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The changing face of Bowie's Berlin

This once divided city is a playground for buyers drawn in by affordable luxury flats with high yields

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Property prices in Berlin, projected to increase by 20 per cent by 2018, are still low by international standards

It was 40 years ago that David Bowie began recording his iconic album “*Heroes*” in the shadow of the Berlin Wall. Next month anniversary tours will revisit the haunts of West Berlin, where the musician lived from 1976 to 1979 and sang about a divided city in the midst of the Cold War. Berlin is a city that has gone through as many reinventions as Bowie did — and its latest one is as a luxury property destination.

After taking a few years to find its feet as a headquarters for international businesses, with a tech scene that is now giving London a run for its money, this city is an established, rather than an emerging, destination for affluent overseas buyers.

Property prices in the city increased by an average 45.5 per cent between 2012 and 2016, according to CBRE, the property consultant, with another 20 per cent projected by 2018 — yet they are still low by international standards.



In Ziegert's Am Hochmeisterplatz development in Charlottenburg, one-bedroom flats start at €475,000

“Berlin-based professionals and expats from Hong Kong, Dubai or the US, who have been waiting five or ten years to buy a home in the city, are investing, and non-German buyers are considering it as an alternative to London since Brexit,” says Alexander von Albert, the head of international sales at Ziegert, Knight Frank’s associate estate agency in Berlin.

“In one of our projects [Am Hochmeisterplatz in Charlottenburg] the average deal is €1 million [£870,000]. This was unknown two years ago.”

In 2011 only 185 apartments were sold in Berlin for more than €5,000 a square metre; in 2015 the figure was 1,505. The city, which in the 1990s was described as “poor but sexy” by its mayor, is getting more expensive. Capital investors are drawn by the hefty rental yields — 86 per cent of people live in apartments and only 15 per cent of the fast-growing population own their property — but British lifestyle buyers are arriving.

“Berlin is cheap, fun and interesting. It’s hard to believe that the richest country in Europe has such an affordable capital,” says Glen Pearson, 42, a photographer who has been living in Dubai and has a home in Sydney with his Australian wife. “It’s liveable, very green, less congested than London and it’s the only place where I really feel at home.” The couple have bought a large, two-bedroom off-plan apartment in Box Seven, a development of 191 units in the fashionable district of Friedrichshain, for €420,000.

Friedrichshain-Kreuzberg, Mitte and Charlottenburg are the districts that attract the highest percentage of affluent international buyers. Business people from around the world have invested in Kronprinzengarten, a development in the Mitte district, the oldest area of the city, which is near Unter den Linden and famous for its boulevard of lime trees. There are 46 apartments in the elegant U-shaped complex, which wraps round a courtyard and church; only five are still for sale, and they include a duplex penthouse for €7.83 million, with a terrace that looks across the rooftops to Museum Island.

Corinna Prinzessin von Anhalt of Zeigert's Mitte team says of the penthouse: "Priced at €16,000 a square metre — prices have almost doubled since the project began in 2011 — it's in a AAA location and is the sort of project that is tempting high-net-worth individuals to Berlin."

Service charges are relatively low, at €4.50 a square metre, because owners in Berlin don't want to pay for full-time concierge services or fancy gyms. "They prefer to use a pay-as-you-go service, such as RAS Concierge," Prinzessin von Anhalt says.

Across the river in the north of Mitte is a development called A Space. British buyers have bought 20 per cent of the loft-style apartments in the building, which has been home to a number of businesses, including a brewery, a watchmaker and a cinema. Among the flats still for sale is a two-bedroom apartment at €696,000 and a four-bedroom penthouse for €2.45 million. Prices are an average of €6,500 a square metre.



David Bowie recorded Heroes in Berlin in 1977
REX/SHUTTERSTOCK

Although the exposed brickwork, high ceilings and black industrial-style windows provide an attractive “Greenwich Village” vibe, the scheme’s location is the big draw, says James Guerin of the developer Natulis. “With a great farmers’ market at nearby Arkonaplatz, fashion boutiques and tech companies [Sony, Google, SoundCloud], it attracts high-end hipsters,” Guerin says. “In ten years’ time you won’t be able to buy a new place here for love nor money. Plots are running out, and once Germans buy they don’t sell.”

While Mitte is Berlin’s answer to Mayfair, Charlottenburg is more akin to Kensington, with the historic department store KaDeWe, international

schools, universities and an opera house in its affluent leafy streets. This is where Berlin’s old money feels comfortable, says Von Albert. Along with High West, a 16-storey tower with prices from €665,000, Ziegert is also selling apartments at Am Hochmeisterplatz, a Paris meets Vienna-style high-end block, with 55 sq m one-bedroom apartments starting at €475,000. It is only 800m from Kurfürstendamm, Berlin’s Bond Street, where designer brands proliferate.

Another popular area in the three central and former East Berlin districts of “New Berlin” is Prenzlauer Berg, with its galleries, restaurants (Berlin has 18 Michelin stars) and coffee shops. There are only 12 homes left in the Templiner Park development in historic Teutoburger Platz, with apartments priced between €1.56 million and €5.5 million for a 480 sq m penthouse. “Twenty different nationalities have bought, at an average price of €7,000 a square metre,” says Andreas Ebel, the business development manager of the Bewocon estate agency.



Ebel also notes growing interest in two outlying areas where prices are lower. “Spandau, west of Charlottenburg, has lots of green spaces and water. We will offer houses on the water at a new project, Maselakepark, which is only 25 minutes from Mitte. Meanwhile, Lichtenberg, in the east, is only 15 to 20 minutes from Alexanderplatz. We will be offering industrial, loft-style apartments in a new project; prices in both areas will start at €4,500 to €5,000 a square metre.”

Just don't expect prices to remain that low for long.