

Germany: Growth in Purchasing Power Will Stagnate in 2009

Contributed by GfK Group
 Sunday, 21 December 2008
 Last Updated Friday, 09 January 2009

GfK purchasing power survey for all German districts

According to the results of the latest GfK purchasing power survey, the rise in prosperity in 2009 will more or less keep pace with inflation. As a result, growth in real purchasing power will stagnate. The study by GfK GeoMarketing also shows that there are significant differences in average levels of purchasing power between the various regions in Germany. Germans will have net disposable incomes totaling around EUR 1,558 billion in 2009. National benefits such as unemployment benefit, child benefit or pensions are included in this figure. In per capita terms, this equates to a purchasing power or average net disposable income of EUR 18,946 during the year. Compared with the previous year, every German will have the equivalent of an extra EUR 210 to spend in 2009, which equates to an increase of 1.1%. However, this means that the increase in personal prosperity in 2009 is likely to be eaten up by the inflation forecast at this time. Growth in real purchasing power is therefore expected to stagnate. However, a great deal is dependent on future developments on the labor market and the way in which the financial crisis evolves. Whether individuals will have more or less in their wallets in net terms will be decided primarily by whether they can participate individually in rising net wages or whether they will have to put up with real losses as a result of working short-time or even losing their jobs. The Hochttaunus district displaces Starnberg as the No. 1.

The same names feature among the districts with the highest purchasing power as last year. However, there have been a few changes in the order in which they are ranked. With an average of EUR 27,590 per capita, the Hochttaunus district has displaced Starnberg (EUR 27,413) at the top of the table. There has also been a change between numbers three and four: with EUR 26,232, the Munich rural district has just edged ahead of the Main-Taunus district. The DÃ¼sseldorf municipal district has risen from No. 18 to 14, while the Miesbach rural district has fallen from 17 to 20. This year, the Erlangen-HÃ¼chstadt rural district has leapt into the top 25, having ranked 31st last year. As before, only East German districts feature among the 25 districts with the lowest purchasing power. The sole exception constitutes the Bremerhaven urban district, which has fallen from No. 403 to 410. Although the index, that is the comparison with the federal average, indicates a positive trend, the Uecker-Randow rural district ranks bottom, as it did last year. Its inhabitants have EUR 13,730 at their disposal on average, which is EUR 5,216 less than the federal average and EUR 13,860 less to spend than the inhabitants of the Hochttaunus district. Purchasing power is growing most rapidly in Brandenburg.

There have been no changes in ranking at federal state level. The Bavarians lead the field with on average EUR 20,571 per capita ahead of Hesse (EUR 20,424) and Baden-WÃ¼rttemberg (EUR 20,282). The inhabitants of Saxony-Anhalt, who only have EUR 15,548 on average to spend on consumption, bring up the rear. The greatest positive changes compared with the previous year have occurred in Brandenburg, Saxony-Anhalt, in the Saarland and in Mecklenburg-Western Pomerania. For example, the inhabitants of Brandenburg will have an extra EUR 360 to spend per person in 2009. By contrast, the inhabitants of Berlin will only have EUR 68 more on average than in the previous year. The survey

The purchasing power survey was first published by GfK as early as 1937. It quantifies disposable income after taxes and social contributions and including state benefits on a per capita and per annum basis. It is calculated in Euros and takes the form of an index (German average = 100). The calculations are based on salary and income tax data, and take into account state benefits and forecasts given by financial institutes. The purchasing power survey covers the 429 German urban and rural districts, municipalities and postal code areas, as well as 2.5 million street segments. GfK purchasing power is defined as the sum of all the population's net income with reference to their place of residence. Capital income and national benefits such as unemployment benefit, child benefit and pensions are included in addition to net income from self-employment and employment in the calculation of purchasing power. Since monthly fixed costs such as rent, energy costs, private pension provision and insurance as well as other expenses such as holidays or fuel costs have to be paid from these funds, on average Germans can spend about a third of their purchasing power in retail. In 2008, this amounted to approximately EUR 461 billion. In consequence, a nominal rise in purchasing power does not automatically mean that every individual will have more money at his/her disposal if the expenses listed also increase. It should also be borne in mind that a region's purchasing power is an average figure for the people living there and says nothing about the purchasing power of individuals, purchasing power per household and the income distribution behind these figures.