a substitute apartment within the district, their removal was paid for, and, after the work was finished, they received and are still

receiving preferential treatment in the allocation of apartments. The first eight completed buildings are occupied 100 per cent by people who previously lived in the neighbourhood. In the case of the buildings not yet completed, there will probably be people who do decide to leave this neighbourhood or district but this represents an entirely normal fluctuation in population.

It is not just the names on the doorbells that indicate the multicultural nature of this community. All the apartments are publicly subsidised: none are privately owned in the “Global Neighbourhood”.

## 6. Are there any indications of gentrification in Wilhelmsburg?

Not as yet. At least there is no evidence to date of the usual gentrification indicators, which suggest exploitation of the “value gap” described earlier (see section 4.):

- No above-average rent increase in existing or new lets (see section 1.)
- No obvious pattern of rental apartments being turned into privately owned. The number of certifications attesting that the units are sufficiently separate (indicator of apartments being converted into privately owned units) has even decreased in IBA areas from 16 in 2006 to 5 in 2010. In Billstedt, the total was 15 in 2010
- Nor is there any record of luxury modernisation projects. The average monthly rent increase following modernisation was € 0.53 in 2012 (2011: € 0.51) per square metre. The renovation work mainly consisted of insulating the roof, façades, and windows. Gentrification always involves an exchange of and usually a decrease in population since smaller and higher-income households

(DINKIES - Double Income, No Kids; LOHAS - Lifestyle of Health and Sustainability; singles) tend to drive out established inhabitants (often migrant families). The “gentrifiers” also occupy more per capita living space, which leads, as a rule, to a decrease in population. In fact, the population of the Elbe islands has been rising continuously for years both as a result of an excess of births over deaths and because of increases due to immigration. The northern Reiherstieg district and the Bahnhof district, in particular, are benefiting from an influx of population. Nor do the stable figures relating to residents’ length of stay give any indication that displacement is taking place; they are in line with the Hamburg average.

It is fairly obvious that the residents of Hamburg who live north of the Elbe have not yet discovered Wilhelmsburg as a fashionable district since more people are still moving north from Wilhelmsburg than the other way round.

Gentrification in Wilhelmsburg, in particular in the

Reiherstieg district, is currently more of a perceived and, to some extent, media-induced problem than an actual one. Monitoring introduced by the IBA in 2010 provides independently gathered and publicly accessible data at: [www.iba-hamburg.de/strukturmonitoring](http://www.iba-hamburg.de/strukturmonitoring)

Nevertheless, it is not beyond the bounds of possibility that an increasing demand for apartments and a potential “value gap” may one day lead to signs of gentrification.

This gives rise to the question:

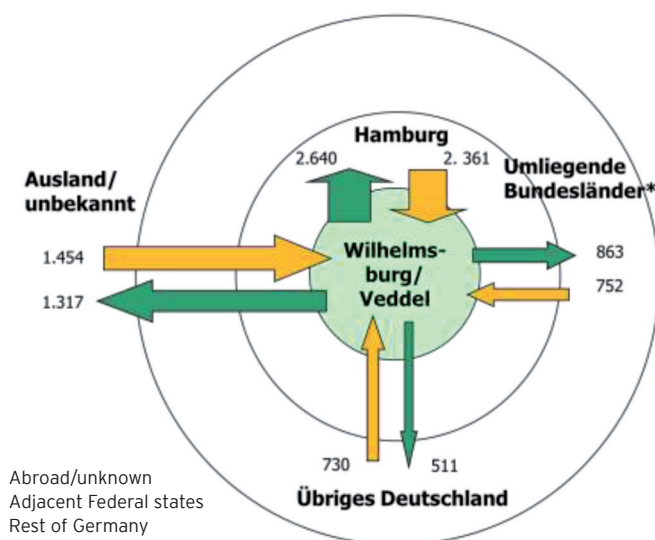


Fig. 3: Distribution of population migration, by area (average 2006-11)

\*Adjacent Federal states (Schleswig-Holstein, Lower Saxony, Mecklenburg-Western Pomerania)



## 7. What measures can the city take to prevent gentrification?

The subject of gentrification is currently a very popular topic in the media. Nowadays, the term is used more frequently as a political battle cry than analysed as a social phenomenon.

Although two thirds of apartments are in the hands of SAGA, housing associations, and cooperatives, the possibility cannot be excluded that the shortage of housing in Hamburg is being exploited by individuals in Wilhelmsburg district in order to push up prices and rents. It is important, therefore, to respond as early as possible to any gentrification indicators, particularly in the Reiherstieg area. There are various options in this respect that should in future be consistently implemented by the Senate or the district authorities:

- Additional housing construction!  
Apartments built under the auspices of the IBA are merely the beginning. The re-routing of Wilhelmsburg's Reichsstrasse has paved the way for the potential development of several thousand apartments, which could further relieve the squeeze on the housing market on the Elbe islands. The IBA advocates a housing construction ratio of one-third social housing to two-thirds privately financed (or partially subsidised). Building new apartments for middle-income groups is also important in order to reduce pressure in historic neighbourhoods with their old buildings and to avoid unbalanced social structures. It is essential, in this respect, that the development of additional residential sites takes place as soon as possible.
- A further option would be for the current public and cooperative property owners to practise a policy of rent restraint. SAGA, Bauverein Reiherstieg, VHW, and others own approximately two out of every three rented apartments on the Elbe islands. If these landlords were to avoid any significant rent increases, it would have the effect of ensuring that the rent level would reflect correspondingly lower comparable rents. Further, their control of such a large share of the housing stock precludes any extreme developments in the first place since these apartments are not available on the open market.
- Another possibility would be for the city to purchase price-fixing and exclusive-letting agreements to absorb any sharp decrease in the number of fixed-price apartments in the coming years and to maintain the supply of reasonably priced housing.
- A defensive, though necessary, option is the issue of a preservation order under § 172 BauGB (Building Code). This so-called "environmental protection" measure aims to prevent "luxury modernisations" as well as conversions designed to increase a property's value. However, the prerequisite for the issue of such an order is that social displacement is actually in progress. Otherwise building owners can easily "overturn" the order before a court.
- The introduction of regulations to ban the improper use of a property - thereby limiting the conversion of residential apartments into commercial premises or holiday lets, for example.
- Transparent and intelligent involvement of, and consultation with, tenants in order to keep them in the neighbourhood where renovation work is required. The promotion of housing associations and cooperative residential models can also help counteract gentrification.
- Finally, infrastructure (including educational facilities, low-priced workshops, and multi-cultural senior citizens' homes and care centres) should be further developed in a way that reflects a neighbourhood's needs and cultural sensitivities to give people in the locality a sense of security.

## 8. Which long-term benefits, in other words those lasting beyond 2013, have the residents of Wilhelmsburg gained from the IBA?

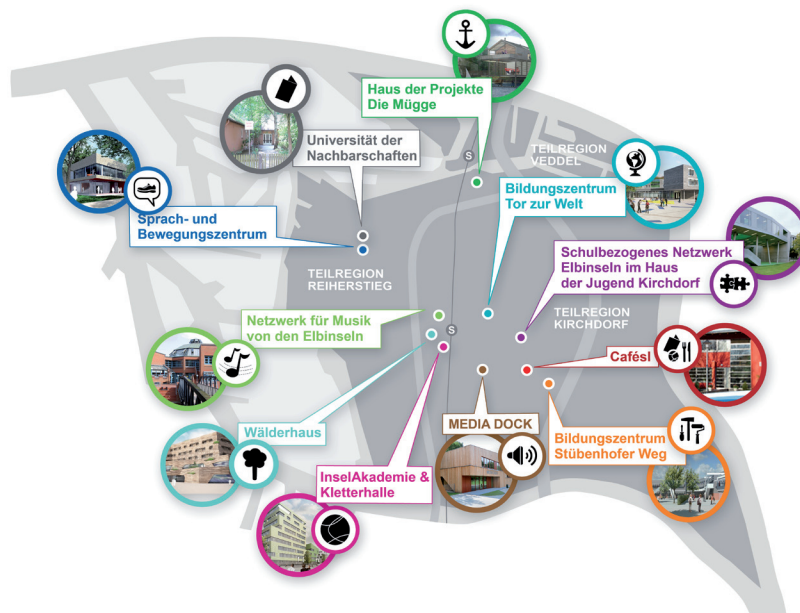
The IBA philosophy is: "improvement without displacement" and "living means staying". For decades, living on the Elbe islands meant social segregation and decline as the majority of people here no longer saw any prospects for themselves or their families, educationally conscious families moved away from this district. The situation is now beginning to change and the Elbe islands are once again attracting the attention of the better educated classes.

The political demand nowadays for inclusive schooling can only be met if there is also successful social inclusion within the district. Many schools – as the urgent report by head teachers in November 2012 demonstrated – find themselves overstretched by the local social situation. In a White Paper back in 2002, district residents called for more social diversity. Through its "Cosmopolis" and "Metrozones" themed projects, the IBA Hamburg aims to demonstrate where and how cities can grow in the future without displacing the existing population. Unlike the situation in more historic districts such as St. Georg, Ottensen, or Winterhude, high-quality new districts can be developed in what were previously some of the city's neglected spaces, known as metrozones, where there is still enough space for mixed residential neighbourhoods with different types of housing. The IBA is against new social ghettos – whether they be public housing or luxury enclaves. It is hoped that an increase in living standards, without population displacement, on Hamburg's Elbe islands will, on the one hand, prevent the districts drifting any further into social marginalisation and, on the other, recreate mixed residential areas, which are pleasant to live in. Anything else would lead to further social segregation in Hamburg.

Parallel to the numerous housing construction projects within the IBA framework, 71.5 hectares of green and open space have also been created in addition to the new Island Park (developed from the international garden show (igs hamburg) site).

The Wilhelmsburg residents' long-standing demand for the removal of the fence surrounding the customs area became reality in January 2013. A leisure circuit and cycle path around the Spreehafen offer new opportunities for these activities and the 6.8 hectare "Rotenhäuser Feld" was also redeveloped with the help of people from the area and adapted to meet specific local needs. In a joint planning scheme with the residents of Georgswerder, the controversial toxic landfill dump has been transformed into an "Energy Hill", which is accessible to the public, while on the Schloßinsel, a new, 1.5 hectare park has been created.

The most important encouragements as far as residents are concerned are the new educational facilities and networks. The IBA resurrected an earlier demand on this topic from the 2001/2002 "Future Conference" and stepped up existing initiatives and organisations. The new educational facilities are the result of this cooperation and, in terms of their diversity and concentration, are unique in Germany. The new "Gateway to the World Education Centre", the "House of Projects", the "Centre of Language and Exercise", the "MEDIA DOCK", and the "Stübenhofer Weg Education Centre" provide altogether 35,270 square metres gross floor area of redesigned and, to a large extent, additional space for children, teenagers, and adults.



Bildungszentrum Tor zur Welt = Gateway to the World Education Centre  
 Schulbezogenes Netzwerk Elbinseln im Haus der Jugend Kirchdorf = Elbe Islands Education Drive Network in Kirchdorf Youth Centre  
 Bildungszentrum Stübenhofer Weg = Stübenhofer Weg Education Centre  
 MEDIA DOCK = MEDIA DOCK  
 InselAkademie und Kletterhalle = InselAkademie and indoor climbing hall  
 Wälderhaus = Wälderhaus  
 Netzwerk für Musik von den Elbinseln = Elbe Islands Music Network  
 Sprach- und Bewegungszentrum = Centre of Language and Exercise  
 Universität der Nachbarschaften = University of the Neighbourhoods  
 TEILREGION = SUB-REGION

Fig. 4: Wilhelmsburg educational landscape - new educational facilities and networks

The IBA also supports the main project partners in the development of educational institutions in their efforts to secure long-term finance for the buildings and networks, seeing this as an important prerequisite for the success of these investments.

During the last few years, however, it is not only public facilities that have been improved. The private sector has likewise witnessed the opening of a wide range of businesses, cafés, and restaurants, which make life for Wilhelmsburg residents more agreeable. The Marktkauf store at Wilhelmsburg's S-Bahn station is currently being converted into an attractive shopping centre for Wilhelmsburg Central. The number of empty premises in the Reiherstieg district has also decreased, while the choice of shops and restaurants has widened.

Overall, Hamburg's Elbe islands have generally become a more colourful and livelier place: not only has the exodus of the better-educated social groups halted but many new residents have been attracted to the Elbe islands without the original population being displaced.

# Figure Sources

(Title) IBA Hamburg GmbH / Jost Vitt

(Fig. 1) IDN Immodaten GmbH; author's calculations;  
[www.analyse-konzepte.de](http://www.analyse-konzepte.de)

(Fig. 2) F+B from LBS-Immobilienatlanten Hamburg und Umland 2005-13

(Fig. 3) Statistical Office for Hamburg and Schleswig-Holstein  
[www.analyse-konzepte.de](http://www.analyse-konzepte.de)

(Fig. 4) International Building Exhibition IBA Hamburg GmbH, Elbe Islands Education Drive

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