Press release

Germans’ purchasing power climbs 2.8 percent in 2018

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Bruchsal, Germany, December 12, 2017 – Germans’ 2018 purchasing power will rise to €22,992 per person according to the GfK study released today. This amounts to a nominal per-person increase of 2.8 percent, or €633.

GfK forecasts a total purchasing power of €1,893.8 bil. for Germany in 2018. This is a nominal per-capita increase of 2.8 percent or €633 over the revised forecasted values from last year. In 2018, Germans will consequently have an average per-capita purchasing power of €22,992 available for consumer purchases, accommodation, recreation and saving.

Purchasing power is a measure of the population's disposable net income, including government subsidies such as pension payments, unemployment assistance and child benefit. The 2018 purchasing power increase is based on growing salaries in many industries as well as a stable employment market. A rise in pensions is also anticipated for 2018. But the real-value amount that remains from this nominal purchasing power increase depends on how consumer prices develop in the coming year.

Regional purchasing power distribution

There are few changes to the 2018 distribution of purchasing power at the level of Germany’s federal states. An exception is Berlin’s overtaking of Bremen to assume tenth place. The other eastern federal states are also developing positively, with purchasing power index increases between 0.7 and 1.1 percent compared to the previous year. Even so, they are still significantly below the level of the western federal states.

North Rhine-Westphalia, Schleswig-Holstein and Bremen have the largest decreases, with index losses between 0.7 and 0.8 percent. But this is only a relative decline, because the index represents deviations from the national average. Nominal per-capita purchasing power will rise next year in all of Germany’s federal states.

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Purchasing power in Germany’s federal states

2018 ranking (2017)	federal state	inhabitants	GfK Purchasing Power 2018 per inhabitant in €	purchasing power index*
1	Hamburg	1,798,654	25,242	109.8
2	Bavaria	12,884,983	25,107	109.2
3	Baden-Württemberg	10,925,081	24,732	107.6
4	Hesse	6,193,150	24,329	105.8
5	Schleswig-Holstein	2,876,873	23,020	100.1
6	North Rhine-Westphalia	17,875,813	22,777	99.1
7	Rhineland-Palatinate	4,062,075	22,587	98.2
8	Lower Saxony	7,948,507	22,475	97.8
9	Saarland	997,754	21,620	94.0
10 (11)	Berlin	3,550,948	21,033	91.5
11 (10)	Bremen	676,256	20,969	91.2
12	Brandenburg	2,487,511	20,938	91.1
13	Saxony	4,078,397	19,727	85.8
14	Thuringia	2,160,943	19,669	85.5
15	Saxony-Anhalt	2,239,428	19,456	84.6
16	Mecklenburg-Western Pomerania	1,612,585	19,356	84.2

source: GfK Purchasing Power Germany 2018 *index per inhabitant; 100 = national average
Population figures for Mecklenburg-Western Pomerania and Hesse are GfK projections of official statistics.

Purchasing power in Germany’s districts

As in previous years, Germany’s highest purchasing power average can be found in the Bavarian rural district of Starnberg: With €33,102 per person, inhabitants of this district have around 44 percent more purchasing power than the national average. There are three changes to the rankings of Germany’s top ten urban and rural districts. Erlangen falls one spot to ninth place, switching positions with Dachau, while the rural district of Miesbach moves into the top ten, up from twelfth place. Miesbach ousts the district of Stormarn, which drops from tenth to seventeenth place.

With €18,157 per person, the rural district of Görlitz once again brings up the rear among Germany’s districts. Inhabitants of this district have around 21 percent less than the national average, which, in 2018, is represented by the rural district of Günzburg.

Top ten urban and rural districts in 2018

2018 ranking (2017)	urban/rural district (UD/RD)	inhabitants	GfK Purchasing Power 2018 per inhabitant in €	purchasing power index*
1	Starnberg RD	134,308	33,102	144.0
2	Hochtaunuskreis RD	234,574	32,137	139.8
3	Munich RD	341,747	31,687	137.8
4	Munich UD	1,452,826	30,998	134.8
5	Main-Taunus-Kreis RD	234,424	30,537	132.8
6	Ebersberg RD	138,523	30,179	131.3
7	Fürstenfeldbruck RD	215,178	28,574	124.3
8 (9)	Dachau RD	149,952	28,156	122.5
9 (8)	Erlangen UD	109,501	27,875	121.2
10 (12)	Miesbach RD	98,753	27,553	119.8

source: GfK Purchasing Power Germany 2018 *index per inhabitant; 100 = national average

Germany's most populous urban districts

The nation's 25 most populous urban districts alone comprise a fifth of Germany's total purchasing power. But not all the country's large cities have above-average purchasing power: When it comes to per-capita purchasing power, the capital city of Berlin lies eight percent below the national average, with Dortmund and Dresden coming in at a similar level. Even further behind is the city of Leipzig, which has 12 percent less than the national average.

Urban districts with more than 500,000 inhabitants

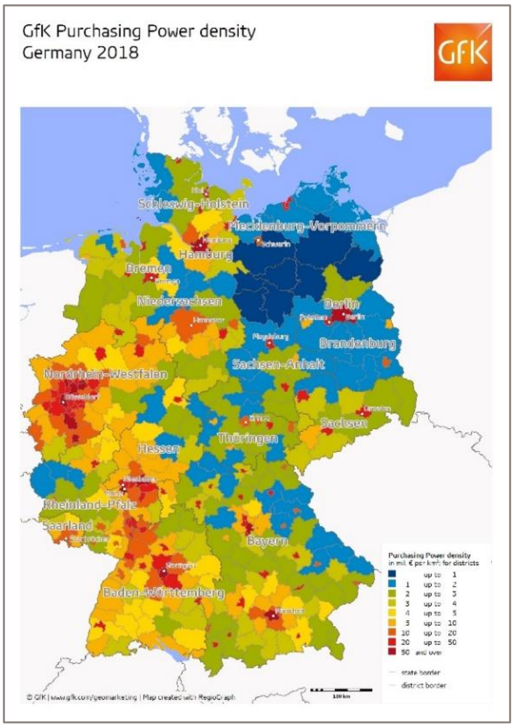
2018 ranking	urban district (UD)	inhabitants	total 2018 purchasing power in mil. €	per-capita 2018 purchasing power in €	purchasing power index*
286	Berlin UD	3,550,948	74,686.4	21,033	91.5
52	Hamburg UD	1,798.654	45,401.6	25,242	109.8
4	Munich UD	1,452,826	45,035.3	30,998	134.8
79	Cologne UD	1,070,357	26,221.1	24,498	106.5
31	Frankfurt am Main UD	731,009	19,199.8	26,265	114.2
39	Stuttgart UD	626,144	16,197.5	25,869	112.5
18	Düsseldorf UD	611,302	16,546.0	27,067	117.7
279	Dortmund UD	585,352	12,345.3	21,090	91.7
192	Essen UD	583,768	13,042.6	22,342	97.2
334	Leipzig UD	564,305	11,356.8	20,125	87.5

259	Bremen UD	563,257	12,067.8	21,425	93.2
296	Dresden UD	543,501	11,385.1	20,948	91.1
110	Nuremberg UD	510,405	12,189.1	23,881	103.9

source: GfK Purchasing Power Germany 2018 *index per inhabitant; 100 = national average

Purchasing power density an important indicator of retail potential

The purchasing power totals demonstrate that Germany's most populous cities and particularly the large metropolitan regions are indispensable target markets for retailers and service providers. Purchasing power density—the available purchasing power in millions of euros per square kilometer—is very high in metropolises such as Berlin, Hamburg and Munich, but also in the Ruhr region, the greater metropolitan area of Stuttgart and Frankfurt/Main. A high purchasing power density indicates that companies can tap significant purchasing power potential within a small geographic area even just among their residential target group.



About the study

GfK Purchasing Power is defined as the sum of the net income of the population according to place of residence. These 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 these 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 money in real terms at his or her disposal if rising costs for 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 relating to state benefits as well as forecasts provided by economic institutes. GfK releases the purchasing power prognosis for the new year in January. As of that time, GfK purchasing power data is available for all of Germany's urban and rural districts, municipalities and postcodes. The purchasing power data for street segments is updated in the second half of the year.

Applications

Regional GfK purchasing power data serves as an important basis of planning for sales and marketing endeavors among companies from a diverse range of industries. These applications require an accurate illustration of the regional distribution of purchasing power. The focus of the study is consequently not on tracking data trends over the years, but rather on providing a prognosis that reflects this regional distribution. It is therefore not advisable to compare current figures with data from previous years.

Additional information on GfK's regional market data can be found here.

Print-quality illustrations can be found here.

About GfK

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