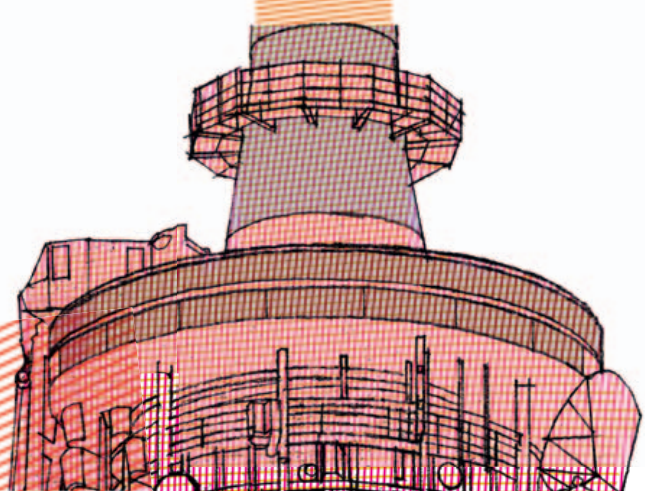


THIRD CREATIVE INDUSTRIES REPORT

DEVELOPMENT AND POTENTIAL

Table of Contents

Foreword

Berlin inspires. Now, where around twenty-five years ago the Berlin Wall still stood, there are trendy, vibrant neighbourhoods. Not only has the city masterfully handled reunification, it has also evolved into a culturally diverse, tolerant, and cosmopolitan metropolis attracting young talent and creative sector workers from around the world. Today, creativity is one of Berlin's key distinguishing features. The city has become a hotspot for the creative scene — from art, fashion and design to film, music, theatre, media and games.

But creativity is more than just a Berlin feeling for life. Creativity is also the city's perspective to the future. On the whole, Berlin's economy is healthier than it has been for many years. New jobs are being created, the jobless rate is falling, and the economy is recording a stable trend to growth. In addition to the impetus from an innovative industrial sector, this trend is driven by art, culture and creativity, its main assets. And Berlin still has lots of free spaces and room to grow — for example, in dynamic locations with a vast potential to be formed and shaped. Or in neighbourhoods and hip districts that are also attractive residential areas. Or through its robust networks, vibrant creative landscape and outstanding structures in research and science.

Berlin's reputation is attracting growing numbers of people here. The city's population is increasing by several tens of thousands every year — a development indicative of Berlin's appeal and the opportunities it has to offer. The city is pleasant to live in, and consistently records high scores in international rankings for life quality, affordable rents and lower living costs. The new arrivals in Berlin bring fresh ideas, enriching the entire city — only too evident, for example, in the city's dynamic start-up scene which has made Berlin Germany's »start-up capital«.

This is how Berlin is changing — and continuing to grow. This development is driven by a mix of attractiveness, an influx of new ideas and a proactive power to innovate which has long resonated far beyond the cultural and creative industries. Thanks to the right balance between economic growth and cosmopolitan outlook, a creative climate and free spaces for creative workers, entrepreneurs and talents from around the world, Berlin will also continue to take its place among the leading locations for the creative industries in the years to come.

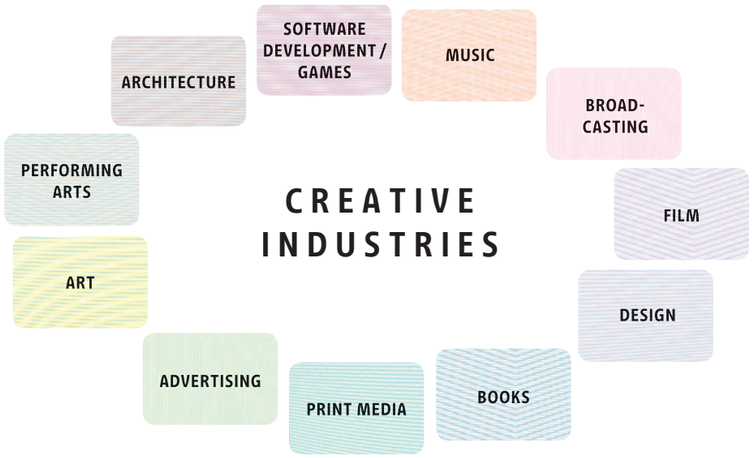
KLAUS WOWEREIT
Governing Mayor of Berlin

MICHAEL MÜLLER
Senator for Urban Development and the Environment

CORNELIA YZER
Senator for Economics, Technology and Research

Introduction

The Third Creative Industries Report continues the cooperation between the Senate Chancellery — Department of Cultural Affairs, the Senate Department for Urban Development and the Environment, and the Senate Department for Economics, Technology and Research, which has overall responsibility for this project. The Report brings together a wealth of detailed research into the individual market segments in the creative sector as well as highlighting such special topics as creative spaces, income development, cross innovation and culture and tourism. This Report on the creative industries has not only been compiled at the request of Berlin policy-makers, businesses and associations, but will also be received, just as its predecessors were, by a national and international audience as a compendium of Berlin's creative industries.



Eight Core Statements on Berlin's Creative Industries

Since 2009, in terms of short- and long-term trends and benchmarked on national figures and comparative regions, Berlin's creative industries have recorded above average growth for the number of companies and employees, and the value of sales.

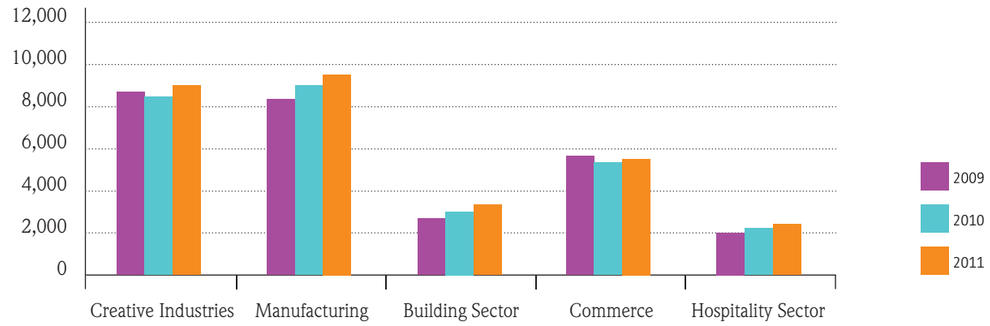
1) The creative industries generated 8.5 percent of Berlin's gross value added

Berlin's creative industries generated sales of approx. 7.8 billion euros or 8.5 percent of the gross value added of Berlin's economy. Even if the statistical base figures are not fully comparable, these results show comparative increases significantly above the levels recorded nationally (around one percent) and in Europe (around three percent). Since 2009, the gross value added of Berlin's creative industries rose by approximately four percent.

2) The creative industries generate ten percent of the total sales of Berlin's economy

In 2012, Berlin was home to around 28,200 creative sector businesses. Together, they generated sales of over 16.6 billion euros, representing around 10 percent of sales by Berlin's economy as a whole. The characteristic structure of the city's creative industries comprises a high proportion of small and ultra-small businesses with, in some cases, sales under the value added tax threshold of 17,500 euros. In calculating the figures, though, one can assume that the sales are significantly higher. Berlin-based creative sector businesses presently generate approx. seven percent of the total sales volume of Germany's creative industries, and the figure looks set to rise.

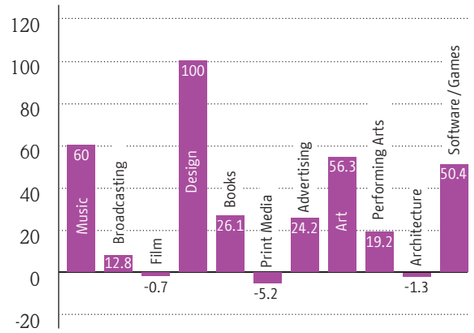
Creative Industries' Contribution to Berlin's Gross Value Added (in million euros)



3) Since 2009, Berlin's creative industries have recorded a growth in sales of 28 percent (+3.6 billion euros)

In 2012, Berlin's creative industries generated sales worth 3.6 billion euros more than in 2009. This rise in sales not only results from growth in the design industry of 100 percent (+1.1 billion euros), but has also been supported by the growth in the art market (56 percent / +250 million euros), the music industry (60 percent / +380 million euros), and the software / games industry (50 percent / +900 million euros).

Development of Sales 2009–2012 (in %)



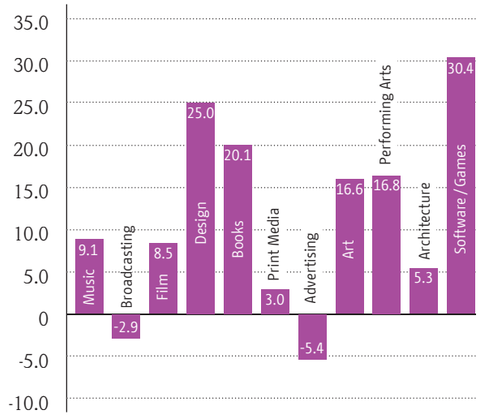
4) Rising incomes, especially in design, advertising and software / games

In Berlin, earnings have risen significantly for advertising creatives, graphic artists, designers, photographers and among workers in the technical professions related to the creative industries. These are also the same professional groups recording particularly strong growth in the numbers of salaried employees.

5) Twenty percent of all Berlin businesses are active in the creative industries

In 2012, Berlin was home to approx. 28,200 businesses in the creative industries. This figure represents 20 percent of all companies in the Berlin economy as a whole, and nine percent of all creative sector companies in Germany. Since this survey only counted businesses with annual sales above the VAT threshold of 17,500 euros, one can assume that the total number is significantly higher. From 2009 to 2012, the number of creative industry companies rose by 14 percent or around 3,500 businesses, with the highest growth recorded in the software / games industry (30 percent), the design sector (25 percent), the book market (20 percent) and the market for performing arts (17 percent).

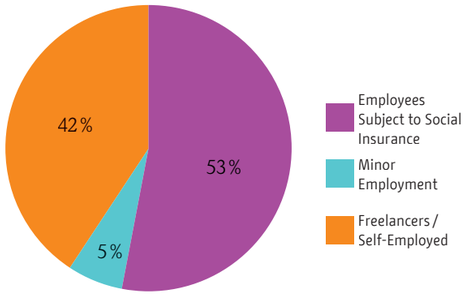
Number of Creative Industry Businesses 2009–2012 (in %)



6) With 186,000 jobs, the creative industries are a key labour market factor

With nearly 186,000 people employed in Berlin's creative industries, this sector is a crucial factor in the city's employment market. In addition to nearly 78,000 people working as self-employed or freelancers, approx. 98,500 are in salaried jobs subject to social insurance. Only 9,400 of those employed in this sector are in minor employment. The figures for the types of employment have more or less remained stable over the last years, although the proportion of jobs subject to social insurance has risen somewhat, and that of the self-employed slightly fallen. However, with a share of 42 percent of those working in this sector in Berlin, the proportion of freelancers and self-employed is extremely high. In comparison, the German national average of freelancers and self-employed persons in the creative industries is just 30 percent.[1]

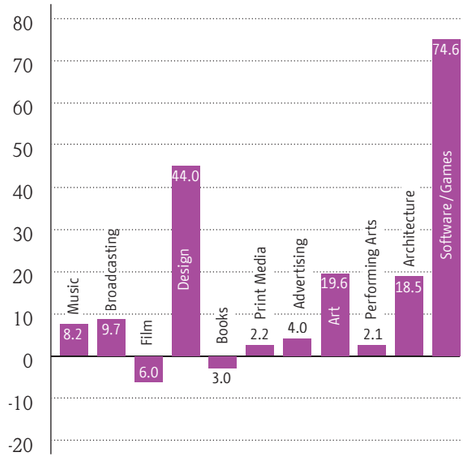
Freelancers and Employees as a Percentage of all Creative Sector Workers in Berlin (in %)



7) Since 2009, the creative industries have generated around 30,000 new jobs

By 2013, the number of people employed in the creative industries rose by 29,600 — an increase of 19 percent. This growth is fuelled particularly by a strong upwards tendency in employment subject to social insurance (+ 28 percent). The software / games market segment experienced the highest growth in jobs with a plus of 75 percent (to 47,000 jobs), followed by the design market, with 44 percent growth, and the art and architecture markets, each recording employment growth of around 20 percent Over the last years in Berlin, the increase in creative sector jobs accounts for at least one quarter of all employment growth across the city's entire economy. This figure is double the German national figure of 12.5 percent. Every eleventh person employed in Berlin is working in the creative sector.

Number of Creative Workers 2009–2012 (in %)



8) The creative industries remain a focus for policymakers

Since the creative industries are a growth sector and a driver of innovation in other branches, they will also remain a focus of interest in future for policymakers and institutions promoting business development. Aside from the creative sector's highly positive economic development, the creative companies and actors together with the many events in Berlin also add to the city's preeminent appeal as a location. Many companies settling in Berlin explain their choice by, among other things, the city's excellent life quality which simplifies their search for specialist and managerial staff. These are reasons enough to continue intensively shaping the right conditions and promoting the best climate to enhance creative sector growth in Berlin, now and in the years to come.

[1] In this analysis, the proportion of freelance workers in the creative industries is lower than the figure quoted in the chapter on income development. The discrepancy between the figures is due to different statistical sources. Here, the Federal Employment Agency (BfA) employment statistics provided the basis for analysing the numbers of those in jobs subject to social insurance and in minor employment. In contrast, the employment figures quoted in the section on income development among Berlin's creative sector workers are taken from the microcensus in 2011. The BfA employment statistics count all employees of a business as working in a particular economic sector, irrespective of their actual tasks. As a result, for example, this statistical method not only assigns the computer specialists of an IT company to the software / games sector, but also the commercial and financial staff. In contrast, only the creative workers were included in analysing the figures of the microcensus.

Key Fields of Action in the Creative Industries

Funding and Promotion Programmes

Throughout Europe, Berlin is regarded as exemplary in designing perfectly tailored development instruments and adapting existing programmes for the creative industries. All the promotion programmes for the creative industries in Berlin are developed in close agreement with the particular sector, its networks and associations, and are adapted in a process of constant exchange with the businesses in that sector. The following overview shows just how far the creative industries profit from Berlin's toolbox of promotional measures:

- From 2000 to 2010, the Joint Federal Government / Länder Scheme for the Improvement of Regional Economic Structures (GWR) provided 240 million euros — around one third of the total funds available — for creative sector businesses in Berlin
- Since 2006, Berlin's federal state (Land) programme for the Promotion of Foreign Trade has benefitted over 3,500 companies by co-funding over 280 joint presentations in Germany and abroad for businesses in the Berlin creative industries
- Since 2006, cluster funding (up to 500,000 euros) has provided a total budget of over two million euros to promote creative industry networks
- Projekt Zukunft, an initiative of Berlin's Senate Department for Economics, Technology and Research, annually provides a budget of 1.5 million euros to fund Infrastructure Development Projects, including competitions and landmark events for the specific branches of the creative sector
- The digital economy, in particular, as a cross-departmental sector running through all market segments in the creative industries, has received funding amounting to over 20 million euros over the last five years

Nonetheless, access to funding, whether in the form of loans or state-funded incentive programmes, remains one of the main problems facing creative sector businesses. In general, many such businesses have relatively low borrowing requirements; a sum of 5,000 to 10,000 euros is often sufficient for the first steps after the business is founded or for pre-financing a product or sales order. However, for commercial banks with their complex processing procedures, loans of this size are not lucrative. As yet, a simplified application procedure for smaller volumes of loans has only been introduced in single instances. However, creative sector businesses can apply to the microloan programme at the Investitionsbank Berlin (IBB). This programme provides a simplified process with fast credit decisions on sums of up to 25,000 euros. In a joint process with the IBB, the Senate Department for Economics, Technology and Research is evaluating whether and how the new Creative Europe Guarantee Fund, launched by the European Commission from 2016, can be used to secure the microfinance portfolio for the creative industries.

Both nationally and internationally, Berlin has established a reputation as Europe's start-up capital and a venture capital provider. With its Venture Capital Fund Creative Industries (30 million euros), including 15 million euros of public funds, the federal state of Berlin has financed, in over 100 financing rounds, over 30 ambitious Berlin start-ups including aupeo, moviepilot, sofatutor, tausendkind and C'est tout. This fund is especially designed for businesses in the media and creativity sector. The support here from the federal state of Berlin has released up to seven times the amount from private investors. By the end of 2013, this funding programme was able to create and secure over 200 jobs. In 2015, the GVC Fund Creative Industries is to be increased by a further 40 million euros, including an injection of 20 million euros through the Senate Department for Economics, Technology and Research.

The funding available to Berlin as a federal state does not equally benefit all branches of the creative industries or all sizes of businesses. Only limited funding is available for businesses in, for example, the performing arts, art, design and architecture; in addition, many are put off by the demanding criteria — in part, required under EU regulations — for funding applications. For this reason, Berlin is also promoting crowdfunding and crowdinvesting as alternative sources of funding for the creative sector.

Crowdfunding / Crowdinvesting

Crowdfunding has recently emerged as a financing instrument, and has a growing market. In 2013, the capital raised nationally by crowdfunding platforms in Germany amounted to 5.4 million euros — an increase of 175 percent over 2012. Start-ups and growth businesses in Germany were able to access approx. 15 million euros in 2013 through crowdinvesting platforms. This represents a growth of around 250 percent in the volume of crowdinvesting in Germany over the previous year. The lion's share of start-up investment went to Berlin.

The Crowdfunding Berlin[2] platform, commissioned by the Senate Department for Economics, Technology and Research, offers an overview of Berlin's projects and actors as well as the funding portals, combining knowledge and current trends with news on the latest events and market developments. In this way, the platform aims at making Berlin the key European hub for crowdfunding and crowdinvesting. By leveraging the greater political exposure and the benefit of Berlin's positive image, projects can then reach their targeted financial goals faster. The crowdfunding Berlin platform, launched in February 2014, has already successfully financed 100 crowdfundung ventures and 30 crowdinvesting projects.

After the pilot phase is completed, the next stage envisages linking the ventures with state-funded innovation programmes — so that, in future, successful crowdfunding projects can benefit from easier access to IBB microloans, while crowdinvesting projects will be checked to see whether they can be combined with additional growth capital. The projects' chances for success are also to be further enhanced by a range of training courses and workshops. In addition, the Senate Department for Economics, Technology and Research is calling for a simplification of the laws on start-up investments and targeted tax relief. At the Conference of the Ministers of Economics of the Länder (WMK) held in June 2014, the ministers backed the venture capital initiative proposed by Cornelia Yzer, Berlin Senator for Economics, Technology and Research.

In future, funds are to be freed from local business tax throughout Germany, the treatment of losses carried forward is to allow more for the interests of business founders, and government risk capital contributions will no longer be taxed. As a new financing model, crowdinvesting is not to be smothered in too many taxation and legal provisions — a move which will also particularly benefit the creative sectors and the digital economy.

Presentation and Networking Platforms

Berlin is especially active in establishing networking and presentation platforms for individual market segments and the creative sector as a whole. This support is evident in the provision of such online services as the Creative City Berlin[3] information portal and the Museumsportal[4] as well as in such flagship events as Berlin Fashion Week, Berlin Music Week and Berlin Art Week, which significantly enhance the city's national and international visibility. Berlin Diagonale, launched in 2013 by the non-profit organisation LAFT Berlin — State Association for the Independent Performing Arts, presents projects by the independent performing arts community in Berlin to an international audience of visiting professionals with the aim of transferring Berlin productions to national and international stages. These formats promote networking, the presentation of products and services, the acquisition of potential commissions and buyers as well as sector-specific location marketing.

By making the potential of Berlin's creative sector globally visible, the formats attract investors and tourists alike, and so directly strengthen the economic basis of the enterprises. This is especially evident in the case of the Berlin Music Week, which offers a pioneering mix of music industry, festivals and club events. Berlin Music Week provides Germany's capital city with a platform, activities, involvement, diversity and synergies that fuse communication and charisma. This broad and cooperative formation strengthens Berlin's standing as an international music hotspot both in the city itself and in the wider world.

The plans and ideas for landmark events are regularly reviewed and, in a process of dialogue, adapted to present needs and the positioning of the city on the international stage. The Senate Department for Economics, Technology and Research not only supports creative sector enterprises through milestone events, but also through a range of formats strengthening networks and bringing together potential cooperation partners and clients. The Senate Department cofinances conferences and competitions promoting exchanges between creative workers and technology sectors leading to joint innovative developments, utilizes the »Old meets New Economy« format to bring together established Berlin companies and digital economy entrepreneurs, and supports customer acquisition and the mediation of business cooperations in the fashion sector. In the coming years, the Senate Department for Economics, Technology and Research aims to support other formats, including those in the growth sectors of »Interaction Design« and »Online Advertising«.

Every year, the Senate Department for Economics, Technology and Research invests a sum of more than one million euros in over 25 joint presentations promoting Berlin's creative enterprises in Germany and abroad. The creative industries receive approximately 45 percent of the city's entire budget for promoting foreign trade. This funding is directed at opening up new markets for Berlin-based enterprises, creating the contacts to generate new contracts and boost order volumes. The joint presentations include, for example, South by Southwest for the music sector, the Berlin Showroom in Paris for fashion labels, dmexco in Cologne for the digital economy, and the Miami-based Art Miami Basel for galleries.

Berlin now has the most innovative programme to promote foreign trade, not merely in Germany itself but also in Europe, providing a wealth of opportunities for the creative industries. The objectives, locations and formats are regularly reviewed and aligned with the present needs of the sector.

[2] www.crowdfunding-berlin.com
[3] www.creative-city-berlin.de
[4] www.museumsportal-berlin.de

The Creative Industries as one Plank in a Policy of Innovation

On the European and national levels as well as in Berlin, the Senate Department for Economics, Technology and Research is calling for integrating the creative sectors' potential into a strategic innovation policy. Since 2012, in stimulating business innovation, Berlin has been applying an expanded concept of innovation favouring the creative industries and also championing the same approach on the national level as well. This concept is complemented by projects under the Pro FIT programme to promote innovation, and innovative networks and competitions which connect creative industries with businesses in other clusters. Berlin's Design Transfer Bonus programme is acknowledged throughout Europe as an example of best practices in promoting cross-cluster cooperation in business innovation. By 2013, this scheme, initiated by the Senate Department for Economics, Technology and Research, had financed approx. 70 cross-industry innovation projects with total funding amounting to over one million euros. Many of these projects, each eligible for a maximum of 15,000 euros, applied design and innovation strategies to businesses working in the health sector, optics and e-mobility.

After the pilot project was successfully completed in 2013, this programme is now in regular operation with the Senate Department providing it with funds until 2016. As a key driver of innovation, the creative industries are to be integrated far more than previously in cross-industry and cross-cluster innovation networks and competitions. Berlin's challenge is to bring together the »right« actors from a range of sectors to support the collaborative development of innovations.

There is a need for locations, formats, moderators and incentives capable of mediating between the different worlds and reinforcing the motivation of those involved to cooperate. For cross-industry cooperation, locations play an important role, especially when the objective is to share knowledge, experiment, test out new cooperations and bring together people with different areas of expertise. Berlin has over fifty such innovation locations for a free exchange of ideas, ranging from a company's own laboratories or research-based labs, incubators and co-working spaces to fablabs and grassroot labs.

The study on innovation and creative labs in Berlin commissioned by the Senate Department for Economics, Technology and Research found that the city has over fifty innovation labs. In the meantime, such labs have almost become one of Berlin's signature features. The survey also provided the transparency needed on the range and focus of these innovation locations and think tanks which are used just as much by the development departments of large companies listed on the DAX as well as individual creative workers. The Senate Department for Economics, Technology and Research is regularly in touch with operators across Europe on the challenges facing innovation locations, and suitable approaches to promoting them. The insights already gained pave the way for cooperation projects on start-up funding and help to create the appropriate conditions for innovation locations.

Facilitating Further Growth

Aside from the regular review and re-alignment of funding programmes and identifying and strengthening areas of growth, it is crucial to encourage highly qualified specialists to remain in Berlin and to ease the employment of foreign nationals through centrally available information, dedicated advice centres and accelerated processes.

Political Debate and Strategy Formation

Berlin's political representatives are decisively involved, in many ways and on different levels, in developing strategies and recommendations for action supporting the creative industries. This not only applies to Berlin itself, but also on the national and European levels. In June 2014, at the initiative of the Senate Department for Economics, Technology and Research, the Conference of the Ministers of Economics of the Länder (WMK) ratified a Ten Point Plan to Support Germany's Creative Industries. The plan aims to provide greater access to federal programmes for the creative industries, integrate the creative sector into cross-industry innovation alliances, encourage the use of guarantee facilities to facilitate more microloans for creative sector businesses, and intensify the promotion of foreign trade for creative industries.

The representatives of Berlin's Economics and Cultural Departments are members of numerous committees and other bodies advising the European Commission. In addition, through the Senate Department's Projekt Zukunft initiative, it is involved in a variety of European projects (including OpenCities / Cross Innovation / European Creative Industries Alliance). Berlin is one of six members of the European Creative Industries Alliance (ECIA) which advises the European Commission on aligning strategies and funding programmes for the creative industries. Analysing various cluster initiatives in Europe's creative sector has shown that cluster management is most successful where it can not only work towards supporting cross-industry innovation and opening up new markets, but is also dovetailed into and can influence the framework of funding for the creative industries.

A survey of businesses and networks in the course of drafting a master plan for the creative industries in the capital region of Berlin-Brandenburg noted that the proposal to establish new additional structures was received critically. In contrast, there was broad support for overarching cluster management connecting the ICT and creative sectors. In future too, the priorities and measures to support the creative industries in Berlin will be developed and evolved together with businesses and networks.

The management structures in the areas of ICT, media and the creative sector are being drafted in a new form. The meetings on ICT as well as on the creative industries are held at monthly intervals. Through the communicators involved, the Creative Industries Steering Committee has close links with the existing working groups of the Chambers of Industry and Commerce (IHK) as well as the networks in Berlin and Brandenburg.

Milestones in Berlin's Creative Sector

2005 First Creative Industries Report by the Senate Department for Economics, Technology and Research Berlin / Launch of Berlin's Cultural and Creative Industries Initiative

2006 Berlin joins the UNESCO Creative Cities Network

2007 »Culture in Germany«, Enquete Commission Final Report

2008 German Federal Government launches its Cultural and Creative Industries Initiative

2008 Berlin takes over as Chair of the Ad-hoc Working Group on the Cultural Economy, Conference of the Ministers of Economics of the Länder (WMK) / Germany's federal Länder agree on a uniform definition of »creative industry« and its field of application, subsequently drafting summary papers on the promotion of the cultural and creative industries by the federal states

2008 Website www.creative-city-berlin.de

2008 Start of funding for landmark events incl. Berlin Fashion Week, DMY International Design Festival, Berlin Music Week, Art Week Berlin, Berlin Web Week etc.

2008 Launch of the VC Fund Creative Industries Berlin / Creative Coaching Center Berlin

2009 »Berlin — Made 2 Create« competition series launched, since then over 15 competitions

2009 Second Creative Industries Report by the Senate Department for Economics, Technology and Research Berlin

2010 First German Federal Government's Monitoring Report on Creative Industries in Germany

2010 Design Strategy of the City of Berlin

2011 Launch of the Hybrid Platform (cross-sector innovations)

2012 Launch of the Design Transfer Bonus Programme

2012 Cross Innovation and European Creative Industries Alliance, Berlin awarded a seat on the Steering Committee

2013 Study of Berlin's Innovation Labs; Berlin has the highest density of such labs in Germany

2013 Berlin Strategy for the Digital Economy

2014 Platform launch of crowdfunding and crowdinvesting www.crowdfunding-berlin.com

2014 Conference of the Ministers of Economics (WMK) ratifies the Ten Point Plan to Support Germany's Creative Industries

2014 Conference of the Ministers of Economics of the Länder (WMK) ratifies pro-venture capital initiative

2014 Approx. 70 cross-sectoral projects funded under the Design Transfer Bonus programme / A further 450,000 euros is added

2014 The VC Fund Creative Industries Berlin is increased by another 40 million euros to approx. 70 million euros

2014 Third Creative Industries Report by the Senate Department for Economics, Technology and Research Berlin

Structure of the Report

The Report is divided into six chapters starting with core statements on the development of the creative industries, the key fields of action, and a discussion, moderated by Professor Heik Afheldt, between various actors in the creative industry. The statements offer an insight into the views of creative sector representatives. The second chapter comprises an overview of the current data on the creative industry's individual market segments, their characteristics and key indicators. Dividing the creative sector into eleven sub-markets has become standard in public discussion — even if, in Berlin particularly, it is only too evident how open the individual market segments have become. It is hardly possible any longer to categorise an enterprise as clearly belonging to a sub-market. Smaller enterprises especially work in a variety of business areas, while digitalisation is an additional overlapping factor. The most interesting developments can be found, in particular, at the interface between the market segments and the digital economy. The presentation of the sub-markets is followed by a chapter on cross innovation, outlining some aspects of these developments.

Chapter Four is dedicated to the impact of the cultural and creative industries on tourism. Berlin's tourism sector benefits significantly from the visibility and resonance of the creative sector. On the basis of a special evaluation of microcensus data, the German Institute for Economic Research (DIW Berlin) has conducted a second analysis of the structure and development of creative worker earnings in Berlin in comparison to other cities in Germany. The results of this analysis are presented in Chapter Five of the Report. Chapter Six considers the spatial distribution of creative sector enterprises based on a special analysis by the Technische Universität Berlin — Institute of Urban and Regional Planning (ISR) of the business database of the Berlin Chamber of Commerce and Industry (IHK) and the Künstlersozialkasse (Social Insurance Scheme for Artists and Writers — KSK). This chapter further develops the research in 2008 on the preferences of creative companies in Berlin for particular areas, and the city's centres of creative industries.

Editorial Discussion

In a discussion chaired by Professor Heik Afheldt, a group of entrepreneurs from key creative sectors in Berlin reflect on the creative industries, their own business focus, and the support they would like to see from policymakers and the Senate Department for Economics, Technology and Research:

THOMAS WILLEMEIT, Graftlab – Architecture
MONA RÜBSAMEN, FluxFM – Radio/Entertainment
MAIKE CRUSE, abc Kunstmesse – Art
CHRISTOPH BROSIUS, Die Hobrechts – Games/Design
BARBARA FRIEDRICH, Uferstudios Berlin – Dance
PROF. HEIK AFHELDT, many years' experience as a journalist and managing editor of, e.g., Der Tagesspiegel newspaper

What are the creative industries — and what does it mean to be part of them?

MAIKE CRUSE — I am working for abc, which organises the art berlin contemporary art fair as well as Gallery Weekend Berlin, and so I represent part of the city's art market. We develop platforms for galleries. These platforms are also designed to strengthen the local art market — and that's important since the galleries play a decisive role in supporting artists. But with Berlin's art market very underdeveloped in comparison to the situation internationally, it's a major challenge to establish such platforms over the long-term. I don't have any issues with »cultural industries« as a term. After all, our declared goal is to boost the economy.

HEIK AFHELDT — You mentioned that Berlin's art market is very weak — yet isn't the city reputed to have the highest density of galleries?
MAIKE CRUSE — That's true — and in global terms, Berlin is one of the leading locations for creating art. Artists really like to live and work here. The Art Basel show includes around 35 galleries from Berlin, making it the city with the second largest group of galleries represented there after New York. That's fantastic since its shows both the outstanding quality and the density of Berlin's gallery landscape. Nonetheless, generally speaking, these Berlin galleries primarily sell their works abroad and at fairs outside Germany. So the major challenge is to get people in Berlin into the galleries and activate the art market locally at the grass roots level.

HEIK AFHELDT — The question is how that can be done. From your remarks, you essentially seem quite happy about being pigeonholed as part of the creative industries. Thomas Willemeit — how about you?
THOMAS WILLEMEIT — I'd also categorise myself in the same way, although I'd make a clear distinction between the creative and cultural industries. In my view, the creative industries are also part of our excellent sector of small and medium-sized industries where you find ingenious entrepreneurs and inventors at work. I regard them as just as creative as someone who paints a picture. But the cultural sector is slightly different.

HEIK AFHELDT — Then you see your very successful architectural practice as part of the creative industries?
THOMAS WILLEMEIT — Definitely. The wonderful thing about architecture is that we deal with constructive realities and costs on a daily basis, yet naturally also ask ourselves every day whether what we are producing adequately expresses the specific content, and what poetry or message a particular building radiates. To that extent, architecture is also addressing fundamental cultural aspects, since it determines a visitor's first impression of a city. Architecture is the surface, the scenery a city has chosen as its stage setting.

HEIK AFHELDT — I would like to bring Barbara Friedrich in here — do you feel comfortable in the cultural industries or creative industries box?
BARBARA FRIEDRICH — Sometimes it's practical if you fit into a number of boxes, since then you can put yourself into different ones depending on the situation. Sometimes it's very impractical if you are caught between all the boxes, and don't really fit into any of them. We feel that we belong to art production and artistic research, and are not profit-oriented — and to that extent, we don't fit into this box. On the other hand, half of my life every day is spent trying to keep our studio room prices as low as possible for the artists, and of course that is related to economic management. So I'm open to being categorised as you like.

MONA RÜBSAMEN — Through its core positioning, FluxFM provides the city with a network and platform for Berlin's creative workers, and as a result uses a variety of communication channels. In this context, FM is crucial as it's a classic mass medium. But it's the link between FM, online and social media which gives us our particular profile. And as a transmedia, urban network, we are happy to be seen as part of the creative industries. I'm glad that we have this term. Today, it's receiving considerable attention both in the business sector and the political arena, and that generates public awareness. Over the last years, in my work as an entrepreneur and media maker, I have found that the creative designers or movers and shakers in our economy want platforms, networks and spaces for communication.

Prof. Heik Afheldt

HEIK AFHELDT — So what would you say is the common denominator of creative practitioners? You can find the creative industries characterised by relatively high growth, relatively low incomes and the idea of intensive cross innovation — which means a lot of positive synergies.
MONA RÜBSAMEN — In my view, there really is a widespread sense of community fuelled by the shared passion for what people do and what drives them.

HEIK AFHELDT — Is it fair to say that many more people in the creative industries enjoy what they are doing, enjoy their work, and are not so much income and profit oriented?
CHRISTOPH BROSIUS — Definitely. If we have a couple of key criteria describing the commonalities, that's undoubtedly one of them. We first came across the concept of the creative industries in 2011. My background is in advertising, and I've worked in film and TV, and today I produce games – and that's all part of the creative industries. What has this term given me? It has provided me with a basis for talking to people I don't otherwise have that much to do with directly, people living from their creativity and driven by an inner passion and intrinsic motivation, irrespective of whether on the regional level of Berlin's Neukölln district or the national level. We all talk a different language, but have the same problems.

HEIK AFHELDT — What kind of problems are those?
CHRISTOPH BROSIUS — I'd like to be able to live from what intrinsically motivates me and drives me. But there's a snag. On the one hand, there's »service thinking« which is customer-oriented and manages to come to terms with asking for money for what we do. On the other hand, there's »producer thinking« which says: In the worst case, since I'm doing just what I want to do, what I produce will just be an end in itself. The games sector is one of the most interdisciplinary market segments in the creative industries. We need lots of different talents and skills to be able to produce what we do.

Left Christoph Brosius, right Maike Cruse

How would you describe your business?

CHRISTOPH BROSIUS — Our agency for game design and game thinking is a limited company called Die Hobrechts, just because it was founded in Hobrechtstrasse. The company, which returns annual sales of around 150,000 euros, comprises five people. Our offices are still in the Neukölln district, though not in Hobrechtstrasse any longer. But we kept our name when we re-located to a co-working office called Büro 2.0 on Weigandufer. We develop gamified solutions for our customers to improve customer retention and enhance user experience.

MAIKE CRUSE — We are a limited liability entrepreneurial company — an Unternehmergesellschaft (UG). The partners are eight Berlin gallery owners. We organise two annual events — the Gallery Weekend in May and the abc art fair in September. In essence, we are a two-person team — the executive manager together with myself as artistic director. For the abc art fair, we take on a few freelancers to build the production team. The partners work in an honorary capacity. The company's declared goal is not to make money, but support Berlin's gallery owners. As a result, although the Gallery Weekend generates around 300,000 euros, we don't keep it but spend it all on the business. And the same happens with the approximate 600,000 euros we make during the abc art fair — it's all ploughed back into expenditure. We are a marketing platform for 120 international galleries for the abc art fair, including 70 from Berlin, and for 50 Berlin galleries for our Gallery Weekend in May.
MONA RÜBSAMEN — FluxFM is also a limited company, in this case comprising four partners. Together with Markus Kühn, my co-executive director, I am one of the majority partners and responsible for business operations. One of the other partners is Konrad von Löhneysen, who is ranked among the most successful independent music entrepreneurs here in Berlin. The fourth partner, who supported us with start-up financing, is a company from the circle of our families in the Frankfurt area. We are a very unusual enterprise, even though we are run as a classical limited company operating a radio broadcasting network. Since Berlin has a very innovative media authority which promotes new media services, the company was initially launched here in the city as MotorFM. The broadcasting network then expanded from Berlin to include Bremen and Stuttgart. Ultimately, the basic idea was to develop a nationwide FM network as well since, as we see it, radio — especially when linked to online capabilities — offers a superb way of communicating new music and new content. We are the soundtrack for modern Berlin, a city magazine of sound where you can easily pick up all the latest news and views — What's happening in the city, what's new on the scene? Who is working on what? That's one of our main pillars. We developed a second pillar when we realised just how important real-life encounters are becoming in the era of digitisation with everyone networking online at both the local and international level. So we created the FluxBau in Berlin's Kreuzberg as an event location. It's situated right in the heart of the city's creative music business quarter, close to Oberbaumbrücke bridge in an area home to many other clubs as well. What we do there is to bring together, in a very personal way, our listeners with the musicians. We also organise fun interdisciplinary events bringing together fashion designers with musicians or gamers with other networks. This combines a linear mass media with online, social media and an event location — and taken together with Berlin's various networks, creates a springboard for creative practitioners.

Thomas Willemeit

HEIK AFHELDT — Thomas Willemeit, on your website, I found the wonderful sentence »The world is digital, more diverse, better connected, faster but also more confusing …«

THOMAS WILLEMEIT — I'd like to go back to the phrase »unusual enterprise«. In the area of the creative industries, it's crucial to find the right business form or adaptation of some existing format. So it's not surprising that we don't just have one type of company today, but many different legal forms of business organisations. Together with two other people, I started an architectural office. We are architects — but not just architects. We also deal with many other things as well which then have new formats. We set up our architectural practice 15 years ago in Los Angeles. Three years later, we moved to Berlin. We found it was really exciting to bring a touch of an »exterior perspective« with us — and actually we still have that today as we opened another office in Beijing in 2003. In the meantime, our design studio employs nearly 100 architects worldwide. It all started with developing scenographic designs — stage designs for reality. Our approach was scenographic, something especially easy to put into practice in Los Angeles, the city of the film industry. Then we moved here, developed our first spaces exploring the relationship between art and architecture, worked in the theatre and film sectors, and created interior designs. In brief — designing an atmospheric frame. With this in our backpack, we then headed out into the world and have enlarged the dimensions of our work. Today, our designs range from restaurants, hotels, and medical practices to residential complexes and hospitals. We are always looking for new topics outside the classic Dasein of architecture. At the latest, since rebuilding one of the poorest city districts in New Orleans after the floods in 2005, we have engaged in a critical dialogue with other forms of architecture. At the moment, we are in the process of discovering Africa, with hotel projects in North Africa and energy projects in Sub-Saharan Africa, and designing a hospital in Addis Ababa — working in very different areas. We also need to be aware of these markets, not just our own small city. And we keep aware of those markets through a range of organisational forms. On the one hand, there's our limited company, but we also have a number of companies under private law. We've developed an off-grid energy supply unit for a kiosk as well, and co-founded a company to produce these booths and market them in Africa. We're glad to have different pillars which, to an extent, counterbalance each other. In international terms, it's an advantage for us to take a multifaceted approach and have a presence in different business areas.

HEIK AFHELDT — How are the Uferstudios organised and what do they do?

BARBARA FRIEDRICH — We have a building covering 7000m² on a site in Berlin's Wedding district which once housed a maintenance facility for the city's BVG public transport system. Our limited company has a salaried staff of three full-time employees and one part-time. Every day, we have up to 300 artists and students on our site. Our staff is definitely too small for those kinds of numbers, but we are a great team. The idea for the Uferstudios was born when I was producing a work with artists in the performing arts sector, and we could hardly find any suitable rehearsal space. We rehearsed under awful conditions in some assembly hall or other. But even many independent theatres, for example, the Sophiensäle, have almost no rehearsal space. It was in this context that I set up the Tanzraum Berlin network in 2005. Our most important project was to kick-start the opening of a larger production site and launch a contemporary dance training programme. This resulted in the creation of a network with a variety of partners, ranging from small partners, possibly only with one studio or those, similar to Tanzbüro, which act as information and advice centres, to major players such as the Hebbel Theater, HAU and the Radialsystem — and so covers the entire spectrum of contemporary dance. We succeeded in creating a location where artists can produce and students can learn. As the Uferstudios GmbH, we are the company operating the site, and ensure that the rents remain affordable since the artists and ensembles rehearsing and producing there don't have that much money. We had already looked at two real estate options suggested by the Liegenschaftsfonds Berlin, but that proved just very time-consuming and neither of them came to anything. Liegenschaftsfonds had sent us some proposals about schools with rooms of 30 m². Then we found an interesting private property in Köpenicker Strasse at a reasonable rent. But the deal fell through when the Lottostiftung lottery foundation insisted on the private owner guaranteeing the costs of developing the building — and that meant encumbering the property with a legal claim for those costs. It was only possible to start the Uferstudios then because, at the same time, the BVG moved out of their Uferhallen maintenance facility and a private person with a few investors founded a public limited company and gave me this guarantee.

Left Thomas Willemeit, centre Barbara Friedrich, right Heik Afheldt

What kind of support do you expect from policymakers and the Senate Department?

CHRISTOPH BROSIUS — Why are we here? Because we studied here — so one area would be support for the educational and training landscape. And why did others come here? Because the conditions and networks in Berlin are good. So everything strengthening links between people is a good thing, in every respect. I'd like to deal with people who think and act like entrepreneurs, though not out of a desire to become immensely wealthy or sell the company five years down the line, but because they want it to grow solidly. My theory is those people are out there, but don't know each other yet.

HEIK AFHELDT — What role do the many flagship events play?

CHRISTOPH BROSIUS — They certainly play a role, but the people meeting each other there are all in the same soup. Instead, I think it's the cross connections that are important. Every sector is organised and has its own lobby. But if I create a frame for all that, it's sure to generate increased value-added.

BARBARA FRIEDRICH — Just recently, we collected donations from our network for a fantastic event in our Kesselhaus venue with an amazing programme. This brought together musicians with people from the fine arts who had never met before, and they all said »Wow — we should do this more often!«. I believe that inviting the right people to the different events and creating an atmosphere where topics and content can be discussed provocatively would really help creative practitioners.

MAIKE CRUSE — We have a similar network with the Berlin Art Week, but getting together at cross-sector meetings is a relatively rare event. Nonetheless, in essence, I think that an expanded cross-sector network is an interesting idea — taking the chance to think outside the box with gamers, architects and others, and not always being stuck in our own little art world.

MONA RÜBSAMEN — In many respects, too much emphasis is given to the topic of networking. In reality, people who have to earn a living are working and always have things to do. And especially that issue of developing a »second string to your bow« and »taking a multi-track approach« means that the self-employed are never in 9-to-5 jobs, but ultimately are busy 16 hours a day. As an entrepreneur, what has proven valuable is — how shall I put it? — »qualitative meetings«. In other words, smaller groups preferably with heterogeneous members and preferably informal — and not one hundred people in a room, all wearing name badges. Recently, we organised a »field day« on a Sunday afternoon, arranged around a little hiking trail through Kreuzberg. A number of musicians performed along the route, and people walked a bit together and chatted. We were not just people from the music sector, but also brand manufacturers and people in the media, and together we discovered new music in an innovative way. You need to try and find a format where those people shaping this city, the ones Berlin needs to retain, can meet and exchange experience more or less in a fun way.

HEIK AFHELDT — But you're not suggesting the Senate Department should take on the task of organising »field trips«, are you?

MONA RÜBSAMEN — Perhaps not — but it should organise a competition to find new formats. I'd also like to see it building a bridge between the level of entrepreneurs and movers and shakers, and the economic and political circles. That's the only way the structural changes necessary would go in a direction that also profits us, as the real doers.

THOMAS WILLEMEIT — As I see it, it is not the job of policymakers and the Senate Department to find creative workers and practitioners and play nanny to them. As harsh as it may sound, the Senate Department ought to focus exclusively on providing the funding and creating funding programmes — and do so in a really massive way at those points where creative practitioners are not just going round in circles. At the end of the day, that's the most elegant and the best approach. This is the purely economic side of things, but there's also a social perspective as well. Berlin is a city in a permanent state of change — and was always a city with two adjacent worlds. On the one hand, there's a very provincial world with a strongly local perspective rooted in people's own neighbourhoods. In this world, you find, as you could say, a slow provincial sense of time, inflexibility and small-c conservativism, but also a world very much focused on the local level. Then there's the parallel world — a very open, cosmopolitan society. Both of these worlds coexist in Berlin. And now, the city faces the new task of providing a projection surface for an international society at the heart of Europe. For us, it's quite a novel experience to find Berlin is so attractive internationally. I believe we have to embrace this development as firmly as we can to ensure it becomes an integral part of this city. That is a vital step in the struggle for the future.

HEIK AFHELDT — How can you organise constant change?

THOMAS WILLEMEIT — Crucially, you need to give it a visible profile on the global stage. And that's really difficult when the city's largest and most prestigious building project is the planned reconstruction of the City Palace — a project which shouts failure in capital letters if you really want to spread the idea that Berlin is a creative city designing models for the future.

BARBARA FRIEDRICH — A funding programme to strengthen visibility has already been mentioned, and that's really important. Even the poorest countries in the Balkans are in a position to invite interesting figures from abroad. I've just come back from Sofia, but I can't invite anyone to Berlin. The potential of the independent scene in Berlin, something everyone now praises and says is great, has to be given a visible international presence so that we can say: »Come on guys, come and visit!«

HEIK AFHELDT — So Berlin, as a creative city, needs to advertise itself more!

MAIKE CRUSE — Interestingly, projects are created here which are unique the world over precisely because the conditions in Berlin are so different from other cities. Take the art fairs as an example — if we had a robust art market, we would have the same art fairs as every other city in the world. But since the conditions in Berlin are so special, the city attracts all the artists and is home to great galleries, but the art market itself is weak. So we have developed two different formats unique to the city. Both of them have been carefully scrutinised by the global art world — and, in the case of the Gallery Weekend format, it has already been copied.

MONA RÜBSAMEN — I see a real danger in the »creative caravan« moving on. Initially, young graduates tend to view Berlin as a creative laboratory, a place to take their first steps and gather their first international project experience. Then they take this experience, with all this expertise and best-practice examples, and move to places with more lucrative job offers. We have to face the fact that the generation between 20 and 30 now is significantly more mobile – and it would be serious if Berlin merely stays on the level of a springboard for creative professionals, which, in turn, would weaken the future perspective of the region's local creative sector. One possible approach here could be to ask: How can I manage to drive forward cross-media innovation between economic sectors?

Mona Rübsamen

THOMAS WILLEMEIT — We set ourselves up as an architectural office to conduct research, communicate what we do, and try to secure funding for our projects. For example, we designed the Solarkiosk, a large 3x4-meter aluminium container. You can already find the Solarkiosk at 20 locations in Kenia and Ethiopia, in rural areas far from any on-grid electricity. In designing the kiosk, the cooling system was also an issue. So we drafted a research application for funding, submitted it and applied, and were awarded two years financing for the project. The second example here involves developing a prototype intensive care unit in Berlin's Charité hospital. Together with the medical staff, our research looks at how far aspects such as the architecture of the room, lighting conditions, and acoustics influence the patients' healing process. The creative industries have the ability to find solutions to complex issues. And they actually only need a contact partner such as the Senate Department to say which ideas are worth funding and what seems promising for Berlin — for instance, because the health sector or music scene is vital for the city. That partner can then set the bar high and is there to provide the economic incentives..

HEIK AFHELDT — But aren't there already any number of funding programmes? Isn't the problem now rather cutting your way through the funding jungle?

MAIKE CRUSE — I believe it's a very good idea to showcase individual schemes and, rather than focusing on broad funding, use the available financial resources to create lighthouse projects. In Berlin, you often get the feeling that things sort of drift along, but no one is actually breaking through the glass ceiling to become a serious player on the international scene. Incidentally, that's also what the young generation often say — Berlin still offers any amount of free spaces, but it lacks the energy and dynamism you find in other cities. Here, you never sense the potential of climbing that ladder from »dishwasher to millionaire«.

BARBARA FRIEDRICH — So we need more and better targeted funding programmes! Overall, we still have a clear disparity. Today, everyone may be talking about the creative industries, and they may be acknowledged as a kind of nebulous cloud, as something the city lives on and profits from, yet when you look at the total funding available, the creative industries are really still just a baby, aren't they? Berlin's policymakers have not really turned their words into deeds. And we also have to recognise that there are still some areas without any kind of real funding instruments at all — for instance, in the performing arts. I don't believe that's due to a lack of awareness of the funding instruments needed. Instead, in my view, it's a result of the responsible Senate Department not having the necessary financial resources available.

MONA RÜBSAMEN — When we talk about the economy, the question is: Where is the market? How can I access the expanded European or even global market? Take the music industry as an example. Germany is, of course, the world's third largest music market. But that's something German musicians don't know. Instead, they tend to be frustrated with their situation, asking themselves: »Why aren't I getting the breaks? I've got no recording deal, I'm not touring, and I'm flat broke«. On the other hand, if you look at the hype now about Berlin as Europe's music capital, especially in the international context, you can find very positive examples emerging from international influencers visiting the city, getting familiar with the music industry here, and developing personal contacts with musicians. For example, our radio station was promoting one musician at an international music fair in L.A. There, he was signed up by an American TV series — because in the States you aren't allowed to simply use music produced in America as a background to TV adverts. In other words, the entire American TV sector needs background music — and it's a massive business. Young musicians in their mid-twenties don't know that and, in any case, don't have the contacts. Consequently, quite aside from funding programmes, inviting international business multipliers to Berlin and linking other professionals living in Berlin into their networks of contacts could be one crucial step.

HEIK AFHELDT — And that brings us to the club scene. What can you do there …?

MONA RÜBSAMEN — The club scene has been crucially important for Berlin and still is — a real magnet for people living here as well as international visitors. The club scene continues to be very vibrant and diverse, comprising clubs active for years and well established, and a stream of newer, smaller clubs with enthusiastic audiences. The scene is constantly changing. You often find the press talking about the »death of the club scene«, but I don't share that view. The only thing club organisers worry about is that the city's architectural changes and the international investors will leave fewer attractive venues for clubs to use, and force them to change their location. Those are the points of friction I'm aware of, and where I'd like to see greater understanding in the city administration on the need to protect these spaces as communication interfaces for creative people.

Left Maike Cruse, right Mona Rübsamen

If you had to name one particular issue as your top priority for change, what would it be?

MAIKE CRUSE — I'd like to see more efforts made to attract greater numbers of ambitious, innovative young people and companies to Berlin — young lawyers setting up their legal practices here and perhaps starting collections, or becoming patrons supporting artists or institutions. The city's museums are, of course, underfunded. I always think they should do more to find private supporters and finance their programmes in that way — just as museums abroad have done for so many years, often as their only source of funding.

MONA RÜBSAMEN — My top priority is for the Senate Department for Economics, Technology and Research to continue to drive forward dynamic change in a process of dialogue with the arts scene, and build bridges facilitating reciprocal insights and understanding — and to find new formats promoting the professionalization of international contacts, whether through funding programmes, forms of encounters or meetings, or financial budgets. A funding budget available for an investment just when needed can make a massive different in an entrepreneur's life, especially when it allows the creation of a showcase enabling the person or company to continue their work and successfully participate in the market. On the other hand, even without funding, quite a lot can still be achieved. There are many young entrepreneurs who say »I'll have to manage somehow, so I may as well just start now«.

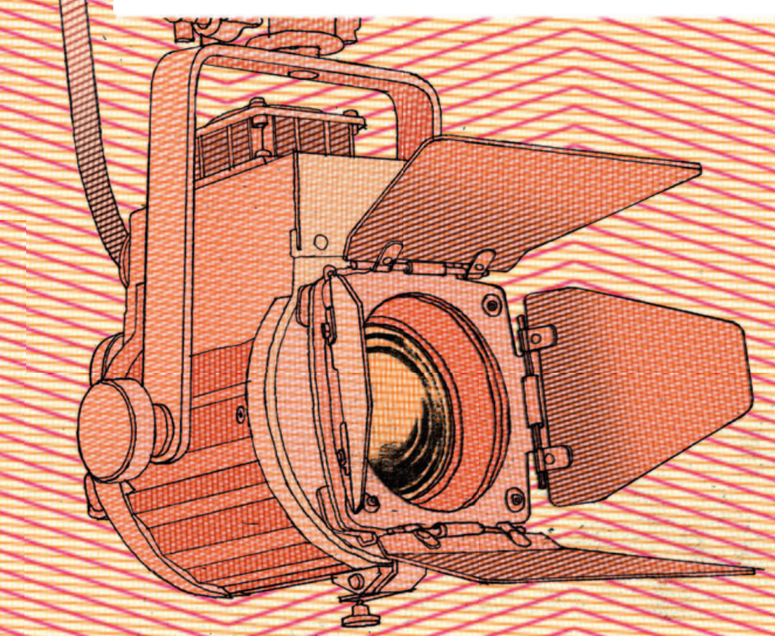
THOMAS WILLEMEIT — Berlin is truly a fantastic place as a basis for developing a global presence. That has something to do with the people here, and Berlin's openness to new ideas. But I am slightly concerned that in this group you have me — a 45-year-old architect with a large practice — representing the creative architectural scene. Where are the young architects, the next generation? And I think that fact may have something to do with Berlin's self-image — of not quite knowing where its own strengths lie. After all, this city has any amount of »hidden powers«. They include people with outstanding training and skills, and a very cosmopolitan, young creative scene — and that's really a major asset. There's also a scene with a strong sense of responsibility, consciously looking for a location that's also a social hub, and interested in such topics as the energy turnaround and intelligent energy design. In particular, such people are doing something you don't find at many locations around the world — they are forming communities, valorising team skills and celebrating the importance of communities across generations. These are qualities that cannot be emphasised enough. Yet we also realise that we might get to build the city of the future somewhere else, but not in Berlin. I've already mentioned the project to reconstruct the City Palace, and that's just one example of a rather timid approach and a strong tendency to look back at the past. We have a lot to do if we want this city to be a model for the future in terms of architecture as well. It would also be a help if we could establish a policy of cooperation between the creative industries and policymakers on all different levels, a feeling of solidarity with the knowledge that we are, at least, pulling together on a shared project — giving Berlin a positive profile visible around the world.

BARBARA FRIEDRICH — I second that, and would just like to briefly add my own priority of improving Berlin's real estate policy. The city has enough spaces, and its architectural image is not a finished product. Berlin can still change. And there's a vast potential among architects as well as among artists to take on these spaces and turn them into something — if only creative workers were given the right conditions to do it.

CHRISTOPH BROSIUS — When I moved here, Berlin had a cool image as »poor, but sexy« — and I could connect with that. It felt super to be following on from that. That image and especially that vision of a city encourage you to tap your own creative potential, imagining the idea of a city, building it, and making it real. I don't see that image any more. What is the message that Berlin now wants to send out about itself, its architecture, and its creative industries?

HEIK AFHELDT — Perhaps »prosperous and pleasurable«.

CREATIVE — INDUSTRIES — THE STATUS QUO



Creative Industries in Berlin — The Status Quo

For many years, the creative industries have solely been regarded as a soft location factor. Yet in Berlin especially, the creative industries are a key hard economic factor, standing for growth and employment. Over the past years, as the economic data shows, Berlin's creative industries have recorded above-average development, even when related to national figures.

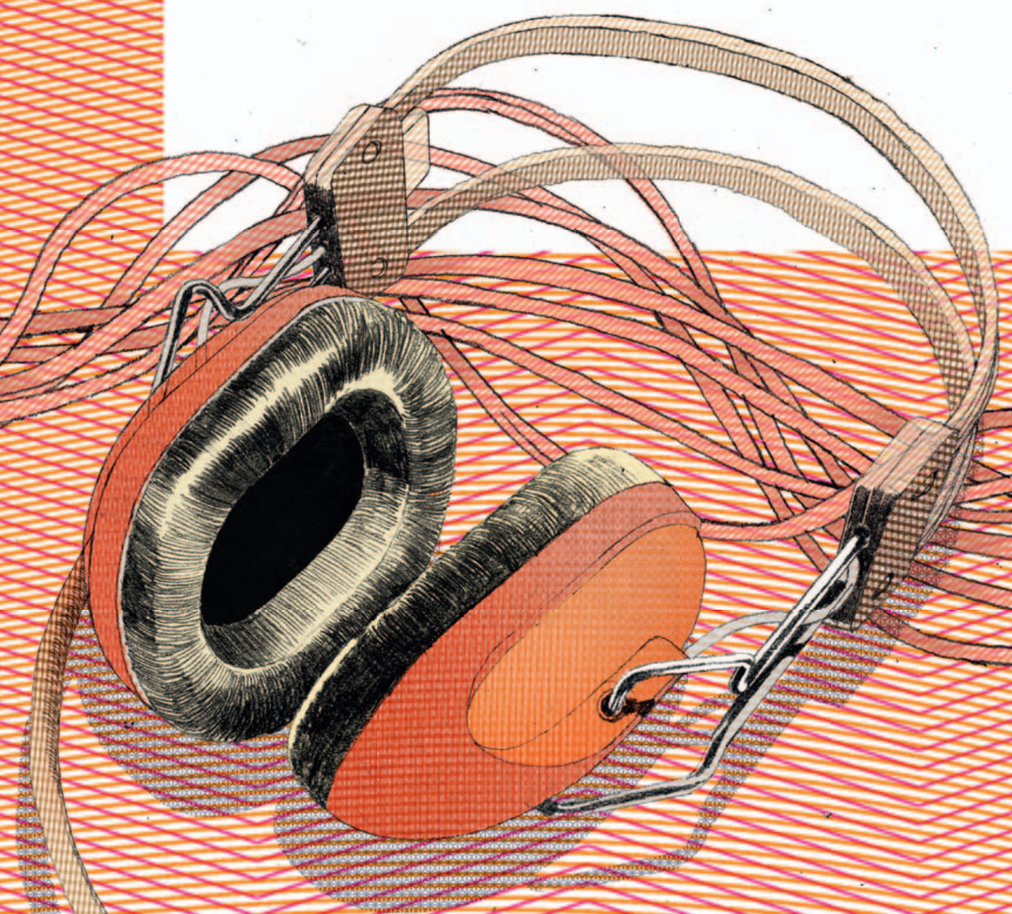
Berlin's creative industries are divided below into the eleven individual market segments specified in the definition of the creative industries by the Conference of the Ministers of Economics of the Länder (WMK). The figures for those other business sectors which are part of the creative industries in the widest sense of the word are combined in the table under Other Sectors. However, the ICT submarket, which is part of the ICT, Media, and Creative Industries cluster, is not dealt with in this Report. To allow a more detailed analysis of the value-added chains, this Report has included in the design and art market business sectors which are categorised as Other Sectors. The Glossary and Sources of Data in the Appendix lists the key terms in this Report and provide references for the data sources.

The table below shows the figures for the turnover, number of companies and those working in the creative industries. The employment data is also broken down to show the proportion of those employees subject to social insurance contributions and those in minor employment in each market segment sector and in total.

Creative Industries	Companies 2012	Turnover in thousand € / 2012	Total employed 2013	Subject to social insurance 2013	In minor employment 2013
Music	1,266	1,021,626	12,740	4,238	473
Books	1,758	821,300	8,681	5,873	465
Print Media	1,894	2,952,866	11,370	8,063	618
Design	5,142	2,233,638	16,802	9,340	1,271
Film	1,897	802,985	10,631	4,450	1,014
Broadcasting	1,679	1,867,180	26,024	6,605	393
Software / Games	3,957	2,665,025	47,087	30,737	1,469
Advertising	1,540	939,238	13,106	6,151	906
Art	2,583	697,566	6,607	4,819	706
Performing Arts	1,665	504,506	13,248	3,859	577
Architecture	2,680	452,763	8,939	4,905	421
Other Sectors	2,126	1,651,485	10,785	9,416	1,055
Creative Industries Total	28,187	16,610,178	186,020	98,456	9,368

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

MUSIC



Specific Features

Since the music submarket is very heterogeneous, it is difficult to generalise about the industry's economic development as a whole. General statements tend to be only valid for individual segments. For example, those sectors of the market primarily aimed at exports and, in particular, the craft production of music instruments, were more susceptible to crises than the music trade or musical theatres. Nonetheless, it is still clearly evident that the music industry in total has recovered.

Across the music market, the shift to digital media has created a sense of a new era about to start. Yet aside from the intensive focus on virtual products and the immense growth rates in this area, the Federal Music Industry Association (BVMI) reports a continuing demand for physical sound carriers with sales still accounting for over 75 percent of turnover. Admittedly, though, over the longer term, this subsector does show a steady decline in sales.

IFPI, the International Federation of the Phonographic Industry, states that in 2013 the music industry's global sales amounted to over US$ 16 billion. This figure is down 3.9 percent over 2012, largely due to the sluggish music market in Japan (with sales there dropping by 17 percent over 2012).

Companies have profitably exploited the digitisation of music, not only in Germany but also around the world. Globally, revenues from the digital music business rose by four percent and now account for 39 percent of the entire market. At present, then, music consumption and production is undergoing a global paradigm shift.

With a digital share of 19 percent, Germany is centrally placed in the European rankings. In 2013, the nationwide revenues from digital business rose in total by 12 percent to 328 million euros. Digital consumption is set to increase further as Germany expands its digital broadband network.

Various streaming services became established in the wake of Germany launching its digital network. Since 2006, these have been offering a range of subscriber services that have been very well received. The streaming services as a whole presently report 28 million subscribers worldwide. For example, the commercial music streaming service Spotify, whose headquarters in Germany are located in Berlin's Friedrichstrasse, is the global market leader in this sector with over six million paying subscribers. According to the Federal Music Industry Association (BVMI), the turnover of the streaming services rose by 91 percent from 2012 to 2013. In this business model, the record labels also earn on each song played. Since 2008, Spotify has transferred US$ 500 million to the record companies in licensing fees. At present, Germany has 19 streaming services providing access to around 30 million titles. Despite the growth in legal download services, the issue of illegal use and the legal grey area has not yet been resolved.

Music	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Reproduction of recorded media[1]	30	44,128	150
Manufacturing and retailing music instruments	134	83,679	356
Retail trade with sound and image recordings	18	6,869	70
Recording studios; producing radio reports; publishing sound recordings and music publishing	315	453,565	2,160
Ensembles and artists[2]	430	85,700	1,939
Promoters and stages[3]	339	347,685	8,065
Total	1,266	1,021,626	12,740
Submarket changes 2009–2012 / 2013	9.1 %	60.0 %	8.2 %
Submarket share of creative industries	10.5 %	13.6 %	10.6 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

[1] The data for this business sector is divided equally between the music and film market segments.

[2] The data here combines the sectors of ballet ensembles, orchestras, choirs, freelance composers and music arrangers.

[3] The data here combines the sectors of theatre and concert promoters (50 %), operas, theatres, and concerts (50 %) as well as the auxiliary technical services (50 %). The remaining 50 percent in each case is included in the figures for the performing arts.

Berlin

Berlin is renowned globally as one of the world's most exciting locations for creativity, innovation, originality and authenticity. This also applies especially to the music business, not least for its pioneering mix of music production, festivals, live venues and club events. There is an enthusiastic audience across the entire spectrum of genres, from electronic to classical music. The Berlin music scene is supported by the special interest groups based here, such as the Association of Independent Music (VUT), the Federal Music Industry Association (BVMI), the Berlin Music Commission and the Club Commission.

In early 2013, the Berlin Senate set up the Musicboard project under Katja Lucker, appointed as Berlin's music representative, with the aim of promoting the city's pop music scene and strengthening its cultural and economic visibility and appeal. Initially, Musicboard was granted an annual budget of one million euros for funding artists, arranging events and infrastructural investment. Musicboard also functions as a point of contact for the music scene's issues and concerns.

Berlin has an optimal infrastructure for music, both in the amateur and professional sectors. The 155 music schools across Berlin's twelve boroughs have a total of over 540,000 students registered for music lessons. The city's landscape of higher education institutions for music is unique throughout Germany with around 1,830 students enrolled, for example, at the Berlin University of the Arts (UdK) and the Hanns Eisler School of Music Berlin, training to become musicians, sound engineers or sound designers. Berlin's opera houses, theatres and concerts halls are among the city's leading employers, providing jobs for nearly half of all those working in the city's music industry.

As well as hosting such major music companies as market leader Universal Music Deutschland, the subsidiary of Universal Music, and DEAG Deutsche Entertainment AG, Berlin also has a diverse and multifaceted festival, event and club scene. Berlin's

music landscape also includes over 250 venues and around 150 music publishers, from the Rolf Budde Musikverlag or the Meisel Group of Companies, one of the leading independent music publishing companies in Germany, to the Berlin office of international classical music specialists Boosey & Hawkes. The city is also home to over seventy recording studios, including the Hansa Studios, and such internationally renowned orchestras as the Berlin Philharmoniker under Sir Simon Rattle.

The Bertelsmann Music Group (BMG), one of the leading players in the music industry, is also headquartered in Berlin. The Group's sales are constantly rising with growth in turnover of between 300 and 500 million euros predicted over the next four to five years. In 2012, Universal Music Deutschland reported sales amounting to 31 million euros. These companies are not included in the table above since they have been categorised as part of a different set of data.[4] The same applies to the discos and clubs[5] which, according to the official figures, generated a turnover of 17 million euros in 2012.

Over ten percent of music companies in Germany are headquartered in Berlin. In a national comparison, the city has an above-average concentration of businesses and entrepreneurs in ticketing, recording studios, musicians and composers, publishers and concert promoters. The figure for music industry companies in Berlin has increased by nine percent over 2009, while the jobs in this sector rose by over eight percent by 2013. Despite a changing value-added chain, Berlin's music sector returned a growth in turnover of over 60 percent from 2009 to 2012.

The turnover development varies considerably in the individual sectors of the music industry. Music publishing and recording studios showed the strongest growth; in contrast, the reproduction of recorded media experienced a drop in sales of over nine percent compared to the previous year.

The number of jobs in the different music industry sectors mirrors this development with, for example, two-digit growth in the retail trade with musical instruments, printed music and accessories as well as publishing of sound recordings (17 percent and 11 percent respectively). Only the auxiliary technical services experienced a marked downturn, with a drop in sales of almost 20 percent. Approximately one third of all those employed in Berlin's music sector are in jobs subject to social insurance contributions. In comparison to other market segments in the creative industries, this is below average and hence harbours a significant potential for growth.

Quite apart from the leading companies cited above, Berlin can boast innumerable composers and producers, many working as freelancers. The Berlin labels with a national and international reputation include, for example, Jack White, Motor Music, Piranha, Embassy of Music, K7, Get Physical, Traumton and many more. On the international music scene, Berlin is the acknowledged capital of electronic beats. Here, the Berlin clubs play a major role. Not only have they steadily developed into a major magnet for tourists to the city, but they also offer significant potential for innovation in the cultural sector.

In particular, the club landscape is now unimaginable without software producers such as Ableton, Native Instruments or MAGIX and their music software solutions. Berlin has also become home to a rich diversity of online platforms, such as Beatport or Tonspion, which provide access to a broad range of legal downloads. Other new companies in this industry sector founded over the last years in the city include, for instance, the SoundCloud portal and such start-ups as tape.tv, wahwah FM and Aupeo, as well as a broad spectrum of new service providers offering administration and accounting services or expert advice on copyright and the clearing of rights. The music industry companies set up in Berlin or moving here testify to the city's key role in attracting creative workers and entrepreneurs, and above all underscore the importance of Berlin as an innovative music metropolis.

Berlin's music industry is not only home to an exceptional range of music genres and types of music companies, but this diversity is equally evident in the events on and about music regularly drawing leisure and trade visitors here in large numbers. Every year, the ECHO Awards, the most important music prize after the Grammy, are presented in Berlin. The city also hosts a wide variety of annual music festivals including, to mention just a few, the Fête de la Musique World Music Day, the Classic Open Air festival and the Berliner Tage für alte Musik early music festival. The Berliner Festspiele puts on a wealth of festivals every year, from the MaerzMusik – Festival of Contemporary Music to the Musikfest Berlin and Jazzfest Berlin.

The Berlin Music Week, launched in 2010, provides Germany's capital city with a series of events to present a wealth of activities, enhance communication and drive forward synergies. This broad and cooperative platform strengthens Berlin as a location and its international reputation as a music hotspot. Rather than solely being a music industry event, Berlin Music Week encourages cooperation with the steadily growing start-up scene and creates many new promising formats. It provides an interface for contact between music fans, the trade audience, the media and political spheres, and offers a platform where they can pursue their interests, generate value-added and discover inspiring niches. The long term objective is for the Berlin Music Week to become one of the largest and most popular music festivals, establishing the city in the top rank of the world's music capitals.

[4] Universal Music Germany's turnover is not listed in the music market segment, but included under the Vivendi Holding. Sales of the Bertelsmann Music Group in Berlin are included in the official figures for the Bertelsmann headquarters in Gütersloh.
[5] The submarket of discos and clubs is not included here since, with only a comparatively low number of music clubs classified in this market segment, the data has only limited statistical significance.

BROAD-CASTING

Specific Features

For a long time, broadcasting was a clearly defined sector of the media industry with its own organisational forms (public service and commercial broadcasters), its own broadcasting channels and specific devices for the broadcast content.

Digitisation not only overcomes spectrum scarcity — the shortage of broadcasting frequencies — , but also supports enhanced image quality (ranging from high definition to 3D TV). The development of broadband networks have created the means to disseminate audiovisual content via the internet; moreover, rather than content being time-and-channel-based, it can now be accessed by each individual user as desired. Broadcaster content can be accessed on a variety of devices, from the classic TV screen in the living room to mobile devices such as tablets and smart phones. By connecting televisions to the internet, the smart TV (or connected TV) can access media libraries as well as Video on Demand platforms. The range of potential options is being expanded by game consoles with TV integration and advances in user-friendly high-power storage technologies.

As the borders between the media dissolve, new conflicts of interest emerge — for instance, between publishers and public service broadcasters, which both offer web-based platforms with news and moving image media.

The previous system of funding public broadcasting by a licensing fee linked to receiving devices has been replaced by a flat-rate contribution for all households. Since under the original receiving device model, Berlin suffered from a higher than average shortfall in fees paid, the city expects the new system to have an especially positive impact on the public service broadcasters.

Digitisation has left its mark on the business models of all privately financed media. In contrast to print media, hours of use for audiovisual media have largely remained stable with time-and-channel-based TV even registering increases in hours of use, though not among the younger target groups. But broadcasters are facing new challenges, with radio broadcasters competing with music platforms, or TV stations challenged by the new global Video on Demand platforms.

The larger the range of digital services, the more important discoverability becomes. As a result, the influence of navigation instruments and search machines is also increasing in the audiovisual sector.

At present, there is a shift from transport models, where each user pays for a comparable transport service, to marketing models, where broadcasters have feedback on coverage and the conditions between network operators and platforms as well as content providers are the subject of negotiations. This transition is creating new challenges for the equal treatment of all communications transferred over the network (net neutrality).

Broadcasting	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Film, video film and TV programme producers	456	280,375	3,474
Broadcasters	21	1,514,809	21,948
Freelance journalists, press photographers	1,202	71,996	602
Total	1,679	1,867,180	26,024
Submarket changes 2009–2012 / 2013	-0.5 %	12.8 %	9.7 %
Submarket share of creative industries	14.3 %	7.3 %	9.3 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

Berlin

In 2012, Berlin's broadcasting industry [1], which includes the market segments of broadcasters, TV producers, freelance journalists and press photographers, generated a total turnover of 1.9 billion euros from approximately 1700 businesses. Since 2009, the number of companies in this sector has decreased slightly. In contrast, by 2012 sales had risen by 13 percent and, by 2013, the number of jobs in the sector had increased by ten percent.

In the wake of concentration processes and the commercial broadcaster SAT 1 relocating to Munich, Berlin is no longer home to any of the major private broadcasters. Nonetheless, the city remains a very attractive location for developing new content and business models.

Axel Springer, now one of Europe's largest digital publishing houses, developed its involvement in moving image media both though dedicated football content available on the Bild.de online platform as well as through a cooperation with Die Welt and N24. Similarly to Axel Springer, German mass media company ProSiebenSat 1 became intensively involved in venture enterprises, employing its media channels to market start-up services. This process has also created particular opportunities for Berlin.

[1] The market segment data for producers and freelance journalists and press photographers is divided equally between the broadcasting and film submarkets.

Radio broadcasting in Berlin-Brandenburg

The Berlin-Brandenburg metropolitan region continues to have the most vibrant and diverse — as well as most competitive — radio landscape in Germany, with over 50 radio channels broadcasting their schedules via FM and / or DAB. Due to their contribution to diversity, broadcasters such as FluxFM and Radio Teddy are also allotted frequencies in other German federal states. The listening time has largely remained stable at 183 minutes a day. This figure has dropped among younger target groups, although the decline has significantly slowed. Given demographic trends, there are no grounds for concern here at present.

With a share of 56 percent, commercial broadcasters in Berlin account for a proportion of the market far above the national average in Germany; among the public broadcasters, the share of the Berlin-Brandenburg public broadcaster RBB remains stable at 32 percent. In the meantime, ProSiebenSat 1 has located the centre of its digital development, including its games sector, in Berlin. The figures on revenue development again show increases for commercial broadcasters across Germany since 2008, though the returns have not reached the peak levels recorded in 2000. In contrast, public service broadcasters were able to significantly increase their revenues since 2000, earning nearly three times as much as the commercial radio broadcasters. Private broadcasters remain dependent on advertising revenues, with hardly any new business models in sight.

The net per capita average for advertising revenues on radio amounts to 10.80 euros in the Berlin-Brandenburg region, which is significantly higher than the national average. Radio broadcasters also profit from the favourable economic development in the Berlin-Brandenburg metropolitan region. Since 2010, private broadcasters have again created more jobs for full-time employees and, in total, now employ over 500 people. According to the economic analysis of the regional radio market commissioned by the Medienanstalt Berlin-Brandenburg, the level of cost effectiveness in Berlin-Brandenburg rose on average in 2012. In general, though, the larger broadcasters are also in a healthier position financially. Radio broadcasters leverage synergies through the joint utilization of broadcasting centres, cooperations on producing news programmes and, in particular, in the way they market advertising. However, the range of broadcasters not only includes networks of affiliated stations, but also individual companies broadcasting a dedicated programme schedule on one channel.

The Berlin-Brandenburg region offers a wealth of programmes available through the upgraded digital radio technology DAB plus. As yet, though, the numbers of devices in use do not justify funding a dedicated DAB plus programme schedule. Listening to the radio via the internet is gaining in importance. The frequencies 88.4 and 90.7 MHz are for non-commercial broadcasting. Their overall use is not only designed to include public access TV and radio broadcaster Alex Offener Kanal Berlin, but also a variety of non-commercial formats which, with their prioritising of the spoken word, also reflect Berlin's cultural diversity.

Regional private television in Berlin

Regional television continues to face difficult conditions generally. This is not least due to the lack of support from large supra-regional broadcasters for providing a slot for regional programmes similar to that commonly found in the former West German federal states. Nonetheless, in the Berlin metropolitan area, the funding received by regional public service broadcaster RBB alone puts its ahead of the commercial competition. Moreover, in contrast to private broadcasters, RBB's membership of the ARD organisation of Germany's public service broadcasters provides it with access to attractive supra-regional programmes. With the regional station TV Berlin returning continuing losses, it was declared bankrupt. At that point, FAB, a second Berlin broadcaster, had already exited the market. However, during TV Berlin's bankruptcy proceedings, the broadcaster was successfully re-structured. In the non-commercial sector, Alex Offener Kanal Berlin not only offers a showcase for young talents and events from the city's creative scene but also, for example, broadcasts debates in the Berlin House of Representatives.

Public service television

In addition to regional broadcaster RBB, the ZDF Berlin Studio (run by Germany's second national public TV broadcaster), and Germany's international broadcaster DW (Deutsche Welle), a number of other public service broadcasters are active in Berlin producing topical news programmes as well as commissioned productions. After SAT 1 relocated to Munich, the RBB is now Berlin's largest employer in the television sector.

Private supra-regional television

The ProSiebenSat 1 Group decided to relocate Berlin-based broadcaster SAT 1 to Munich as a cost-cutting measure, simultaneously concentrating all the Group's TV broadcasters at one location and facilitating a full exploitation of synergies. This move led to downsizing staff in Berlin and, in some cases, a drop in production commitments. News channel N24 remained in Berlin. Initially run as an independent company, N24 has now been taken over by Axel Springer with the aim of leveraging future synergies with the WELT Group. MTV was restructured by its parent company Viacom, and no longer relies on advertising to provide the main source of funding. On the other hand, Joiz has founded a new TV broadcaster intensively utilising the distribution channels offered by the internet and social media networks. As yet, approaches to special interest programmes have only proved successful if they could also access the resources, for instance, of U.S. studios, or could profit from synergies as part of a network of affiliated stations. In Berlin, ARD, ZDF and a variety of other producers founded the company Germany's Gold to provide a Video on Demand platform to market TV content. However, the Federal Cartel Office (BKartA) has blocked the project on the grounds that it contravened German competition law.

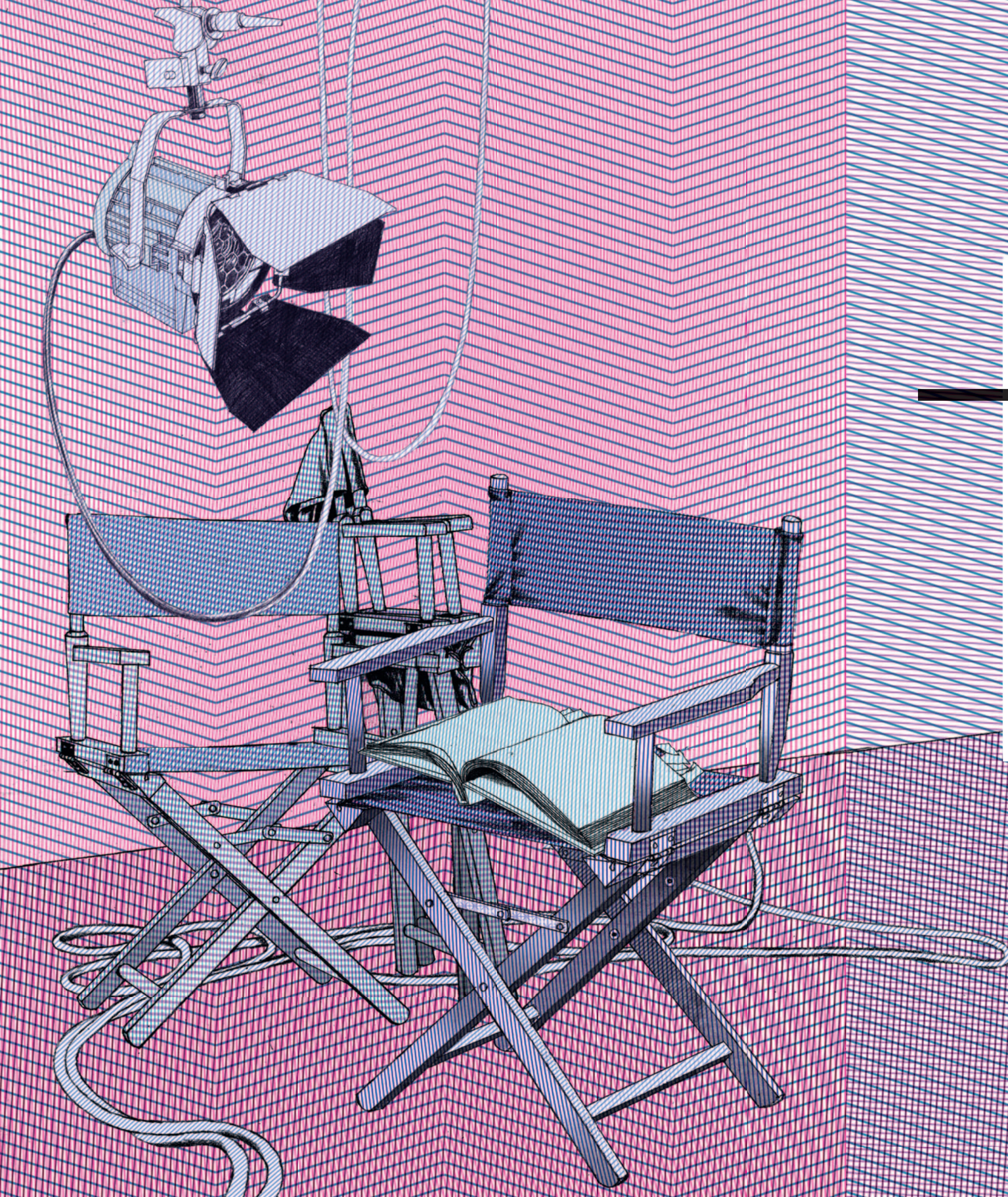
Producers

In a survey carried out by the Medienanstalt Berlin-Brandenburg, 75 percent of Berlin's TV producers agreed that the price for each production minute paid by the purchasing broadcaster had fallen over the last five years, especially in the areas of documentaries, features and news reports. On average, the majority of TV producers generate 75 percent of their turnover from their three largest customers.

The emergence of numerous start-ups developing recent innovative ideas such as Social TV, 3D TV or IPTV can be regarded as one positive effect of the competitive nature of Berlin's TV sector. In some cases, these new businesses then work together with established companies, playing a role in shaping the future of the German broadcasting market. In this context, tape.tv, Tweek or Freshmilk Net TV are prominent examples of successful start-ups.

Developing transmission channels

Berlin played a pioneering role in the shift to the digital transmission of terrestrial television, with the city being the first in the world to switch off analogue television transmissions. Since then, DVB-T has grown successfully with nearly 20 percent of all households at least receiving digital terrestrial transmissions; for over half of these, this is their sole channel for receiving TV broadcasts. Switching over to digital transmission and cutting analogue satellite transmissions of television entirely in 2012 was a more significant step for Brandenburg than Berlin, where only around eight percent of the households received television via satellite.
The key transmission channel is still broadband cable. The proportion of digital TV households has continued to rise, but has not yet reached a figure where a concrete switch-over date could be considered. Advances in broadband internet also play an important role in media sector developments, since cable technologies, particularly in terms of cable efficiency and capacity in comparison to telecommunication providers, have fuelled an increase in market share. The proportion of households receiving TV via high-performance telephone lines, in particular DSL, is constantly growing and, by 2013, had reached five percent.



FILM

Specific Features

In Germany's film industry, around 11,200 companies employing 87,500 people generate a turnover of approx. 6.8 billion euros. Since 2009, the German film industry has increased sales by five percent, while the number of companies and employees has fallen slightly. In particular, the sectors of distribution / film sales agents, cinemas and post-production provided an impetus to growth. According to a study of producers, the ten largest production companies by turnover account for around 53 percent of the movie production and TV market in Germany.

With German cinema admissions totalling close to 130 million for 2013, the German Federal Film Board (FFA) reported box office sales of over one billion euros for the second time in succession. Although audience figures and turnover showed a slight decrease, German film performed especially strongly with German movies accounting for 25 percent of all admissions. The most successful film of the year was FACK JU GÖHTE, with an audience of 5.6 million. In 2013, the 3D format achieved a market share of 25 percent in terms of admissions. In addition, Video on Demand in particular is gaining in importance as a distribution channel.

Seven German productions or co-productions attracted audiences of over one million in 2013. The average budget for a film production in Germany is between 3 and 5 million euros. If films attract an audience of over one million, these costs are certainly covered. However, the majority of film productions are funded by mixed financing from a range of sources, first and foremost from film support bodies and public service broadcasters. According to a survey of producers, the funding from film support funds covers, on average, 40 percent of the production costs of a feature film produced in Germany. A further 20 percent is funded by other producers, 12 percent by public service broadcasters, ten percent by pre-sales through global distributors and six percent by the exhibiting companies.

The funding landscape for the German film industry covers a broad spectrum of programmes on the federal state, national and EU levels. In 2013, the German film industry was supported by 350 million euros of funding through the Federal Film Board (FFA), the Federal Government Commissioner for Culture and the Media (BKM), and support bodies on the federal state level. At present, solely through the German Federal Film Fund (DFFF), the Federal Government provides 60 million euros annually for international co-produced film productions. In contrast to the European market, the American film industry finances its productions almost exclusively through box office returns and Video on Demand.

According to the Federal Film Board (FFA), 2013 closed with a record result for Germany's home entertainment market. In total, the branch achieved a turnover of 1.75 billion euros in sales and distribution — 50 million euros up on the year before. This growth was especially evident in the sales market, up by three percent to 1.4 billion euros, and with a four percent rise in hire market sales to 312 million euros. The record turnover of DVD, Blu-ray and digital sales can be attributed to increased demand for physical products. Digital turnover from the distribution and sales of cinematic content rose by 25 percent to 154 million euros overall. The share of digital content in the total market sales of 1.7 billion euros has now risen to nine percent. In digital rental sales turnover has grown to 102 million euros, accounting for one third of the rental market sales.

Film	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Film and TV production[1]	456	280,375	3,474
Post-production / Film technologies	184	44,937	2,230
Film distribution / exhibiting	52	207,233	1,064
Cinemas	45	92,665	2,498
Video stores	48	29,704	564
Freelance artists[2]	1,064	97,074	581
Reproduction of recorded media[3]	30	44,128	150
Retailing sound and image carriers[4]	18	6,869	70
Total	1,897	802,985	10,631
Submarket changes 2009–2012 / 2013	8.5 %	-0.7 %	-6.0 %
Submarket share of creative industries	16.9 %	11.7 %	12.1 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

1 The data for this business sector is divided equally between the film market and broadcasting segments.
2 The data for this business sector is divided equally between the film market and performing arts segments.
3 The data for this business sector is divided equally between the film and music market segments.
4 The data for this business sector is divided equally between the film and music market segments.

Berlin

In comparison to other regions, Berlin is well positioned in the film sector on the production side as well as through its pool of creative talent in acting, directing, and screenplay writing, and its density of cinemas. The distribution side has also been strengthened by such companies as the Studiocanal Group and major Video on Demand services locating to Berlin.

Thanks to its robust production infrastructure and funding conditions, it is hardly surprising that Berlin, with around 1,900 companies and 10,600 people working in the sector, heads the rankings of Germany's film locations. The trend towards a further concentration of film businesses in the Berlin-Brandenburg capital region looks set to continue. Since 2009, the number of enterprises in all business sectors of the film industry has grown by over eight percent — in particular in distribution and post-production / film technologies, but also in the area of freelance creative workers in film. Berlin is the location of choice for the headquarters of over 16 percent of film sector companies in Germany; it is also home to the main offices of more than 36 percent of Germany's production companies and around 22 percent of the businesses in post-production / film technologies.

In 2012, the Berlin film industry recorded a total turnover of approximately 803 million euros, a slight decrease over 2009. These figures, though, also showed areas of growth, in particular in post-production / film technologies and freelance cinematic artists. Berlin's film industry provides more than 10,600 jobs. Benchmarked on 2009 figures, the number of film sector employees has fallen by around six percent. At present, Berlin has the highest concentration of jobs in certain occupations in Germany. For example, the city has the highest proportion of camera operators in relation to all those employed in Germany, as well as the high-

est percentage of stage, image and sound technicians. These figures are significantly higher than in regions such as Cologne-Düsseldorf, Hamburg and Munich.[5]

In terms of monthly net income, the earnings of camera operators in Berlin (1,400 euros) as well as stage, image and sound technicians (1,600 euros) are comparable with the national average in these areas, although they are slightly below those in Hamburg and Munich. A survey of producers also awarded Berlin the top ranking of 1.6 for cities across Germany for its excellent key location factors (qualified personnel / production infrastructure / infrastructure / rents — personnel costs / cost of living).

In terms of the number of production companies, Berlin is the leading production location in Germany. Moreover, the city is also home to a large number of independent producers. The long list of film production companies located here includes, for example, Senator Entertainment AG, X Filme Creative Pool, NFP and Barefoot Film. As the location of the headquarters of the UFA / RTL Group, Berlin is home to Germany's largest company producing media content. In addition to such major distributors as Sony Pictures, Studiocanal, X-Verleih, and Senator Film Verleih, there are a wealth of smaller distributors including Neue Visionen, Salzgeber, Farbfilm and Piffl, which focus primarily on art house film. The second use of films via digital services is constantly growing, and with Watchever, moviepilot and realezy a diversity of these platforms are already located in Berlin.

With modern studios in Adlershof, Tempelhof, the Mediaspree development as well as Babelsberg, the region's studio landscape more than meets the standards for film production today. The numerous young and ambitious visual effects (VFX) providers form a strongly emerging new sector. Thanks to their outstanding expertise in special effects, animation and 3D, they are already working on many international productions. With the Medienboard Berlin-Brandenburg based here, Berlin is also home to the second largest regional film funding agency in Germany. Every year, the Medienboard provides around 30 million euros for screenplay and project development, production and distribution as well as for location marketing activities. Furthermore, German federal state investment banks and banks providing loan guarantee services support the film sector with loan schemes, including bridging loan finance for commissioned productions, and loan guarantees.

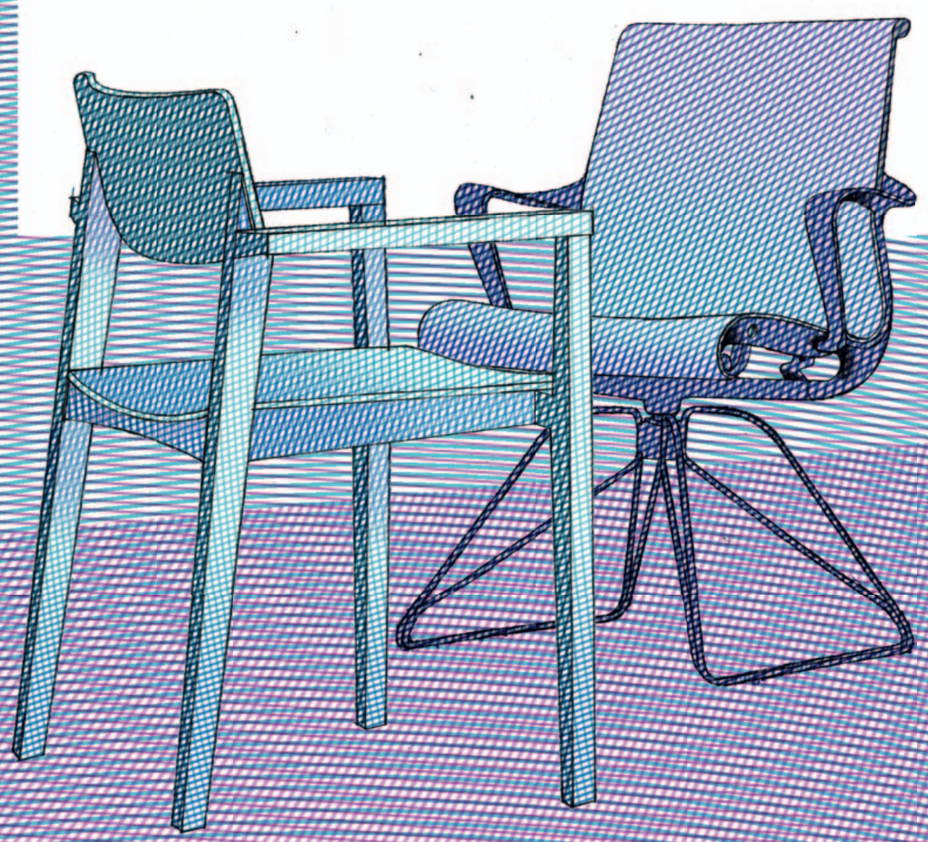
The Berlin-Brandenburg region has also gained an international profile in the film sector through numerous major productions such as, most recently, George Clooney's »The Monuments Men« or Wes Anderson's »Grand Budapest Hotel«, and is becoming increasingly popular not only as a location for film companies, but also as a shooting location. This development is reflected in the statistics for the number of shooting days: while there were just 1,100 shooting days in 2008, the figure for 2013 has already exceeded 2,500. Every year, over 300 national and international productions are shot in the Berlin-Brandenburg capital region. Berlin is Germany's cinema capital, distinguished by its richly diverse landscape of cinemas and balanced mix of movie theatres dedicated to mainstream and art house film. With an ambitious series of programmes, festivals and events, the cinema scene in Berlin plays a main role in strengthening the city's appeal. At the same time, since the cinemas are a location where cultural content is disseminated, they also make an important contribution to media education. In 2013, Berlin had over 90 cinemas with 261 screens, with audience figures of over nine million.

For the international film branch, the Berlin International Film Festival is a »must-do« event. In 2014, the Berlinale, as the festival is known, attracted an audience of over 20,000 film professionals. During the ten days of the festival, more than 300,000 cinema tickets were sold. In the context of the growing European film market, rather than just being a film festival, the Berlinale offers an established market place for film industry visitors from around the world.

The proximity to policymakers in Germany's capital has also attracted nearly all film industry associations and networks to locate their main offices in Berlin, including the German Producers Alliance — Film & Television, the Hauptverband Deutscher Filmtheater representing cinema owners, the Association of Film Distributors (VdF), and AG Kino as well as the European Film Academy and the German Film Academy.

[5] For more details, see the chapter on income development

DESIGN



Specific Features

The design industry, with its diverse segments, ranging from industrial and corporate design to service and social design, is one of the key drivers of innovation in the economy. Directly or indirectly, nearly all industrial sectors utilize design-related ideas, concepts and approaches.

Design covers a far wider field than just a product with an appropriate or appealing external form. There is increasing interest in resource-efficient production processes, sustainably produced products, and building strong brands or corporate identities. Integrating design expertise into innovation processes is one key factor in developing organisational, process-related and user-centred innovations, and so securing a company's competitive edge.

Numerous studies have shown that strongly design-aware enterprises are more economically successfully and have a greater capacity for innovation. For companies both in the creative industry sector and outside it, the method known as design thinking has become accepted as a new approach to generating innovative solutions. Since design thinking synergises a diverse range of competences, it can open up new fields of application and use.

Design belongs to those market segments in the creative industries which comprise a number of diverse business sections and are characterised by a higher-than-average proportion of solo entrepreneurs ("non-employer businesses") and freelancers. In particular, the main challenges facing solo entrepreneurs include self-marketing and the acquisition of work.

Design	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Textile, jewellery, graphic and design ateliers	3,113	293,277	2,444
Garment manufacturers	170	81,019	481
Shoe manufacturers [1]	*	*	63
Producers of wooden articles and ceramics	50	22,609	286
Metalwork (gold / silver, etc.)	116	25,000	137
Advertising agencies (50 %)[2]	967	460,658	9,481
Garment mail order and internet retailing	726	1,351,075	3,910
Total	5,142	2,233,638	16,802
Submarket changes 2009–2012 / 2013	25.0 %	100.0 %	44.0 %
Submarket share of creative industries	8.5 %	3.5 %	5.7 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

[1] The asterisks (*) indicate that the statistical survey gives no figures on the numbers of companies and turnover in this sector.

[2] The data for this business sector is divided equally between the design and advertising market segments.

Berlin

In the years from 2009 to 2012, the total figure of design industry companies rose by 25 percent to over 5,100. In the same period, turnover increased by no less than 100 percent to 2.2 billion euros, while the figures for those working in this sector rose by approx. 44 percent to 16,800. As these figures show, the design industry belongs to those market segments in Berlin's creative industries with the strongest dynamics of growth.

At present, the main offices of eight percent of all companies working in the design industries across Germany are located in Berlin. In terms of jobs, approximately six percent of those working in the design sector nationally are employed in the city. Moreover, after Hamburg, Berlin has the second-highest proportion of designers and graphic designers (1.2 percent) in relation to the total of all those employed in the region. Although average monthly net incomes for designers and graphic designers in Berlin (1,505 euros) have risen since 2009, they are still under the national average of 1,685 euros.

Berlin has around 3,000 design studios working in the sectors of product, industrial, furniture, interior, fashion, graphic and communication design. Many Berlin designers take strongly cross-disciplinary approaches, and market and distribute their products themselves. Since the design sector is primarily comprised of small segments, networking and a joint representation of interests are especially important, as is apparent in the Berlin design networks — in particular the International Design Center Berlin (IDZ) and Create Berlin. Designers from around the world value the wide range of opportunities to play a part in design in Berlin. There is no »next generation« shortage of workers in this sector, with over 3,000 students on around 70 media, communication and design programmes at private and public training institutions iin the city. In addition, managers and executives can further develop their management skills at the Berlin School of Creative Leadership.

Every market sector needs flagship events to promote its international profile and visibility. In Berlin's design sector, these include the Berlin Fashion Week, DMY International Design Festival or Typo Berlin, which offer platforms for local, national and international businesses for presentations and networking. In the fashion industry, the Berlin Fashion Week provides a communicative framework for around 15 trade fair and fashion shows at present. The Berlin Fashion Week attracts hundreds of thousands of fashion professionals to Berlin. Aside from the event's value for the fashion industry itself, through the Berlin Fashion Week up to 240 million euros flow into the Berlin economy every year benefiting, for example, the hotel business, restaurants, the taxi trade, agencies and event organisers. The DMY International Design Festival Berlin, founded over ten years ago, has become a »must-do« event for product designers, attracting over 40,000 visitors annually. Since 2012, DMY Berlin has also been assigned to host the official German design award, with the companies nominated presenting their products and prototypes as part of the DMY Festival. In 2014, Berlin hosted the third edition of Night Shift — Long Night of Design Studios, with over 50 Berlin design studios, showrooms and shops opening their doors to several thousand visitors.

Much has changed since UNESCO awarded Berlin the prestigious title of »City of Design« in 2006. The title is more than just a recognition of the achievements of Berlin's design industry — it is also an incentive for the city to continually improve the conditions for design businesses. Three years ago, working together with companies and networks in this sector, the Senate Department for Economics, Technology and Research drafted a design strategy for Berlin. The aim of this strategy was — and is — to strengthen the design industry's economic power and innovative potential, and position Berlin as a location for professional product and industrial design. In the wake of developing this strategy, the Senate Department has supported a wealth of new formats including, for example, the Hybrid Plattform, a transdisciplinary platform bringing designers together with engineers and scientists, the ID Berlin Industrial Design Campaign, shown at numerous locations around the world, and the Design Transfer Bonus programme providing prefunding of up to 15,000 euros for projects applying design services to develop innovative strategies. In addition, financing has been provided to support presentations abroad showcasing the fashion and product design industry (fashion: Berlin Showroom / product design: Berlin Design Selection), with at least five presentations for these two sectors every year.

In addition, start-ups and cross-industry collaborations have been supported over the years with a constant programme of competitions with money prizes, coaching and workshops including, for instance, Start Your Fashion Business and the design&healthcare competition, as well as design competitions in cooperation with the UNESCO Creative Cities Network. An interdisciplinary and collaborative approach is characteristic of Berlin. This ability to think outside the box harbours a significant potential for innovation which now needs to be leveraged more intensely both in cooperation with traditional industries and for Berlin as a location.

BOOKS

Specific Features

Books are economic commodities as well as cultural goods. Authors influence intellectual discourse, while literary institutions are centres of intellectual exhange and debate. In 2012, 91,000 titles were published in Germany — slightly less than in the previous year, but still a significant figure. The number of translations into German is continually growing, with 11,500 new publications issued in 2012. At the latest, since Amazon launched its first Kindle device, publishers have started to look intensively at digitisation and develop new business models and forms of distribution. As a result, the spectrum of products has widened, and new communication and marketing structures developed via social media. It remains an incentive to create a counterweight to the global market leaders Amazon and Apple.

Many publishing houses no longer assume the printed book is their primary format. Instead, they regard their product as content accessible through a range of channels. According to BITKOM the Federal Association for Information Technology, Telecommunications and New Media, over 12.3 million e-books and approximately 800,000 e-readers were sold in Germany in 2012. This represents a growth of around 250 percent over 2011. Self-publishing has now become firmly established as part of the book market, and presently generates a sales volume of around seven million euros a year. Despite initial success stories, the German Publishers and Booksellers Association (Börsenvereins des Deutschen Buchhandels) regards the initial euphoria in this area as now largely evaporated.

Books	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Freelance authors and translators	1,236	106,530	1,696
Book publishers	195	521,046	4,278
Binders of printed matter and related services (50 %)[1]	27	16,801	189
New and second-hand book retailers	289	174,254	1,632
Libraries and archives	11	2,669	886
Total	1,758	821,300	8,681
Submarket changes 2009–2012 / 2013	20.1 %	26.1 %	-3.0 %
Submarket share of creative industries	10.7 %	6.0 %	8.3 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

[1] The data for this business sector is divided equally between the books and print media market segments.

Berlin

The total number of companies on Berlin's book market grew continuously from 2009 to 2012 to reach around 1,800, an increase of 20 percent. During this period, sales rose by 26 percent. In contrast, the number of jobs in this sector fell from 2009 to 2013 by three percent to approximately 8,700.

Although around 11 percent of national German book market companies have their main offices in Berlin, the city only generates six percent of turnover in this market. For publishing houses, the corresponding figures are eight percent of the companies and four percent of the turnover. These statistics clearly reflect the tendency on Berlin's book market towards smaller independent publishers, especially in the area of belles-lettres. Nonetheless, the book market is exceptionally important for Berlin. The major book fairs in Germany may be held in Frankfurt and Leipzig, yet Berlin leads the national rankings for the location with the largest number of resident authors, publishing houses and booksellers.

Berlin's book market has a chequered history, as is only too evident from a review of past developments. After the Second World War, the publishing industry was largely decentralised, and primarily organised in West Germany. With the student movement in the late 1960s, Berlin's publishing landscape gained a new impetus as a centre for small publishing houses, mostly dedicated to politics and political issues. After the Fall of the Wall, the publishing landscape became increasingly diverse and varied. In the 1990s, Berlin not only saw the start of an on-going growth in both German and international companies moving here, but also the first wave of newly-founded publishing houses spearheaded by such names as Ch. Links, AvivA or Schwarzkopf & Schwarzkopf. The second wave followed at the start of the 2000s and included, for example, presses such as the Verbrecher Verlag, Kookbooks and Berenberg. In addition, all major publishing houses have opened an office in Berlin. In 2004, the Ullstein Verlagsgruppe publishing group moved back into its Berlin company headquarters, while in 2009 the Suhrkamp Verlag moved its headquarters from Frankfurt / Main to Berlin. Finally, in 2012 the Munich-based Hanser Verlag and the Austrian Ueberreuter publishing houses opened offices here. In the meantime, around 9,000 first editions are published in Berlin, representing over ten percent of all new publications across Germany.

As a result of this process, Berlin not only heads the publishing rankings in Germany, but is also making its mark internationally. Above all, specialist science publishing houses such as Springer Science + Business Media and the traditional Berlin press de Gruyter enjoy a global reputation. In addition, with Berlin home to the Staatsbibliothek (Berlin State Library — Prussian Cultural Heritage), the city boasts one the largest academic research libraries in the world. The Central and Regional Library Berlin (ZLB) is Germany's largest public library; its holdings are divided into two branches, the Amerika-Gedenkbibliothek in Kreuzberg and the Berliner Stadtbibliothek in Mitte. Together with around 80 local public libraries, the ZLB guarantees access to information for all those living in Berlin. E-books and e-papers are also conveniently accessible via the digital services (VÖBB 24) provided by the Association of Public Libraries in Berlin (VÖBB).

Berlin is gaining in importance for the book market as a laboratory of digitisation. This process also generates synergies, for example, through the e-book sector intersecting with the music, film and games industry at a variety of points. The networks launched over the recent years by the Senate Department for Economics, Technology and Research, the German Publishers and Booksellers Association, the Chamber of Industry and Commerce (IHK), BITKOM and others promote cooperation between the different sectors of the creative industries.

As a leading congress centre for digitisation, Berlin also offers suitable spaces for debate and exchange. For example, the Berlin publishing sector organises the E:Publish Congress for innovative forms of publishing, a key event for the book market. The city is also home to the Publishers' Forum, AKEP Day as part of the BuchTage Berlin (Berlin Book Days), and the APE Conference on academic publishing in Europe. In addition, numerous online literature and cultural platforms and portals are based in Berlin, including perlentaucher.de, literaturport.de and lyrikline.org.

Despite the shift to digitisation and in contrast to the downward trend recorded across Germany in the stationary selections of goods, the Berlin book market is also characterised by the emergence of new business in the classic analogue book trade. From 2010 to 2013, 25 bookseller's shops opened in Berlin, including such stores as ocelot in Mitte or Uslar & Rai in Prenzlauer Berg, both of which have attracted considerable attention in the book trade. These are supplemented by over fifty antiquarian booksellers which similarly deal with a broad range of specialised topics. The appeal of Berlin's book trade landscape is rooted in the co-existence of a diverse and varied product mix which, in terms of the breadth of topics covered, is unique throughout Germany. There is hardly any field of interest worth mentioning not served by a specialist bookshop in Berlin.

As a local amenity, bookshops forge cultural networks in their own neighbourhoods, playing a role in cultural life there either by hold-

ing their own events or cooperating with other local institutions, such as libraries. The density of bookshops in Berlin offers publishing houses the chance to network with the book trade and use the stationary retail book trade as a showcase for their products. However, this picture looks very different in other German cities where their centres are not only witnessing the gradual demise of small independent bookshops, but the closure of branches of large bookstore chains as well.

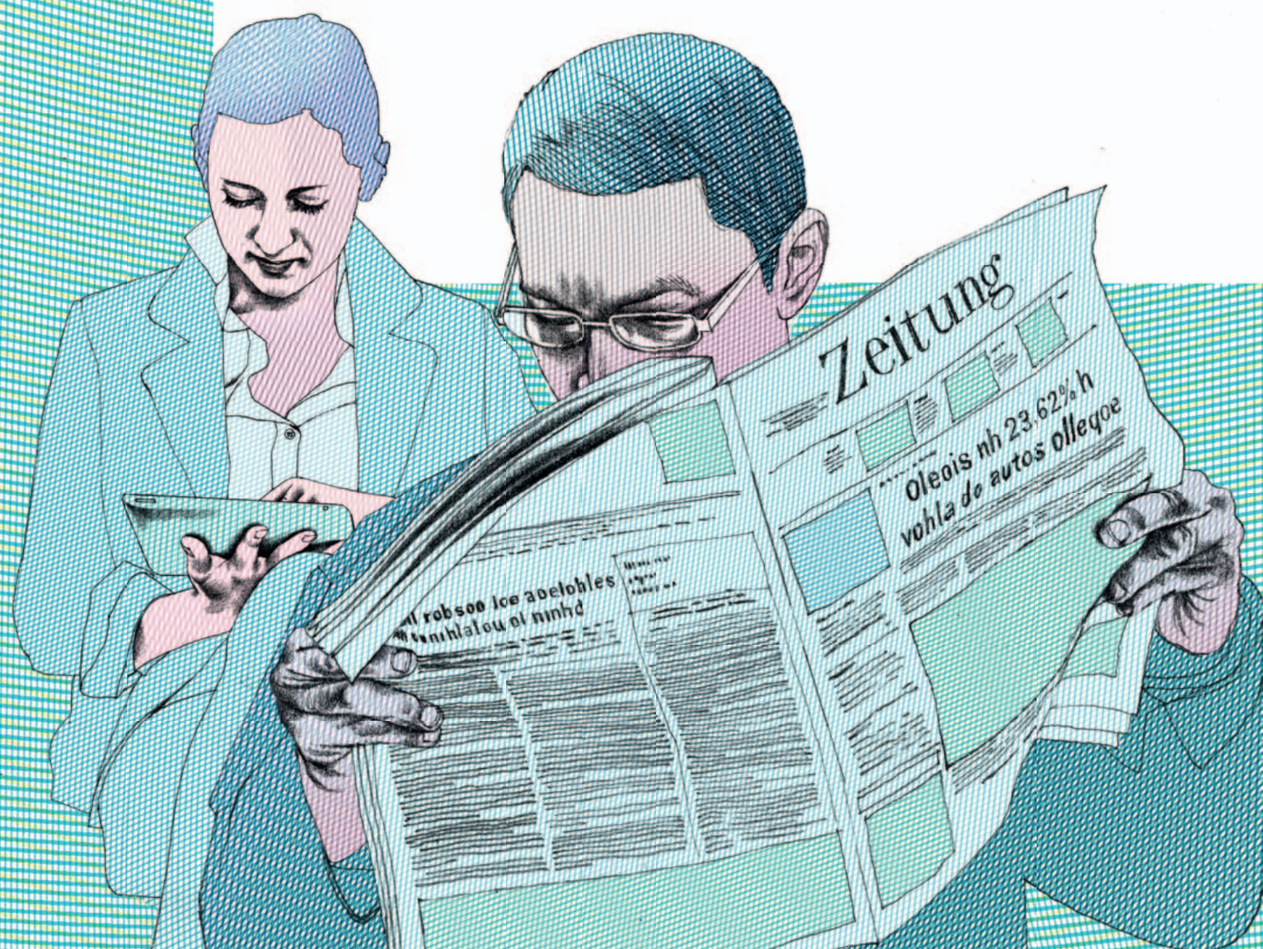
Berlin is Germany's capital city of writers. Even today, the wave of young authors moving to Berlin after the Fall of the Wall shows no signs of abating. The available reliable sources suggest that over ten percent of all authors living in Germany have chosen Berlin as their main place of residence. With its many universities, libraries, literary festivals and institutions, and the diversity of its writing scene, Berlin is an intellectual centre significantly influencing aesthetic discourse and contemporary topics far beyond the borders of Germany. It is especially striking how often Berlin writers have been awarded such prestigious prizes as the Ingeborg Bachmann Prize, the Georg Büchner Prize, the Bremen Literature Prize or the Open Mike Prize, further underlining the widespread agreement on the quality of the city's literary scene.

Berlin is also a centre for literary agents in Germany. Today, after the Graf & Graf agency was founded in 1995, a large number of literary agents have offices in the city. The Senate Chancellery — Cultural Affairs offers project funding and stipends for artists working and living in the city as well as institutional funding for the Literary Colloquium to give structural support to the literary scene. Since the Fall of the Wall, the cultural affairs department has actively fostered the expansion of the infrastructure promoting Berlin's literary institutions. Through their readings, exhibitions, panel discussions, colloquia and festivals, funding for residency scholarships and the creation of networks, these institutions give new impulses to the city's literary life and offer writers and authors places to meet and present their works. At the same time, the public funding of LesArt – the Berlin Centre for Children's and Youth Literature — or Berlin's annual Fairy Tale Festival supports the dissemination of literature.

The Literaturhaus Berlin in Charlottenburg, as the model for all German-language houses of literature, presents a wealth of events appealing to a broad audience and, in this way, has an impact far beyond the city itself. The Literarische Colloquium Berlin (LCB) is housed in an impressive mansion on the shores of the Wannsee lake. Recently thoroughly refurbished, the mansion provides a forum for events, a guesthouse, a workshop, and a crucible forging the skills of talented authors and translators with an international reputation. The literaturWERKstatt berlin, housed in the Kulturbrauerei arts centre in Prenzlauer Berg, not only offers a wealth of evening events, but also organises the annual contemporary poetry festival Poesiefestival Berlin, the Zebra Poetry Film Award and the Open Mike, the leading literary competition for young German-speaking writers of prose and poetry. The other key venues for literature lovers include the Literaturforum im Brecht-Haus, LesArt — the Berlin Centre for Children's and Youth Literature, the Akademie der Künste, the Buchhändlerkeller, the Lettrétage House of Literature, the Haus der Kulturen der Welt arts centre, the DAAD, foreign cultural institutes and embassies, libraries and innumerable temporary literary salons and reading stages in pubs, cafés and book shops.

In addition to a wide range of local Book Day events and the Long Night of Libraries, Berlin's literary landscape includes the Poesiefestival Berlin annual contemporary poetry festival in June and the internationales literaturfestival berlin in September, both with ambitious programmes attracting many authors from around the world. In 2013, with the support of the cultural affairs department, the internationales literaturfestival berlin dedicated one day specifically to the city's comic and graphic novel scene, which is now to be included in funding measures. The round of Berlin's annual literary festivals concludes in November with STADT LAND BUCH, a one-week reading marathon with over 130 events in the Berlin-Brandenburg capital region. Over the last years, a series of newer festivals have also become established, such as the Dildile Literaturfestival which showcases contemporary Turkish literature, the Kookbooks event programme, which includes KOOK texttonlabel, and the Zeitkunstfestival for contemporary music and literature. With such a varied landscape, Berlin offers authors and publishing houses a unique stage for presenting their works.

PRINT MEDIA



Specific Features

At present, with 360 publishers, the German print media market is the largest in Europe, and ranked fifth in the world internationally after India, China, Japan and the United States. The freedom of the press is a key pillar of the German constitution and guaranteed, together with the freedom of reporting, under Article 5 of the Basic Law for the Federal Republic of Germany. The press is referred to as a »fourth power«, combining the ability to shape public opinion with the watchdog function of reporting on and censuring the operations of government. These tasks, though, assume, an independent press with lively competition. It is in this context that the long on-going debate over the state regulation of the press market gains its particular importance.

Despite the special protection guaranteed by the constitution, the press is subject to free market mechanisms and constraints. Even though the print media market is regarded as an essential element in the formation of public opinion, the outlook is less than optimistic. This, though, applies first and foremost to printed newspapers which experienced a drop in circulation of over ten percent between 2010 and 2012. According to the Federation of German Newspaper Publishers (BDZV), sales dropped by three percent in 2012 over the previous year.

On the other hand, the constantly growing range of online editions now reach a larger readership than ever before. However, with a lack of profitable online business models as yet, this does not compensate for the print media losses from falling circulation and a decline in advertising income. Only major media groups, such as Burda or Axel Springer, now generate a significant proportion of their turnover online. Springer, in particular, intends to expand its digital services.

Discussions are presently ongoing on how to stabilise the press media industry and preserve high-quality journalism. Given the constitutional guarantee of an independent press, the idea of organising print media along the lines of the foundation model in the United States tends to be viewed critically. Similarly, a variety of funding models are regarded as harbouring the danger of publishers being subjected to political influence. Policymakers have instead focused on promoting the appropriate conditions for the press media, for example by securing in antitrust law the press wholesaler distribution system which has proved itself over so many years. To date, thanks to this system, even small circulation print media are obtainable throughout Germany. In addition, this »Presse Grosso« system eases press mergers in the lower revenue segment, since it maintains product distribution, even if in a more compact form.

To launch new and experimental journalism projects that are not funded by the print publishing houses, there remains the option of raising the financing needed through crowdfunding portals. For example, krautreporter.de, which is based in Berlin, operates a crowdfunding platform specifically for journalists.

Since the early 2000s, there has been a steady growth in the number of outsourced editorial teams funded by the content they provide for various publications. Local newspapers in particular are in the vanguard of this development. This model, though, has met with very different responses. While print media publishers view it as the way forward for the industry, many journalists regard it as the death knell of high-quality journalism. However, there are also representatives on both sides who consider the synergies it generates as essential in preserving fair and balanced reporting.

Print Media	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Freelance journalists and press photographers (50 %)[1]	1,202	71,996	516
News agencies and syndicates	75	28,627	1,765
Newspaper and magazine publishers, other publishing trade	297	2,746,665	7,864
Binding printed matter and associated services (50 %)[2]	27	16,801	189
Retail trade with newspapers and magazines	293	88,338	1,006
Total	1,894	2,952,866	11,370
Submarket changes 2009–2011 / 2012	3.0 %	-5.2 %	2.6 %
Submarket share of creative industries	10.1 %	10.1 %	4.7 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

[1] The data for this business sector is divided equally between the print media and the film market segments.
[2] The data for this business sector is divided equally between the print media and the book market segments.

Berlin

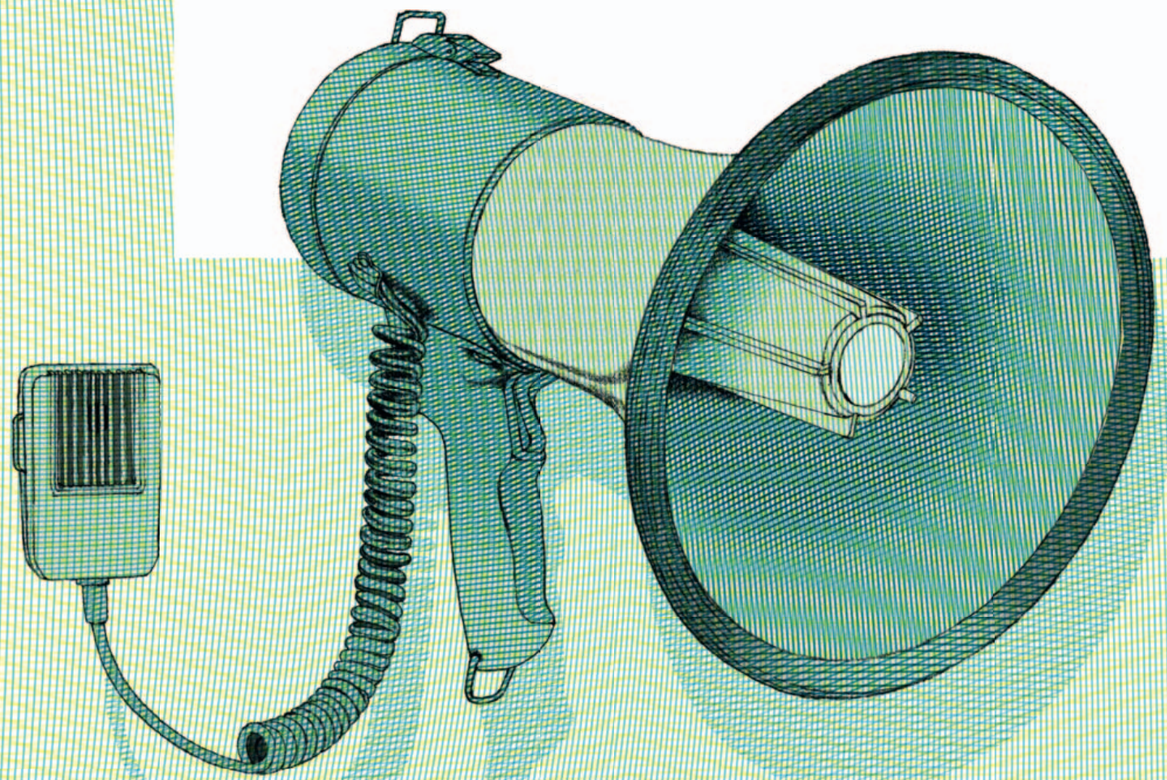
In 2012, Berlin was home to around 1,900 businesses in the print media industry, nearly ten percent of all those in Germany. Press publishers and, in particular, Axel Springer Verlag account for sales of just under 3 billion euros, the lion's share of turnover. From 2009 to 2012, press market sales fell by over five percent, a decrease primarily due to the negative development for publishers (-2 percent) and news agencies (-36 percent). Press publishing turnover clearly suffered from shrinking circulation figures and the associated drop in advertising income. Although the number of newspaper and magazine publishers grew by 11 percent from 2009 to 2012, sales fell over the same period by ten percent.

After the Fall of the Wall and the decision to relocate the German capital to Berlin, the city's print media market not only developed into one of the leading national markets, but also one of the most competitive. Aside from the Axel Springer Verlag, Berlin is also home to the Berliner Verlag and the Tagesspiegel Verlag, which both publish Berlin-based newspapers. In total, eight daily newspapers, three with Sunday editions, are published in Berlin, together with 15 city magazines and nearly 80 advertising papers. In addition, numerous magazines for different specialist sectors are also published in the city. The daily newspapers appearing in Berlin include the Berliner Kurier, Berliner Morgenpost, Berliner Zeitung, B.Z., Neues Deutschland, Tagesspiegel, taz and Die Welt. The pressure of competition here has forced the publishers to introduce saving measures with a reach that even includes job cutting. Across the board, between 2012 and 2013, all main Berlin newspapers suffered from a slump in circulation figures. For example, the Berliner Morgenpost circulation fell by nearly five percent, the Berliner Zeitung by around nine percent and the Tagesspiegel by almost six percent. The Berlin newspaper publishers are now increasingly turning to the model of an outsourced editorial team.

In Germany's capital city, political and cultural events take place within an easily accessible area of the city. In particular, after the Bundestag and the seat of the Federal Government moved from Bonn to Berlin, representatives from over 50 regional, national and international newspapers, from The Times in London to the New York Times as well as news agencies and editorial offices, settled in the city. Today, Berlin is not only home to the offices of the GERMAN PRESS AGENCY dpa and the DAPD NEWS AGENCY but also dpp, but also to Reuters, Hsinhua, the Saudi Arabia News Agency, Agence France Press and many others.

These changes have also left their mark on the city's urban development. Today the Südliche Friedrichstadt quarter around the southern end of Friedrichstrasse, once a traditional newspaper district in Imperial Germany, has become a multimedia location at the heart of Germany's modern capital city. This area also houses the Federation of German Newspaper Publishers (BDZV), the Haus der Presse and the printing company Druckhaus Berlin Mitte. For Berlin, the digital business models applied by the major newspaper publishers offer both challenges and opportunities. Crucially, the online strategy needs to successfully integrate both the journalistic product's credibility and its quality.

ADVERTISING



Specific Features

The advertising industry is distinguished by its strong dependency on consumption patterns in private households which, in turn, reflect the general economic situation. In an economic downturn companies scale back on marketing, cutting the agencies' advertising budgets. For example, in the year following the last global financial and economic crisis, gross investment in advertising fell by six percent. Gross investment in advertising increases with a growing economy, increasingly diversified communication channels and the launch of innovative products and services.

At present, the advertising market is experiencing a structural shift in advertising expenditure from the classic advertising channels to digital media. Companies are increasingly interested in exploiting online advertising (including banner ads on web pages, targeted display advertising, viral and mobile marketing). Experts at PricewaterhouseCoopers anticipate advertising volume growing on average by over three percent per year until 2015, with the spend on online advertising rising from 24 percent to 33 percent in the period from 2010 to 2015.

Television advertising expenditure has remained comparatively stable, while outdoor and poster advertising is returning single digit growth. In contrast, advertising revenues in print media have slumped by over 60 percent. Over the last years in Germany, the advertising landscape has not only seen the emergence of full service advertising agencies offering the entire spectrum of services from corporate design to TV, print and online advertising, but also many agencies effectively specialised in online media.

Advertising	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Advertising agencies (50 %)[1]	967	460,658	9,481
Marketing and intermediary services for advertising	94	221,051	1,784
PR consultancies	243	85,685	914
Market and opinion research	236	171,844	927
Total	1,540	939,238	13,106
Submarket changes 2009–2012 / 13	-5.4 %	24.2 %	4.0 %
Submarket share of creative industries	6.9 %	5.4 %	6.5 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

[1] The data for this business sector is divided equally between advertising and design.

Berlin

From 2009 to 2012, the number of advertising companies in Berlin fell by around five percent. Nonetheless, the robust increase in turnover since 2009 (+ 24 percent) spells good news for Berlin's advertising industry. In addition, despite the slight decrease in the number of total companies, the employment figures in this sector rose by four percent.

The increase of jobs in advertising is also confirmed by DIW Berlin, as is evident from the analysis presented in Chapter 5. In 2011, the figures for advertising professionals and graphic designers in Berlin already exceeded those for Munich or Cologne-Düsseldorf, and were considerably above the nationwide percentage of advertising professionals of all those employed. In Berlin, advertising specialists and graphic designers belong to those groups of employed persons whose earnings have risen significantly.

Since Berlin regained its status as Germany's capital, it has become increasingly popular as a location for advertising and communication agencies. This development has gone hand-in-hand with dynamic growth in the creative industries and the city attracting a high concentration of political organs, associations, and organisations. Berlin is a laboratory for and an indicator of how people live today, and how they want to live across Germany tomorrow. The city is home to numerous owner-managed agencies, such as Media Consulta and Scholz & Friends. Many top ranked agencies in terms of sales have branch offices in Berlin. Since for statistical purposes companies and turnover are only recorded in the region where the businesses have their main offices, the data here does not fully reflect the reality in this sector.

After the Fall of the Wall, Berlin became the federal capital of Germany. Since then, a growing number of agencies for political communication have set up their offices here. Berlin is not merely home to such potential clients for this sector as government authorities, embassies, and many other political institutions, but also to nearly all the major PR agencies including, for example, Hill & Knowlton and Johanssen & Kretschmer.

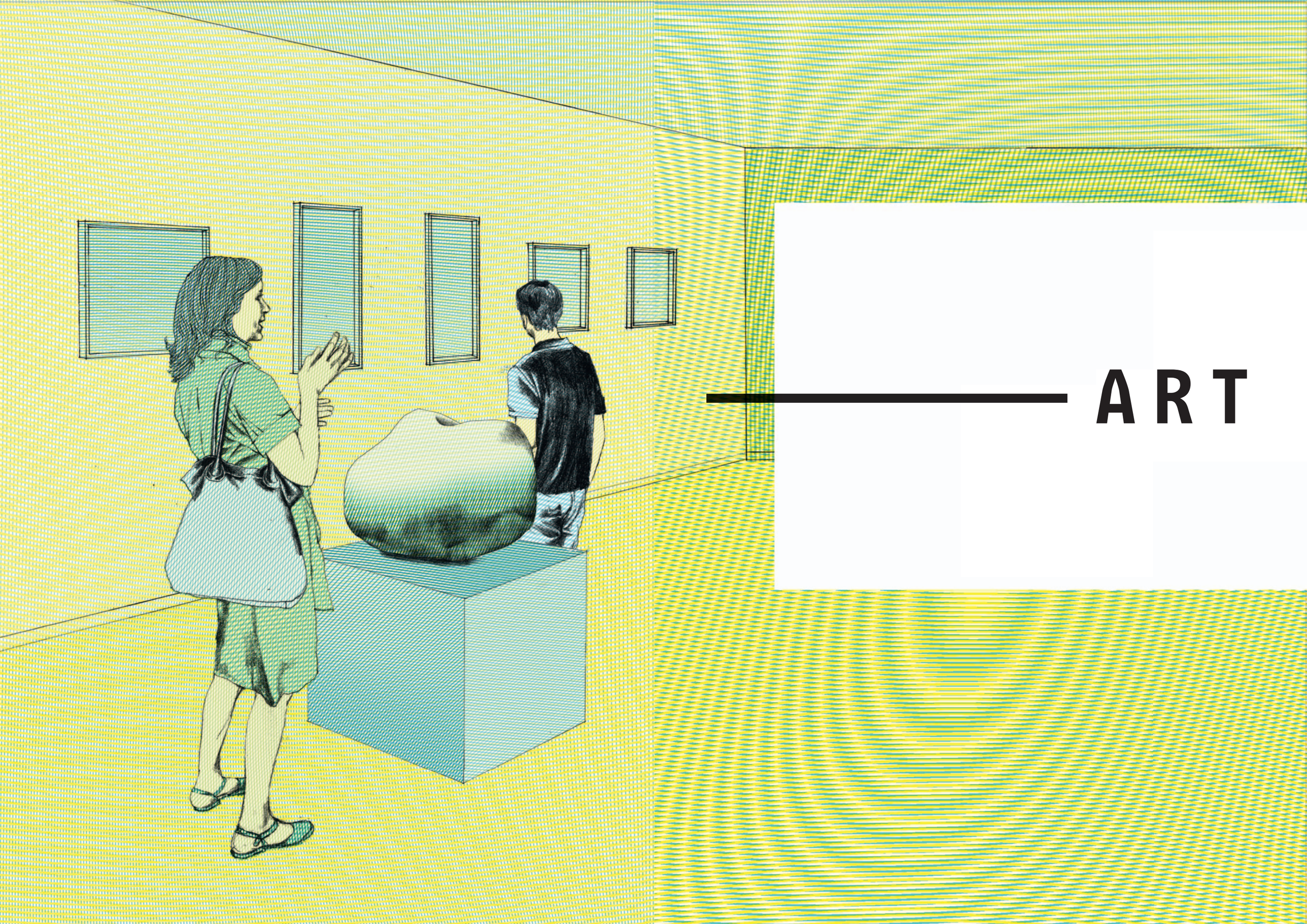
The German Advertising Federation (ZAW) has called Berlin »the heart of online advertising in Germany«. As a business location, Berlin accounts for around 1.5 billion of the 30 billion euros invested nationally in online advertising, with such agencies as Aperto, Populis Media, Volkmer or TLGG serving the online media segment. The agency landscape in this business sector has also been expanded by a series of start-ups in the city, for example, the platform madvertise which specialises in mobile advertising.

In the meantime, management consultants have also discovered brand and marketing strategies as a field for their expertise. In response, evermore advertising agencies offer strategy consulting for businesses. Here, for example, the Hirschen Group has founded the company iDeers Consulting as a joint venture with the Institute of Electronic Business (IEB) to provide consultancy services in digital media. DDB Tribal, Ogilvy and Wieden+Kennedy also offer similar services.

Although Berlin is not yet Germany's top location for advertising in economic terms, it certainly heads the rankings for the most stimulating climate of creativity and an agency landscape which boasts innumerable prizes and awards in all national and international competitions. The prize-winning agencies based here which regularly feature in the awards include Heimat, Scholz & Friends, Serviceplan, Jung von Matt, DDB Tribal, Kircher Burkhard and many more.

Berlin provides a pool of talent for the advertising industry. The city has four universities, seven universities of science, and 23 accredited private university-level colleges which all offer courses relevant for a career in advertising. For example, the programme at Berlin's Freie Universität includes an M. A. in Media and Political Communication, while the Miami Ad School provides courses for ad writers, art directors and graphic designers. The Media Design Hochschule, which offers a range of programmes leading to a Bachelor's or Master's degree, also trains media designers. Every year, over 1,500 students complete their degree courses in the field of communication at private or state higher education institutions in Berlin.

According to a survey conducted by the Design Akademie Berlin, only approximately half of these new graduates hope to find a permanent job in an agency. The appeal of being self-employed is not just a question of potentially better earnings in the long run, but also more freedom to determine one's own life and a better work-life balance. As the data shows, the advertising industry has above-average levels of self-employed people. In 2013, for instance, approximately 58 percent of all those working in the advertising sector were freelance, 37 percent were in employment subject to social insurance contributions and around five percent were in minor employment.



ART

Specific Features

Germany's art market is diverse and varied — with a multiplicity of art sectors, schools, locations with a high density of artists and galleries, as well as key art trade fairs. Above all, though, the art market not only comprises the many visual artists, but also the galleries, art trade and auction houses, as well as the privately-run museums and museum shops. In terms of turnover, the art market belongs to the smaller segments of the creative industries in Germany.

Only a relatively small proportion of artists in Germany can actually live from producing art. At present, on average the 180,000 visual artists paying into the national Künstlersozialkasse (Social Insurance Scheme for Artists and Writers–KSK) earn 11,000 euros annually. In particular, new artists just entering the market find it difficult to sell their art works. Frequently, they lack a professional overview of the market.

In the art market, gallery owners play a key intermediary role, often deciding who has market access. Many galleries are involved in a wide spectrum of tasks ranging from developing ideas for exhibitions, organising opening nights, and presenting their artists at trade fairs to publishing catalogues and planning other measures to enhance their public profile. In addition, some galleries have specialised exclusively in selling works by established artists. Artist-run spaces or centres form one particular type of gallery which is managed by the producing artists themselves.

With art works in Germany now subject to the full statutory rate of VAT, many galleries face increased financial pressure. Here, to compensate for discontinuing the reduced rate of VAT in this sector, a marginal flat-rate tax has been introduced with only 30 percent of the sales price subject to the full rate of VAT. There are numerous programmes on the federal, regional (Länder) and municipal levels providing visual artists access to public funding for scholarships, exhibitions, catalogue publications, or subsidised studio space.

Art	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Retail trade with objet d'art and antiques	545	334,614	1,589
Self-employed artists and photographers	1,916	164,903	1,755
Museums	94	53,035	2,861
Auction houses	28	145,014	402
Total	2,583	697,566	6,607
Submarket changes 2009–2012 / 2013	16.6 %	56.3 %	19.6 %
Submarket share of creative industries	8.6 %	8.3 %	9.6 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

Berlin

Since 2009, the total number of enterprises on the Berlin art market has risen by nearly 17 percent. This figure not only includes the retail trade with objet d'art and antiques, auction houses and museums, but also self-employed artists and photographers. The development in turnover was especially encouraging, increasing by 56 percent to approximately 700 million euros by 2012 — a result due in part to the growth in sales in the retail trade with object d'art and antiques and the auction business. From 2009 to 2012, the employment figures in the art market also grew by around 20 per cent.

At present, Berlin is home to approximately 42 percent of the self-employed visual artists, 30 percent of the freelance photographers, and around 17 percent of galleries in Germany. In the space of three years, the art galleries were able to increase sales by around 100 million euros to 335 million euros. In a national perspective, Berlin now accounts for approx. 54 percent of turnover in the retail segment of objet d'art and antiques and around 17 percent of the sales of visual artists. Globally, Berlin is regarded as one of the key locations of art production, both in terms of importance and innovation. Thanks to the high density of galleries and the annual formats of the Gallery Weekend and Berlin Art Week, the city has also developed into one of the leading art hubs in Europe. With a vast diversity of national and international artists living here, Berlin also has a significant pool of creative potential.

Berlin is home to the largest number of freelance artists of any city in Germany, as is confirmed by the details of the survey in Chapter 5. The proportion of artists in relation to all those employed in Germany is approximately twice as high in Berlin as in Cologne-Düsseldorf or in Hamburg, and over three times as high as in Munich. It is hardly surprising that 80 percent of Berlin's visual artists are solo entrepreneurs — the highest proportion anywhere in Germany — and the city simultaneously has the lowest percentage of visual artists in permanent employment. It is especially gratifying that artists living in Berlin generate over 92 percent of their earnings from their own work, a figure also above the national average of only 85 percent. However, in the course of income analysis conducted by DIW Berlin, it also became evident that visual artists in Berlin earn on average approximately 1,200 euros a month, which is below the national average of 1,424 euros.

Since 2012, Berlin's Senate Chancellery — Cultural Affairs department has awarded seven annual prizes each worth 30,000 euros to independent artists' spaces, paying tribute to this specific form of art production and presentation in Germany's capital city. The cultural affairs department also promotes contemporary art by providing scholarships and exhibitions, and subsidies for art catalogues. The Berlin Studio Programme, equipped with a budget of nearly 1.5 million euros annually, acts as an intermediary to lease studio space to professional visual artists and provide them with key production resources. A total of around 800 subsidised studios and studio apartments with fixed rents are assigned to individual visual artists according to a fixed set of criteria by the independent allocation committee of the Kulturwerk, an associated facility of the Professional Association of Visual Artists Berlin (bbk berlin). Over the recent years, the Berlin Senate and House of Representatives have announced several successive expansions of this programme. As part of the new real estate policy, additional workshops and studios for artists are to be created, in particular in real estate owned by the federal state of Berlin.

Since 2003, Berlin's gallery landscape has continually grown to reach the present total of over 440 galleries, making the city the largest gallery location in Europe. The highest density of galleries can be found in the Scheunenviertel quarter in Mitte, around Checkpoint Charlie and along Schöneberg's Potsdamer Strasse. Critical voices point to the fact that although Berlin has become established as a location for artists and art collectors, the sales of art here still lag behind cities such as London, Basel or Paris. However, since the data from previous surveys only included those galleries whose main offices are based in Berlin, this has resulted in lower reported sales figures.

According to the Institute for Strategy Development (IFSE), Berlin's galleries generate around 30 percent of their turnover at trade fairs. Berlin galleries take part in an average of 2.4 trade fairs annually, and so are more active at pertinent national and international art fairs than galleries nationally (1.9 trade fairs). In 2013 alone, around 40 galleries from Berlin were represented at the Art Cologne show, and approximately 80 Berlin galleries at Art Basel. Galleries derive the largest share of their income — approximately 37 percent — from sales to private collectors. For this reason, the Senate Department for Economics, Technology and Research has been promoting joint stands for Berlin galleries for many years at, for example, art fairs in Basel, Istanbul, New York and Miami.

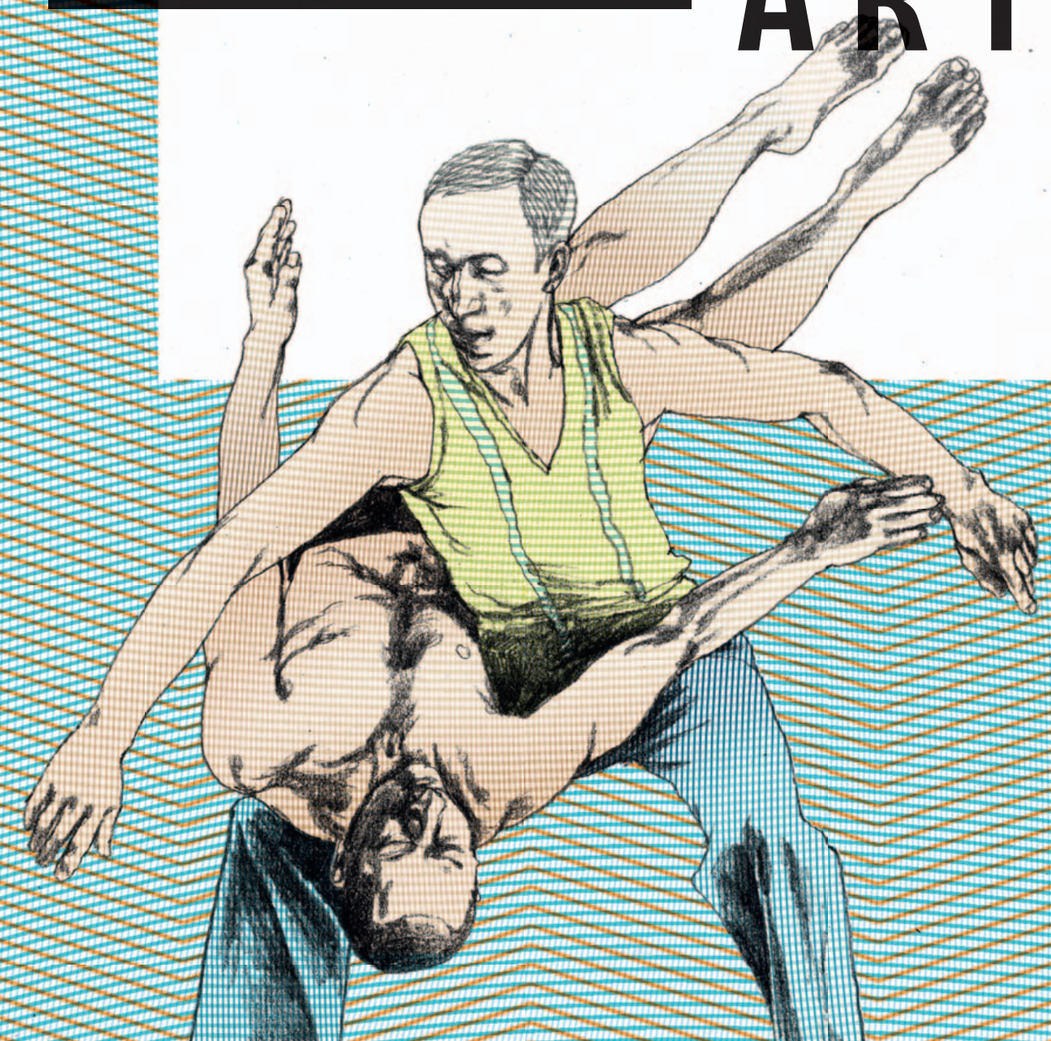
Berlin Art Week in September, founded in 2012 at the Senate Department's initiative and with its support, is a key platform for gallery owners, collectors and art lovers from around the world and regularly features art fairs, opening nights, special events and major exhibitions of contemporary art in renowned art institutions. abc: art berlin contemporary, a curated art fair for contemporary art founded by nine Berlin galleries, forms the heart

of the Berlin Art Week. In 2013, Berlin Art Week reached an audience of 80,000 visitors. The third Berlin Art Week will be held from 16–21 September 2014.

Berlin's museums are also an important magnet for tourists and art lovers from all over the globe. The regular surveys of museum audiences by the cultural affairs department show that 75 percent of visitors come from outside Germany. The blockbuster exhibitions at such main exhibition venues at the Neue Nationalgalerie or the Martin-Gropius-Bau attract vast numbers of international visitors. The most popular museums also include the Pergamon Museum and the Alte Musuem. Over the last five years, the Berlinische Galerie has successfully repositioned itself, and doubled its number of visitors. The Museum Berggruen in Charlottenburg reopened in 2013 after being fully refurbished and now offers space for nearly 200 works by artists from Picasso to Cézanne, Klee and Matisse. The KW Institute for Contemporary Art — Kunst-Werke Berlin in Auguststrasse has an international reputation, and belongs to the best known venues for contemporary art in the city. This not-for-profit association is also the supporting organisation of the Berlin Biennale, a major forum for contemporary art under the patronage of the German Federal Cultural Foundation. The Berlin museums portal at www.museumsportal-berlin.de, recently updated and revised with the support of the Senate Department and the cultural affairs department, offers an insight into the diversity of Berlin's museum landscape.

Aside from the many museums primarily funded by the public coffers, Berlin also has a number of privately-owned museums including, for example, C/O Berlin. With a programme of top-flight photography exhibitions attracting around 200,000 visitors every year, C/O Berlin, initially housed in an impressive former imperial post office building, has significantly enhanced Berlin's international reputation. In autumn 2014, C/O Berlin is set to reopen in a new venue at the former Amerika Haus which has been renovated with funds from the foundation Stiftung Deutsche Klassenlotterie Berlin. Over the last years, Berlin has successfully honed its profile as a leading location for photography. The many venues dedicated to photographic works not only include C/O Berlin, but also the Museum of Photography of the Stiftung Preußischer Kulturbesitz (Prussian Cultural Heritage Foundation) and the Helmut Newton Foundation, which are both housed together in the same building. In addition, the city is home to the legendary Ostkreuz photo agency and the Browse photo festival. The latter, founded in 2012, is continually growing and now showcases 100 exhibitions of over 150 photographers as well as numerous workshops, projects and presentations on professional photography.

PERFORMING ARTS



Specific Features

The performing arts market comprises ensembles, cultural practitioners and other players receiving public or private funding, or with non-profit organisation status, who are active in the sectors of theatre, song, dance, and circus arts. To a large extent, the performing arts in Germany are co-financed by the public coffers, as is especially the case for theatres, opera houses and concert halls. In addition to the German Federal Cultural Foundation, the local and federal state levels are particularly important in this context. There is also an increasingly vibrant and high-quality independent theatre scene developing alongside the publicly-funded sector.

Usually, in terms of work and income, the situation of many freelancers in these areas — actors, dancers, choreographers, authors and directors — does not meet the ideal of a cultural practitioner with above-average earnings working in one location.
In essence, this submarket consists of small and ultra-small companies, including a large number of solo entrepreneurs. As a rule, they are taken on for limited periods for specific projects or are constantly shifting between self-employment and salaried employment. According to a study by the University of Münster in 2010, only approximately 5 percent of the sample was in permanent employment. Hence, workers in this submarket are likely to have strongly fluctuating and often insecure incomes, leading them to pay comparatively little into the social welfare schemes protecting them against life contingencies such as unemployment, illness and the need for nursing care.

To a certain extent, the large theatre institutions are an exception here since, generally speaking, their creative industries workers are in permanent employment subject to social insurance contributions and earning on pay scales set by collective bargaining agreements. As such, they are also included in the theatre statistics compiled by the Deutscher Bühnenverein. However, such an employment situation remains an exception in the performing arts.

Performing Arts	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Promoters and theatres[1]	351	351,720	8,298
Ensembles and self-employed performers[2+3]	1,172	136,369	4,755
Dance schools, cultural education	142	16,417	195
Total	1,665	504,506	13,248
Submarket changes 2009–2012 / 2013	16.8 %	19.2 %	2.1 %
Submarket share of creative industries	17.1 %	14.0 %	9.7 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

1 The data here combines the sectors of theatre and concert promoters (50 %), operas, theatres, and concert halls (50 %), variety and cabaret theatres as well as service providers for the performing arts market (50 %).
2 The data here combines the sectors of theatre ensembles, self-employed performers and artists as well as self-employed stage, film, radio and TV performers (50 %).
3 The data for the business sector »Self-employed stage, film, radio and TV performers« is divided equally between the film market and performing arts segments.

Berlin

In 2012, the performing arts segment, with around 1700 companies including promoters and stages, ensembles, self-employed performers as well as dancing schools and sector-related services, generated over 504 million euros. From 2009 to 2012, the number of businesses in this submarket rose by over 17 percent and turnover increased by approximately 20 percent. Within the performing arts market in Germany, Berlin has the highest concentration of enterprises (17 percent), turnover (14 percent, in particular due to the considerable growth in sales for theatre and event promoters), and numbers of those employed (ten percent).

Berlin, Germany's capital city, offers a vast diversity of stages, venues, theatre and dance groups. Aside from the major nationally and internationally renowned performing arts stages, from the five independent institutions in the Berlin Opera Foundation to such theatre venues as the Berliner Ensemble, Maxim Gorki Theater, DeutschesTheater, Schaubühne and the Theater an der Parkaue, the city also has a very lively and vocal independent theatre scene. Thanks to its professionalism, diversity and quality, this also plays a significant role in shaping Berlin's image as a vibrant cultural metropolis.

Working together with the non-profit organisation LAFT Berlin — State Association for the Independent Performing Arts, the Senate Department for Economics, Technology and Research has developed a strategy for presenting the city's independent theatre scene designed to PROMOTE THE EXPORT OF BERLIN PRODUCTIONS to national and international stages. After its successful launch in 2013 with tours for a specialist audience to the individual productions, the project has been consolidated in 2014 to create a presentation platform for the independent performing arts. At the same time, the Senate Chancellery — Cultural Affairs is providing over approx. 485,000 euros to ESTABLISH A NETWORKING, ADVICE AND SELF-HELP CENTRE FOR SELF-EMPLOYED AND FREELANCE PERFORMERS in this sector.

Berlin's attractive infrastructure is a magnet for talented and creative people from within Germany and abroad. The city is home to a wide range of state-funded and private arts colleges. Although some of the latter do receive public funds, many are largely self-financed through student fees including, for example, the Berliner Schule für Schauspiel acting school, the TANZFABRIK BERLIN with its professional dance training programme or the ETAGE school for the performing and fine arts. In addition, the leading performance arts institutions in Berlin include such distinguished publicly-funded schools as the ERNST BUSCH ACADEMY OF DRAMATIC ART.

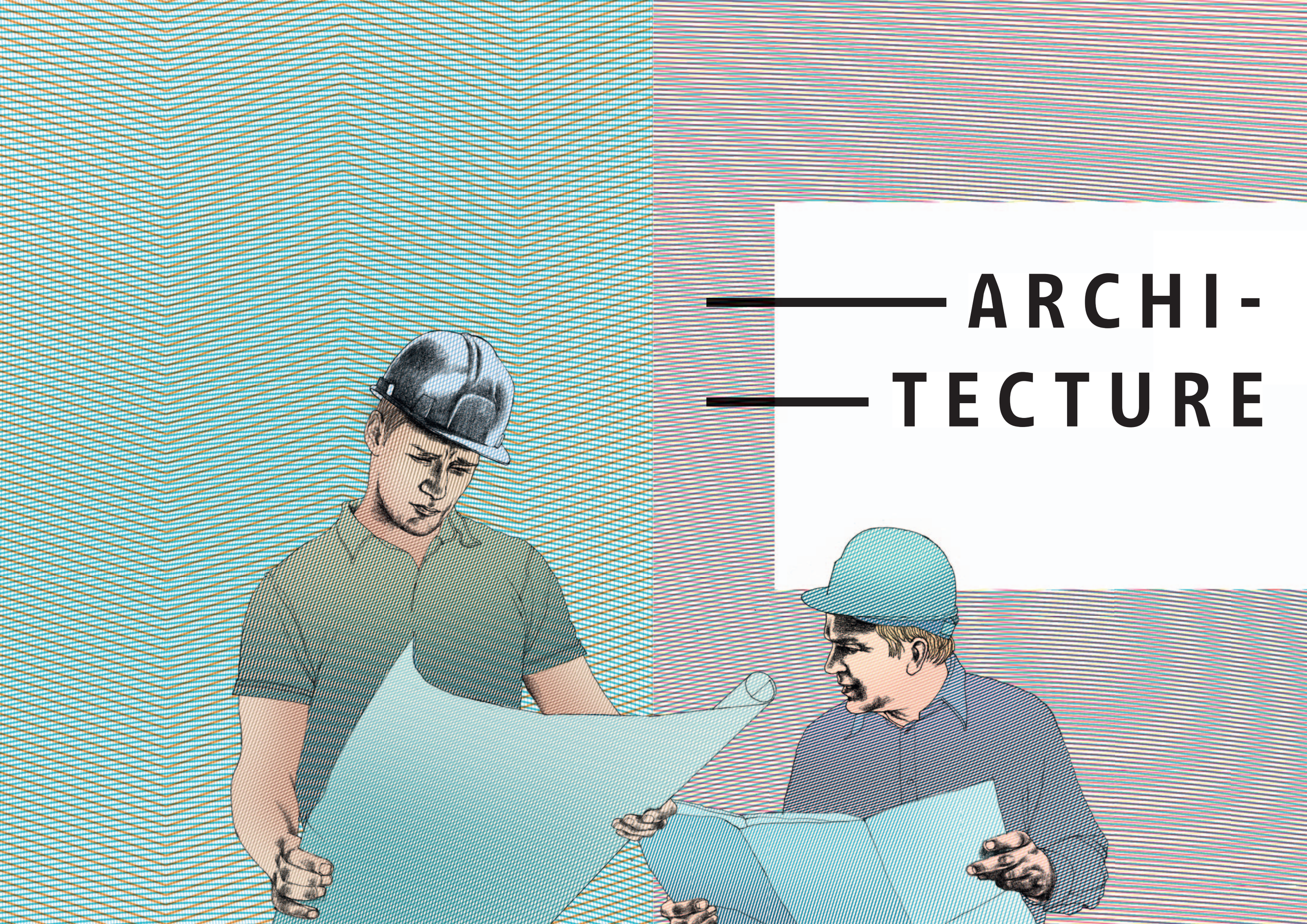
In the area of dance, there are numerous dedicated study programmes, for instance, at the Berlin University of the Arts (UdK) or the Inter-University CENTRE FOR DANCE BERLIN.

In general, the performing arts have also found venues and locations outside the network of institutionally funded stages. For example, the Kunstquartier Bethanien arts centre is home to around 20 groups, associations and production offices working in dance, theatre, and performance.

Berlin is steadily developing a strong international profile as a city of dance. Such leading dance companies as Sasha Waltz & Guests and Constanza Macras with her Dorky Park ensemble are all based here. The venues making the news on the dance scene include the Uferstudios, the Halle Tanzbühne Berlin and Dock 11. Nonetheless, dance in particular requires greater support to reach its potential audience. Through the »BERLIN TANZT« MARKETING CAMPAIGN, the cultural affairs department promotes an awareness of Berlin's rich performing dance scene. The measures here also include the »Tanzcard« providing subsidised admission to events with the aim of permanently attracting larger audiences for dance performances.

The Berlin-based umbrella association Contemporary Dance Berlin (ztb) and the TanzRaum Berlin network are among the organisations which represent the interests of choreographers, dancers, companies and dance institutions. As a rule, since a dancer can only enjoy an active career up to a certain age, it is important to ensure dancers develop an alternative set of skills for the job market. TRANSITION ZENTRUM DEUTSCHLAND, which is also based in Berlin, provides a key point of contact for advice and support for dancers during this transition phase.

ARCHI-
TECTURE



Specific Features

In the wake of the global financial crisis, Germany's architectural services market suffered more than any other creative industry submarket from a lack of investment. However, this market has progressively recovered since 2009. In 2013, for the first time, the business climate was considered to be just as positive as during the final phase of the building boom after German reunification. According to a survey of architectural practices by the Ifo Institute, the economic recovery is due to the growth in the volume of private and public-sector orders in 2013 over the previous year. With the average scope of forward orders increasing from 5.9 to 6.5 months, the cushion of orders in hand again reached a similar level to the volumes recorded during the building boom after German reunification.

The large architecture firms profit in particular from the growth in order volume. The Federal Government's first and second economic stimulus packages had noticeable less effect on small architectural practices and self-employed architects. Traditionally, these architect's offices are largely dependent on just those private-sector orders which initially dried up after the financial crisis.

The architectural profession is undergoing a steady process of juridification. In particular, since the small owner-managed architect's offices are usually organised as companies under civil law with partners having unlimited joint and several liability, these shoulder considerable levels of risk when taking on architectural commissions and projects. If a building project should fail, the company partners are liable to the full extent of their assets. The architectural services market typically has a surplus of architects with, for example, nearly twice as many newly qualified architects entering the market than age-related retirements. According to the German Federal Chamber of Architects (BAK), this trend looks set to grow over the coming years.

Architecture	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Architecture firms	2,526	438,460	8,703
Self-employed restorers	154	14,303	236
Total	2,680	452,763	8,939
Submarket changes 2009–2012 / 2013	5.3 %	-1.3 %	18.5 %
Submarket share of creative industries	7.7 %	6.0 %	7.3 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

Berlin

In 2012, Berlin's architectural services market comprised around 2,700 businesses — architectural firms and restorers — generating a turnover of approximately 453 million euros. This submarket provides around 9000 jobs. In comparison to 2009, the number of employees has grown by nearly 19 percent. The volume of sales has fallen slightly since 2009 in this submarket despite the number of businesses growing by five percent.

Berlin's architectural services industry is characterised by its patchwork structure, easier market access than in other major cities, cooperation across a range of disciplines, and a trend towards building projects organised by various forms of cooperative associations. The established architecture firms in Berlin include Graftlab, Staab, Brandlhuber, Jürgen Mayer H., Barkow-Leibinger, GMP, Dudler, Grüntuch Ernst, Robertneun, Eike Becker, Zanderroth, Sauberbruch Hutton, Chipperfield, Nägeli and Kleihues. Architect's offices taking an interdisciplinary and experimental approach are for example, among many others, Raumlabor, Thomas Kröger, Cobe, Far, Bar, Kühn Malvezzi, Something Fantastic, UT Architects, Bundschuh, Jens Caspar, Realities United, Ifau, and Deadline.

With one architect for every 452 residents, Berlin is ranked alongside Hamburg as the German city with the highest density of architects, both in terms of the city's population and as a proportion of those employed nationally. The institutions in Berlin offering architectural qualifications — Technische Universität Berlin, Berlin University of the Arts (UdK) and Beuth University of Applied Sciences – ensure there is a constant supply of young architects.

In the period from 2009 to 2012, the turnover on Berlin's architectural services market fell by approximately one percent. In particular, according to the German Federal Chamber of Architects (BAK), the owner-managed architect's offices without staff described the order situation as unsatisfactory. Around 40 percent of these offices reported that they are not working to capacity. Half of Berlin's architect's offices had orders on hand for a maximum of six months.

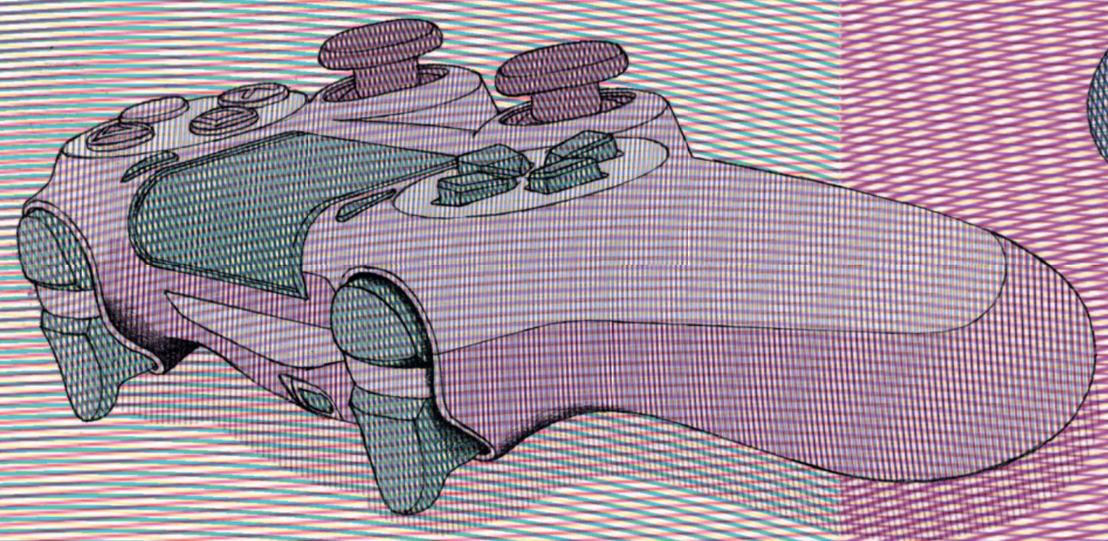
The incomes and earnings of small and larger architecture firms are significantly different. A survey conducted of the office structure of self-employed members of the Berlin Chamber of Architects showed that the average volume of professional fees per capita in owner-managed architect's offices without permanent staff amounted to approximately 36,000 euros. In architectural practices employing ten or more staff, this figure was 70,000 euros, nearly twice as much. This is congruent with the recorded increase in the average monthly income of a Berlin architect (2,168 euros) taking it to, at present, approximately 90 percent of the average income for architects in Germany.

Given the intense competition on the architectural services market, it would seem as if a business approach is crucial in enabling small practices and self-employed architects to survive. However, only 16 percent of the Berlin architects questioned by the Federal Chamber of Architects (BAK) regard business competences, a business mindset and cost-awareness as essential skills in becoming successfully established on the market. At present, these skills are not sufficiently integrated into the university programmes leading to a degree in architecture. Postgraduate courses, such as the M.A. in Location and Project Development at the Technische Universität Berlin, address this need with specialised courses in construction law and economics.

In the period from 2011 to 2030, Berlin's population is expected to grow by 250,000 inhabitants to reach 3,700,000. Such a growth will stimulate both the demand for residential accommodation and architectural services to provide new residential housing. Berlin's long-term positive economic development seems more than likely to fuel a significant future demand for commercial properties of all types (offices, logistics, production, trade, etc.). Since Berlin is one of the most successful tourist destinations in Europe, the demand continues unabated for architectural services for constructing new hotels and refurbishing older ones.

The city's architects are organised and networked in many different ways, not only through the Chamber of Architects, but also in a variety of associations such as the Association of German Architects (BDA). These are supplemented by architecture galleries and platforms such as AEDES, or the Deutsche Architektur Zentrum (DAZ) initiative or urban issues, which provide a forum to present and discuss new approaches related to cities in general, urban development and architecture.

SOFTWARE — GAMES



Specific Features

The software and games market is relatively recent and only became established around 30 years ago. For the last ten years or so, this has been the fastest growing segment of Germany's creative industries. The German software and games market is ranked seventh in the world behind the United States, Japan, China, South Korea, the UK and France.

The market trends include cloud computing, mobile applications, big data, gamification, data security, wearable computing and 3-D printing. The area of developing new cloud technologies has recorded especially strong growth. BITKOM, the Federal Association for Information Technology, Telecommunications and New Media, has predicted growth in 2014 of 39 percent in cloud computing alone. In this case, cloud computing would account for nearly 11 billion euros in the German market. In the wake of this change, the classic licensing and hardware business would shift from software providers to service providers. Over the following two years, BITKOM expects turnover on the German cloud computing market to double to 20 billion euros. At present, 40 percent of companies in Germany are already using cloud services.

The games market is also growing significantly. With an estimated turnover of approximately two billion euros (+3.5 %) in 2013, the computer and video games industry in Germany has long overtaken the music and film sectors. In Europe, only the UK is ranked ahead of the German games market. PricewaterhouseCoopers forecasts that the present sector will have a market volume of just under three billion euros by 2016. The main drivers of turnover will be mobile and online games, which are expected to return growth of over 15 percent annually. Social gaming, i.e., playing in social networks, and cloud-based gaming, where games are either played via a web browser or an external internet server, have a key role in setting market trends.

Today, computer games have become a mainstream leisure activity in society. As early as 2008, the Deutscher Kulturrat (German Cultural Council) officially recognised computer and video games as cultural goods. These games are also instrumental in shaping the styles of other cultural genres, for instance, film, graphic and visual art, and music. The software and games industry is intensely competitive. Professionalised business processes, a flexible business model and highly skilled employees are all essential for success. The software and games industry is also characterised by a high proportion of young managers between 21 and 30 years old.

Software/Games	No. of companies / 2012	Turnover in thousand € / 2012	No. of people employed / 2013
Software publishing	33	46,268	8,153
Programming	2,582	1,520,647	25,617
Information technology consulting services	1,253	754,670	9,849
Web portals	89	343,440	3,468
Total	3,957	2,665,025	47,087
Submarket changes 2009–2012 / 2013	30.4 %	50.4 %	74.6 %
Submarket share of creative industries	6.8 %	6.0 %	7.4 %

Source: Berlin-Brandenburg Statistical Office (Amt für Statistik) and Federal Employment Agency (BfA), Analysis IW Consult GmbH, graphic SenWTF

Berlin

The software and games industry is the market segment of the creative industries which, across all parameters, records the strongest growth. This is partially due to the submarket being classified as belonging to the larger digital economy. The growth in the software and games industry in Berlin does not only reflect trends within Germany, but also global developments. Since 2009, turnover in Berlin's software and games market has grown sharply by over 50 percent to 2.6 billion euros. Over the same period, the number of software and games companies rose by 30 percent, while the employment figures for this market segment grew by no less than 75 percent to over 47,000 jobs — figures recording significantly stronger growth than the national average. Berlin's software and games industry benefits from a broad research and university landscape, as well as numerous business incubation centres and technology parks. With the city's strong international profile and appeal, it has also attracted a high proportion of specialised and skilled personnel from around the world.

The dynamism in the software development sector as well as the creative and design scene not only produces fruitful synergies, but also formal and informal networks within Berlin. The vast majority of key associations and networks in the IT sector are located in the city, including SIBB e.V., an association for companies in the IT and internet industry, and the networking platforms Xinnovations and Berlin Commercial Internet Exchange (BCIX). Berlin has experienced a boom in start-ups in this market segment, helped by the comparatively low cost of living and relatively favourable operating costs for businesses.

In particular, Berlin's digital economy increasingly appeals to major funds and family wealth managers as an attractive growth capital investment. Berlin now leads the rankings nationally for venture capital investment in this sector, and is quickly catching up internationally. In this context, it is good news that the international venture capital firms Partech and Earlybird have set up offices in Berlin. Such prestigious digital and social media companies as Twitter, Paymentwall or UBER have also opened Berlin offices. Berlin's start-ups are regarded as well positioned and professionally organised. The city also hosts many events bringing together the sector's international players, for example, at TechCrunch Disrupt Europe, droidcon Berlin, and Tech Open Air or at such conferences as re:publica, Heureka and NEXT Berlin, held during Berlin Web Week.

Today, many young software companies, for example, SoundCloud, ResearchGate, ImmobilienScout24, MyToys, the online donation platform BetterPlace or the Rocket Internet start-up factory are now firmly established on national and international markets and provide hundreds of jobs in Berlin. In just a few years, start-ups develop into successful businesses with several hundred employees.

As part of the marketing campaign REDEFINE THE POSSIBLE. LOGIN. BERLIN, promoted by the Senate Department for Economics, Technology and Research, over 100 companies have joined forces in a project setting out to heighten awareness among IT decision-makers, specialists and investors of the city's potential as a leading location for IT and digital business. The campaign includes ads placed in regional, national and international media as well as presentations at key digital economy conferences and trade fairs.

Berlin's games industry leads the rankings in Germany. With businesses in all value-added sectors as well as leading associations, institutions and training centres located here, the city is home to the games cluster with the most diversity and highest density anywhere in Germany. The games industry here is primarily focused on social games, online and browser games, mobile games, serious games, virtual worlds, edutainment and e-learning. In Berlin, gaming trends are set and new developments identified at an early stage and promoted.

Berlin has a long-established, strong and creative games development scene which generates new impulses for the international games industry and drives forward innovation in other economic sectors. The games developers already established in Berlin include Yager Development, Morgen Studios, Exozet, GameDuell and Bigpoint (formerly Radon Labs). Newer developers, such as Wooga or Crowdpark, have rapidly grown into successful businesses developing social and mobile games. In addition, Berlin is home to a vibrant scene of indie game producers including, for example, Neutron-Games, Enter-Brain-Ment, SlipShift, Spaces of Play or kunst-stoff, which are also similarly well-known beyond the cities borders. With their engines, Berlin companies have set standards adopted in many other software developments.

Berlin is now home to games publishers and distributors with a global presence. Companies such as GameGenetics and HitFox ad2games sell mobile and online games around the world. From 2014, ProSiebenSat.1 plans to bundle its publisher Seven Games and its entire games activities in Berlin. With Klett, Kiddinx, Cornelsen and Tivola, some of the publishers specialised in learning software are also located here.

These different areas in Berlin's games industry are complemented by a spectrum of service providers. Businesses such as Stryking, nexxter, SponsorPay, Paymentwall, Anakan and Audioberlin provide auxiliary services for the games sector ranging from advertising and payment systems to sound settings, localisation, quality assurance and concept art. Growing numbers of renowned games companies from abroad, including King.com, Unity Technologies and Kabam, are opening offices in Germany's capital city, creating hundreds of new jobs here.

Berlin provides a pool of talent for the games industry. Hardly any other city in Europe can offer such a wealth of public and private programmes for the games sector, from training courses to degrees. The up-and-coming generation are being trained at such institutions as the Games Academy, GA Hochschule der digitalen Gesellschaft, the Mediadesign Hochschule and the S4G School for Games. Scientific games research is being conducted, for example, in the Game Changer research cluster at the HTW Berlin University of Applied Sciences and at the Humboldt-Universität Institute for Musicology and Media Studies.

Through the series of leading events hosted here, the region has also become an important international meeting point for the games industry. These events not only include International Games Week Berlin, which was launched in 2007, but also the business conference Quo Vadis, the job fair Making Games Talents and the indie games festival A MAZE. Since 2010, 8.5 million euros from the ProFIT innovation funding programme have been invested in the form of grants and loans in new developments in the software and games industry. The key associations and institutions in the German games industry are located in Berlin: the national German Games Industry Association (G.A.M.E.) and the German Trade Association of Interactive Entertainment Software (BIU), the games.net berlinbrandenburg network, the Stiftung Digitale Spielkultur initiative, the Entertainment Software Self-Regulation Body (USK) and the Computerspielemuseum, a computer games museum unique the world over.

CROSS INNOVATION

Cross Innovation

Cross innovation can be defined as cross-industry collaboration to generate innovations. Such a collaborative approach to innovation could result in, for instance, the creative industries, manufacturing and the high-tech sectors working together to develop products, services or processes. Cross innovation is also frequently used to describe the transfer of innovative approaches and expertise from one industry to another. Cross innovation is becoming a major focus for the economy. With an increasingly interconnected economy, the borders to many markets have become porous and sectors have developed new interfaces such as, for instance, online platforms in the music and fashion businesses. Above all, system-changing innovations are primarily the result of networks and interfaces. Innovations are no longer generated internally within a single business, but involve external actors and often require external organisational forms, for example, through cooperation with start-ups or in open laboratory environments.

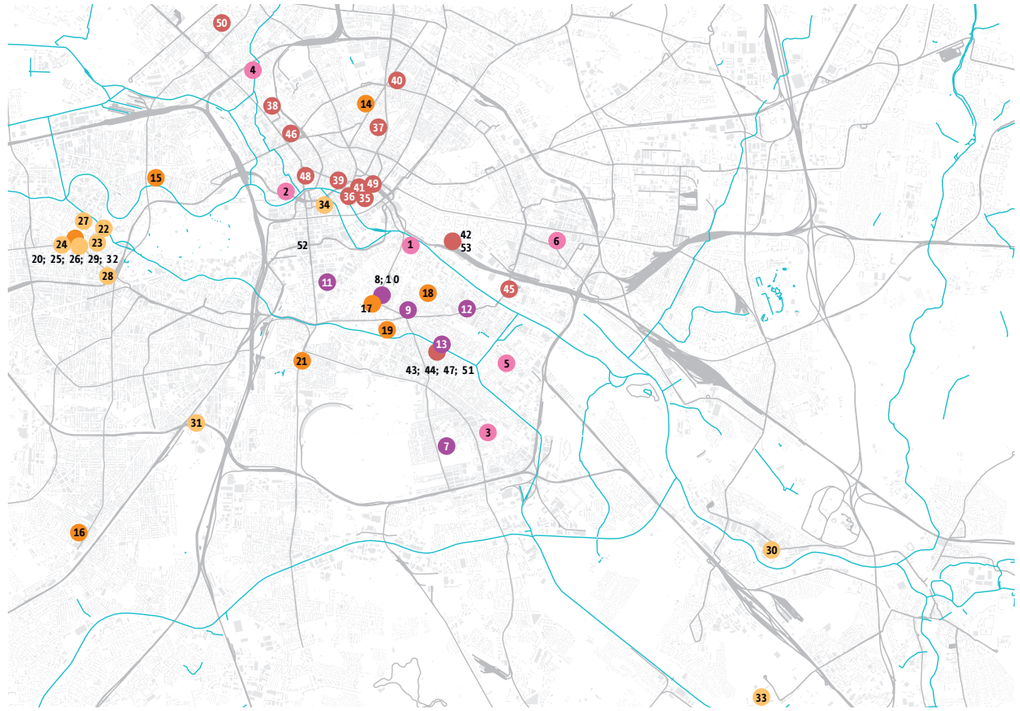
Berlin's creative industries are forging new interfaces and driving developments forward, in particular, in design, games, software and music. Here, the creative industries are generating new ideas and approaches that will later influence many other markets. Today, for example, vehicle design and production without sound designers is almost unimaginable. Sharing models developed in the music industry is also exemplary of cross industry innovation.

Interdisciplinary collaboration on products, services and trends is far from a matter of course. Fruitful collaboration entails an understanding of the expertise in each industry and openness among stakeholders to other approaches.
The challenge for cross innovation in Berlin lies in networking the right actors from the various sectors to promote the collaborative development of innovations. As a result, stakeholders need to leave well-trodden paths and entrenched approaches to solving problems and achieve a common understanding of procedures and goals. Here, moderators, locations, formats and incentive systems are needed to mediate between the different worlds, translate the specialist terminology, and increase the motivation to collaborate. In the DESIGN STRATEGY FOR BERLIN as drafted by the Senate Department for Economics, Technology and Research, cross-industry cooperation is a key objective, aiming to boost the potential for design innovation and strengthen cross-sectoral sales and distribution channels. In addition, this approach is supported by a range of activities, from exchanging best practices, developing optimal conditions, and strengthening cross-industry innovation strategies, organised with project partners from Birmingham, Amsterdam, Rome, Lisbon, Stockholm, Warsaw, Tallin, Vilnius and Linz under the INTERREG IVC CROSS-INNOVATION programme.

In this context, the Senate Department's DESIGN TRANSFER BONUS PROGRAMME has proved extremely successful. The programme facilitates access to design services for innovative Berlin companies which can then apply the expertise of designers to developing or improving innovative products or processes. One success story here was the design of energy-saving vandal-resistant LED lights.

THE DESIGN AND HEALTHCARE COMPETITION, only open to teams of creative workers and healthcare sector businesses with innovative projects, illustrated how creative spillovers can promote product development and innovative processes in other Berlin government priority areas. The competition was won by the renowned GRAFT architecture firm and ART+COM. In a collaborative process, they joined forces with the Charité University Hospital to develop two interactive hospital rooms for intensive care patients. The design, which received numerous awards, has now been implemented at the Charité. The HYBRID PLATTFORM, whose founding members include the TECHNISCHE UNIVERSITÄT BERLIN, the BERLIN UNIVERSITY OF THE ARTS (UdK) and a range of companies, is a key project facilitating transdisciplinary cooperation. The HYBRID PLATTFORM not only initiates and supports cooperation projects, but also fosters encounters and debate between disciplines at the two universities, creating spaces for the free exchange of ideas. The impetus provided by the HYBRID PLATTFORM has, for example, led to the establishment of UseTree, the Berlin Competence Center for Usability Measures.

The study on INNOVATION AND CREATIVE LABS IN BERLIN commissioned by the Senate Department for Economics, Technology and Research / Projekt Zukunft highlights the key role of suitable spaces in promoting cooperation and bringing together stakeholders with diverse professional expertise. This new form of economic activity requires spaces and networks to experiment with ideas and to test business models. Berlin has over fifty innovation locations, ranging from grassroot labs, co-working labs, in-company think tanks and research and university-affiliated labs to incubators and accelerators, which act as interfaces between innovative ideas, teams and start-ups.



Grassroot Labs

1 c-base
2 Chaos Computer Club Berlin e. V.
3 Ida Nowhere
4 Raumfahrtagentur
5 Trial & Error Kulturlabor
6 Vétomat

Co-Working Labs

7 Agora Collective
8 betahaus
9 co.up
10 Open Design City
11 RallyPad
12 The Wye
13 Webworker Berlin

company Labs

14 360° lab
15 Co:llaboratory
16 Disruptive Innovation Lab (MediaBusiness Transfer Center)
17 Etsy Labs
18 Medienwerkstatt Berlin
19 social impact lab
20 Telekom Innovation Laboratories (T-Labs)
21 UFA Lab

Research-related Labs

22 3D Innovation Center (Fraunhofer Heinrich-Hertz-Institut)
23 3D-Labor (TU Berlin)
24 Charlottenburger Innovations-Centrum (CHIC)
25 DAI-Labor (TU Berlin)
26 Daimler Center for Automotive Information Technology Innovations (DCAITI) (TU Berlin)
27 Design Research Lab (UdK Berlin)
28 Discover Markets (Fraunhofer-Gesellschaft)
29 EICT European Center for Information and Communication Technologies
30 gameslab (HTW Berlin)
31 Knowledge and Innovation Communities – Climate-KIC Deutschland
32 Knowledge and Innovation Communities – EIT ICT Labs
33 PVcomB
34 Sound Studies Lab (HU Berlin)

Incubators & Accelerators

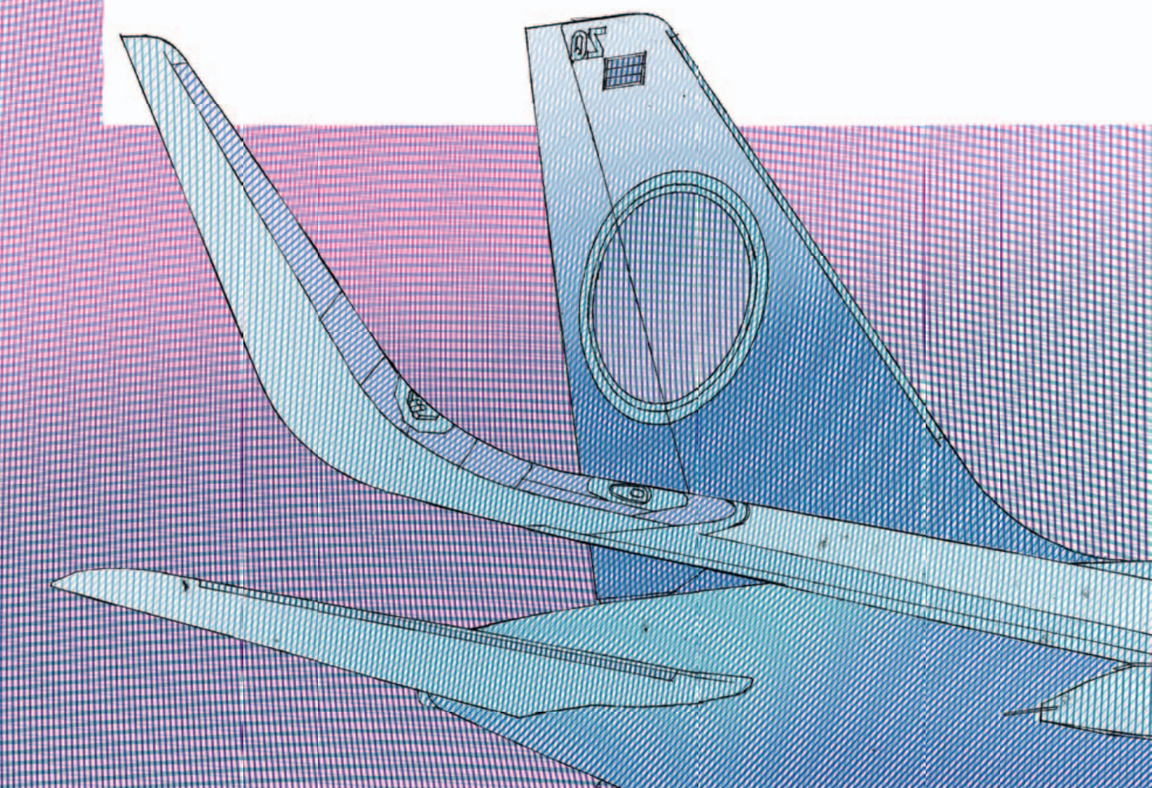
35 Berlin Start-Up Academy
36 BeVation
37 Covus Ventures
38 Found Fair Ventures
39 Founder Institute
40 FoundersLink
41 HitFox Games Ventures
42 hub:raum
43 M Cube
44 MAS Angel Fund
45 nugg.ad
46 Project A Ventures
47 Rheingau Founders
48 Rocket Internet
49 Springstar
50 Startup Camp Berlin
51 Startupbootcamp Berlin
52 Team Europe
53 YOU IS NOW

These are supplemented by temporary lab and matchmaking formats as part of the Berlin Web Week, Berlin Music Week or other events. Innovation labs are established for many different reasons. Some have a clear industry focus aimed at accelerating innovation cycles and launching market services. In contrast, grassroot labs, which tend to be operated by small networks prioritising a creative exchange and driven by enthusiasm for a particular subject, have a wider remit than just bringing innovations to market. Incubators and accelerators are generally motivated by their strategic involvement in promising start-ups, allowing them to benefit as early as possible from the creation of value.

Research and university-affiliated labs work on quickly transferring research results into marketable applications. Here, for example, the Technische Universität Berlin cooperates with Deutsche Telekom AG and Daimler AG on developing pioneering products, such as interfaces for vehicle operation or technical devices for users with physical limitations. In Berlin, large companies tend to follow a policy of outsourcing innovation processes, which itself offers new opportunities. Moreover, Berlin has ideal conditions for such a development with its extensive research and university landscape, high density of innovation laboratories and many start-ups.

The examples in this area in Berlin include the nugg.ad incubator, a subsidiary of the Deutsche Post AG, hub:raum, the incubator of Deutsche Telekom, and the Otto Group which supports the Project A Ventures. The incubator founders benefit from a range of services, spaces, coaching, seed capital and, under certain circumstances, access to the distribution channels of a major multicorporate enterprise for their own market launch.

CULTURE AND TOURISM



Culture and Tourism – Positive Synergies with a Profound Effect

Germany is increasingly attracting tourists from abroad as a cultural holiday destination. According to research by the German National Tourist Board (GNTB), Germany now has a share of 12 percent of all global trips by European tourists and leads the rankings for cultural destinations in this sector.

The growth in overnight stays in Berlin also reflects this general development. In particular, the percentage of international guests has steadily risen over the recent years. In 2013, visitors from within Europe accounted for 31 percent of all overnight stays, with the total number of all visitors from abroad amounting to approximately 43 percent. As a vibrantly livable city, Berlin fascinates visitors from within Germany and abroad. They are impressed by the broad spectrum of lifestyles, and how the city has so readily embraced the chance for urban renewal.

Nearly 25 years after the fall of the Berlin Wall, the German capital has its own unique appeal. The former »city of the Wall« at the interface of western and eastern Europe was once a symbol of division. Now, especially due to its rich and diverse cultural calendar, Berlin has become an attractive destination all year round. Today's cultural and creative location grew out of the »Double Berlin«, with its distinctive cultural landscapes. The phase of de-industrialisation and the on-going restructuring processes led to vacant property in the city centre — opening up spaces for a broad range of experimental approaches. The availability of space, which was actually symptomatic of a weak regional economy, was a key factor in attracting cultural practitioners and creative workers. Out of this grew Berlin's characteristic mix of mainstream culture and diverse subcultures which has shaped the city's image around the world. Today, Berlin is regarded as a city of trends, fusing its historical legacy and heritage with the zeitgeist of the present.

Berlin has a wide range of cultural events, attracting many diverse tourist target groups. The city offers over 1,500 events every day. Berlin's attraction is further heightened by its status as a UNESCO City of Design and as home to three UNESCO World Heritage sites. Internationally, Berlin has been able to position itself as a creative and cosmopolitan metropolis. In addition, it has become Germany's top city break destination. Just as catch-up processes fuelled development in the city's other regional economic sectors, Berlin's tourism industry has now closed the gap to London and Paris. In 2013, Berlin again recorded nine percent growth in overnight stays, making it the growth champion among major European cities. In that same year, Berlin had 11.6 million tourists and registered approximately 27 million overnight stays in all types of commercial accommodation. Every day, the city has around 500,000 visitors. Since 2012, the number of international tourists has increased by a further five percent to approx. 4.3 million visitors. In 2013, 57 percent of visitors came from within Germany and the remainder from abroad. Over 275,000 jobs are directly or indirectly supported by Berlin's tourist sector.

In 2011, Berlin's tourism and conference industry posted a record turnover of 10.3 billion euros. The tourism and conference sales primarily benefit the gastronomy and hotel sector. According to the 2012 MICE Report, around 262 million euros (approximately 14 percent) of the total turnover of 1.9 billion euros flows back into Berlin's cultural and leisure industry. The cultural, creative and event sectors have developed into the mainstays of the tourism industry. For over 60 percent of visitors from within Germany and nearly 80 percent of guests from abroad, the range of cultural events in Berlin played a key role in their decision to visit the city. The top ten reasons for opting for a city break in Berlin include the city's sights, history, art scene, cultural activities, architecture and cityscape.

The surveys of visitors organised by the Senate Chancellery — Department of Cultural Affairs since 2008 confirm the positive synergies between the growth in tourism and the wealth of cultural events on offer. For example, according to this research, in 2012 tourists accounted for a good 35 percent of Berlin's theatre audiences (ten percent from abroad and 25 percent from within Germany). The figures for museum visitors show that only around 15 percent came from Berlin itself, while 40 percent were tourists from within Germany and 45 percent tourists from abroad. The memorial sites surveyed recorded an even higher percentage of tourists among their visitors; in 2012, for example, 59 percent of those visiting memorial sites came from abroad and 31 percent from within Germany.

The majority of tourists in the survey stated that visiting a museum or theatre was either the sole reason or one of the main reasons for coming to Berlin. This response was notably high among concertgoers (with 28 percent citing the concert as the sole reason, and 29 percent as one of the main reasons). The responses from visitors to opera / ballet / dance theatre performances were also very similar (sole reason 26 percent; one of the main reasons 29 percent). Nearly half the tourists attending straight theatre performances stated that visiting the theatre was the sole reason or one of the main reasons for coming to the city. The average number of overnight stays also highlights the link between tourism and Berlin's cultural landscape. While the average visitor to Berlin stayed for 2.2 days, the surveys conducted by the cultural affairs department show this figure rising to 4.2 days for tourists interested in the city's cultural and arts scene. This finding is supported by the Quality Monitor survey of the German tourism industry (Qualitätsmonitor Deutschland-Tourismus) which records an average stay of 3.9 days for those target groups identified as »very interested in (intellectual) cultural pursuits«.

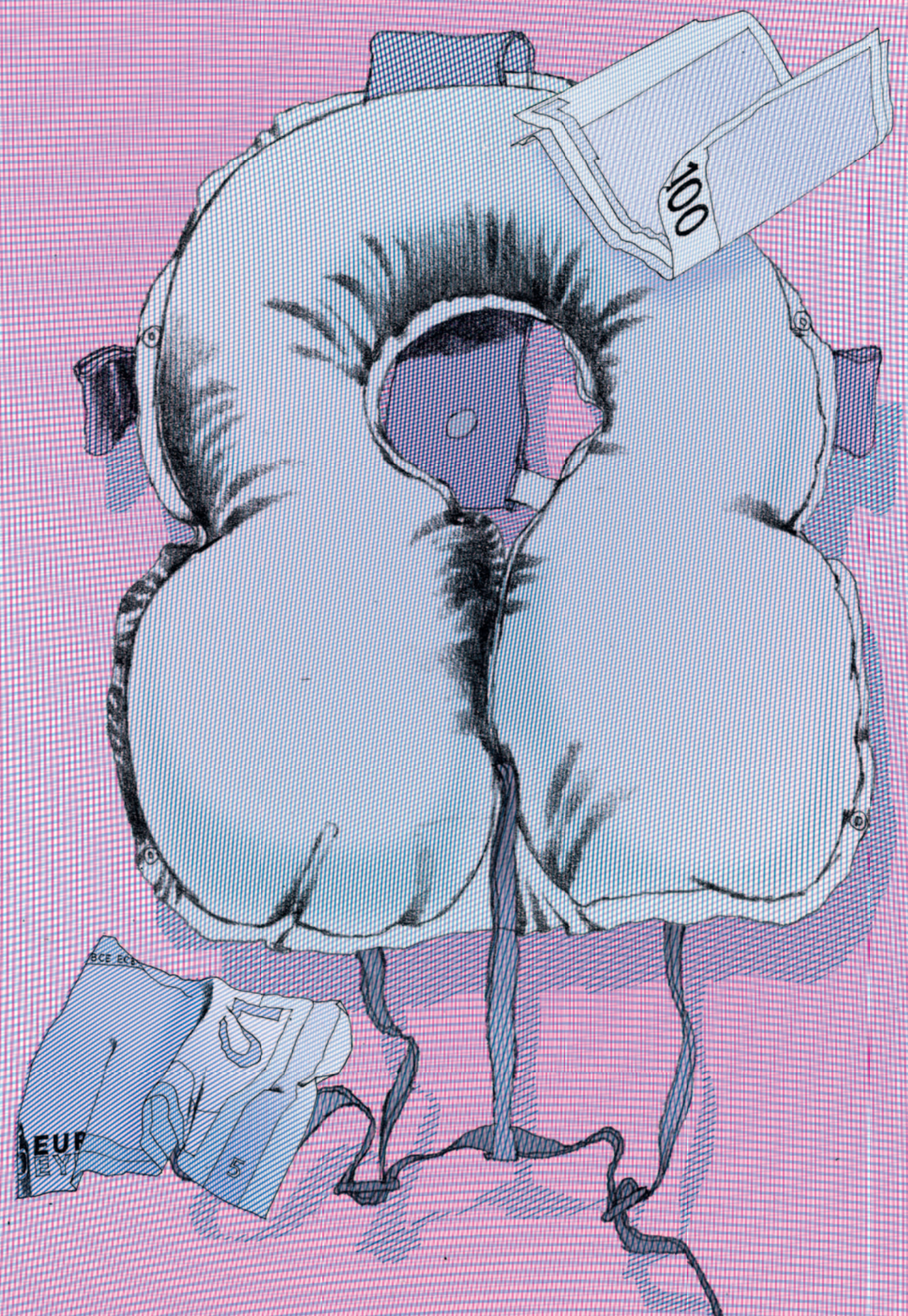
Perspectives and Fields of Action

There are positive synergies between cultural attractions and the volume of tourists. Berlin is especially associated with the rich cultural diversity of a big city offering something for everyone, and this is an essential factor in the positive development of Berlin's tourism industry. Not only does the city attract repeat visits, but tourists are also keen to tell others about their stay. Forty-eight percent of those surveyed were on a second visit to Berlin, while 86 percent of tourists would recommend a visit to the city to their circle of friends and acquaintances. This group comprises »experienced Berlin visitors« who want to discover the city away from the well-trodden tourist trails. This in turn supports a rich diversity of cultural activities and cultural providers away from the main city centre.

The impact of demographic change is also evident in Berlin's tourism sector. While the average age of visitors to Berlin in 2011 was around 43 years old, the average age of tourists on arts-led visits in 2012 was approx. 47 years old. The tourists surveyed at the memorial and heritage sites were the youngest with an average age of 40. Visitors attending classical concerts were significantly older, with an average age of 54; similarly, with an average age of 51, tourists at opera, ballet, and dance performances were also older. Aside from tackling the core task of again increasing the appeal of certain genres for a younger audience, tourism service providers as well as arts-related institutions need to adapt to an ageing society. User behaviour is set to change and this will impact classical music concerts and operas just as much as the music and club scene. Amenities and facilities in the cultural and arts sector have to ensure they can meet the needs of an ageing society by, for example, the provision of barrier-free access and addressing specific target groups.

Berlin is undergoing major structural changes and is in the throes of an accelerated catch-up process. The city's image continues to be strongly informed by the potential of the fractures in Berlin's history, the structural changes, and the resulting free spaces. In this context, the available space and affordable rents are a key locational factor, both for residents as well as businesses, especially those in the cultural industries. However, Berlin's increasing success reduces the amount of free space for experiments. The available space in the city centre is increasingly scarce and expensive. The shortage of free space erodes the favourable production conditions in the arts and cultural sector that have significantly supported the successful development of the city's tourism industry.

Consequently, to ensure that the high standards in Berlin's cultural sector are sustained in the long term, the positive conditions for the cultural and creative scene must be further maintained and promoted. To achieve this goal, favourable spatial conditions need to be anchored in urban planning policies.



INCOME — SITUATION

Income Situation
The Creative Industry Workforce in Berlin

The Senate Department for Economics, Technology and Research commissioned the German Institute for Economic Research (DIW Berlin) to investigate the structure and earnings of the creative industry workforce in Berlin and compare it with similar city regions. The data was taken from the microcensus in 2011, with figures from 2005 providing a comparison over time.

There are above-average numbers of creative workers in large cities, especially in Berlin. In 2011, Berlin accounted for nearly 12 percent of the entire creative industry workforce in Germany, nearly three times the respective figure for Berlin's total share of employment. The comparative regions also have an over-proportional share of creative workers, although — in relation to the total workforce — these figures are lower than in Berlin.

In particular, Berlin is home to a comparatively large number of artists, especially performing and visual artists, as well as, to a lesser extent, musicians. The city similarly has a large proportion of the total number of journalists in Germany, as well as employees in the technical professions connected to the creative industries (stage, image and sound technicians). In addition, Berlin has a relatively high concentration of workers in other creative sectors with the exception of software developers, where Munich leads the rankings.

Berlin has an exceptionally large creative industry workforce, and is home to around one in nine of all Germany's creative workers. As a result, creative workers play a significant role in Berlin's economy.

Distribution of the creative industry workforce in 2011 by region
Share in Germany in %

	Berlin	Hamburg	Cologne–Bonn–Düsseldorf	Greater Munich area	Rest of Germany
Artists	16.1	4.2	5.4	6.1	68.2
Musicians	10.9	4.0	4.8	4.8	75.5
Performing artists, variety artists, professional athletes	21.8	4.1	5.8	8.3	60.1
Visual artists	20.8	4.8	6.2	6.2	62.0
Other creative workers	10.7	5.7	5.4	7.8	70.4
Architects	9.5	5.3	5.0	8.4	71.8
Journalists, translators	14.5	5.7	8.0	10.1	61.7
Designers, graphic designers	11.1	7.2	5.4	6.4	69.8
Creative workers in advertising	9.4	7.4	5.0	6.6	71.7
Software developers	5.9	4.1	3.5	7.8	78.7
Photographers, camera operatorse	13.1	9.6	5.0	6.8	65.5
Stage, image and sound technicians	19.1	6.3	7.4	8.4	58.8
Archivists, museum professionals	8.8	3.6	4.1	3.5	80.1
Creative industry workforce in total	11.7	5.4	5.4	7.5	70.0
Comparative figures: Total workforce	4.1	2.3	2.4	3.6	87.6

Creative industry employees in 2011 in relation to the entire workforce
In %

	Berlin	Hamburg	Cologne–Bonn–Düsseldorf	Greater Munich area	Rest of Germany	Total for Germany
Artists	2.4	1.1	1.3	1.0	0.5	0.6
Musicians	0.8	0.5	0.6	0.4	0.3	0.3
Performing artists, variety artists, professional athletes	0.9	0.3	0.4	0.4	0.1	0.2
Visual artists	0.7	0.3	0.4	0.2	0.1	0.1
Other creative workers	6.9	6.6	5.9	5.7	2.1	2.6
Architects	0.8	0.8	0.7	0.8	0.3	0.3
Journalists, translators	1.8	1.3	1.7	1.4	0.4	0.5
Designers, graphic artists	1.2	1.4	1.0	0.8	0.3	0.4
Creative workers in advertising	0.5	0.7	0.4	0.4	0.2	0.2
Software developers	0.9	1.2	0.9	1.4	0.6	0.7
Photographers, camera operators	0.3	0.5	0.2	0.2	0.1	0.1
Stage, image and sound technicians	1.0	0.6	0.6	0.5	0.1	0.2
Archivists, museum professionals	0.3	0.3	0.3	0.2	0.1	0.2
Creative industry workforce in total	9.3	7.7	7.2	6.7	2.6	3.2

Sources: Microcensus; data analysis by DIW Berlin

From the mid-2000s, there has been a dramatic increase in the number of jobs across the creative industries. This trend can be seen throughout Germany, but is especially evident in Berlin. In the period from 2005 to 2011, while the creative industry workforce grew by approximately one third in Germany as a whole, the comparative figure for Berlin was 40 percent. Around 25 percent of Berlin's entire employment growth over the last years has been in the creative industries, double the national figure of 12.5 percent. One in eleven of Berlin's jobs is in the creative sector.

Even though Berlin was already the leading location in Germany for creative workers, this development has further underlined the city's central role in this area. This applies especially to artists, including performing and visual artists; from 2005 to 2011, Berlin accounted for nearly half of the national employment growth for the former and two-thirds for the latter. Berlin also recorded above-average job growth in the advertising sector, and among graphic artists, designers and photographers. In addition, the city saw a significant increase in jobs in those technical professions, such as stage, image and sound technicians, which are linked to the creative industries. Berlin's software development sector also rallied strongly. From 2005 to 2011, the workforce in this segment grew at twice the rate of the national figure or the regional figure for Hamburg.

Self-employed workers in Germany account for just 11 percent of the entire workforce. The creative industries have an unusually large share of self-employed workers, amounting to nearly 40 percent of Germany's total creative industry workforce. In Berlin, the corresponding figure is even higher, with 60 percent of all creative workers self-employed. The vast majority of the self-employed in the creative industries have no permanent staff, and instead are sole traders, solo entrepreneurs or engaged in freelance work. The self-employment share of 80 percent is especially high among artists — the group of creative workers which is particularly large in Berlin.
Despite Berlin's many cultural sector institutions, artists in a job subject to social insurance are the exception rather than the rule. As for example in the performing arts, it is common to have limited contracts for specific projects or constantly move between self-employment and salaried employment.

In other creative sectors in Berlin, the self-employed share is significantly higher than both the national average and the proportion in the comparable regions. Since the mid-2000s, self-employed jobs in the creative industries have increased by nearly 50 percent — more than the near-40 percent rise in employee jobs over the same period. These figures are the reverse of the general trend across Germany where employee jobs recorded stronger growth (+38 percent) than self-employment (+24 percent). Hence, the above-average growth in the creative industry workforce in Berlin correlates with a particularly strong increase in self-employed jobs. Over 90 percent of the personal income of creative workers comes from their own work. Not only in Berlin, but also throughout Germany, very few creative workers are supported by their family or derive an income from their own assets. Moreover, the percentage dependent on social welfare payments as their main source of income is even smaller. In this respect, there are no noticeable regional differences between Berlin, other comparable regions, or Germany as a whole.

Overall, individual groups of creative workers such as musicians and those in advertising have a higher personal monthly net income than others in the creative workforce — at least, if potential differences in working hours or professional qualifications are not taken

Overview of the creative industry workforce by employment status in 2011
In %

	Berlin	Hamburg	Cologne – Bonn – Düsseldorf	Greater Munich area	Rest of Germany	Total for Germany
Artists						
Solo entrepreneurs	80.5	75.5	75.3	61.1	52.3	59.6
Self-employed with employees	1.1	3.3	1.8	4.6	2.6	2.5
Employees	18.5	21.1	22.9	34.3	45.1	37.9
Other creative workers						
Solo entrepreneurs	47.4	34.4	34.4	35.8	24.2	28.7
Self-employed with employees	4.6	4.4	5.8	3.5	5.7	5.3
Employees	47.9	61.2	59.9	60.7	70.1	66.0
Creative industry workforce in total						
Solo entrepreneurs	55.8	40.2	41.9	39.6	29.2	34.4
Self-employed with employees	3.7	4.3	5.0	3.7	5.1	4.8
Employees	40.5	55.5	53.1	56.8	65.6	60.8
Comparative figures: Workforce in total						
Solo entrepreneurs	12.6	9.7	9.4	10.3	5.7	6.3
Self-employed with employees	4.8	5.0	4.9	4.9	4.7	4.7
Employees	82.6	85.4	85.7	84.8	89.6	89.0

Main source of income among the creative industry workforce in 2011
In %

	Berlin	Hamburg	Cologne – Bonn – Düsseldorf	Greater Munich area	Rest of Germany	Total for Germany
Artists						
Work income	92.4	79.0	89.6	90.8	82.8	85.0
Annuities, assets, family	4.2	13.7	1.0	1.8	13.1	10.3
Social welfare benefits	3.4	7.3	9.4	7.4	4.1	4.6
Other creative workers						
Work income	92.1	93.6	93.2	92.6	91.8	92.1
Annuities, assets, family	3.7	3.6	4.8	5.2	5.8	5.4
Social welfare benefits	4.2	2.8	1.9	2.2	2.4	2.6
Creative industry workforce in total						
Work income	92.2	91.6	92.6	92.3	90.2	90.8
Annuities, assets, family	3.9	5.0	4.1	4.7	7.1	6.3
Social welfare benefits	4.0	3.4	3.4	3.0	2.7	3.0

Sources: Microcensus; data analysis DIW Berlin

into account. Salaried creative workers earn more than those who are self-employed.

In contrast, other groups, in particular the visual artists who are primarily self-employed in Berlin, very often tend to have lower-than-average earnings. The research also shows that the earnings of Berlin's creative workforce continue to lag behind those in other regions. Berlin's unfavourable income position is evident in part in those professions where creative workers often tend to earn less than the average, for example, in the visual arts. However, the earnings gap between Berlin and other regions is not only apparent among creative workers with lower incomes, but also at the top of the income scale. In the comparative regions, high earners have higher incomes than in Berlin. Overall, the spread of incomes among Berlin's creative industry workforce is lower than in comparable regions – and this remains unaffected even if differences in working hours are taken into account. Berlin does not, for example, have an exceptionally high proportion of the workforce in part-time jobs. Since it has lower than average figures for part-time paid employment, this can, in any case, only be a minor factor in explaining the negative earnings gap in Berlin.

Personal monthly net income in the creative industry workforce in 2011
in euros

	Berlin	Hamburg	Cologne – Bonn – Düsseldorf	Greater Munich area	Rest of Germany	Total for Germany
	Mean income					
Artists	1691	1817	1723	2204	1677	1722
Musicians	1643	1670	1388	1901	1576	1594
Performing artists, variety artists, professional athletes	2195	2164	2396	2858	2116	2216
Visual artists	1185	1777	1598	1704	1433	1424
Other creative workers	1822	2098	2061	2360	2091	2081
Architects	2168	2428	2267	2541	2472	2433
Journalists, translators	1821	2138	2101	2125	2143	2088
Designers, graphic artists	1505	1723	1802	1691	1701	1685
Creative workers in advertising	2016	2103	2201	2022	1756	1849
Software developers	2013	2488	2326	3070	2475	2491
Photographers, camera operators	1564	2006	1534	2363	1494	1608
Stage, image and sound technicians	1782	1962	2092	2032	1841	1868
Archivists, museum professionals	1642	1604	1517	2018	1615	1628
Creative industry workforce in total	1791	2061	1996	2337	2019	2016
Comparative figures: total workforce	1690	1907	1910	2198	1697	1725

Source: Microcensus; data analysis DIW Berlin

In the time period under consideration, the creative workforce incomes have changed very little, both in Berlin and across Germany. Between 2005 and 2011, the average income for workers in the creative industries rose nominally by four percent from 1679 euros to 1754 euros. The median value rose from 1400 to 1600 euros. In considering this minor increase in income, one needs to recall that the structure of employment has shifted towards self-employment and freelance work, and this generally generates lower earnings on average than a salaried position.

The situation is different — though only in Berlin and not throughout Germany — for those in advertising, graphic art, design, photography and the technical professions linked to the creative industries. In these sectors, incomes increased significantly. These are also the sectors of the creative industries which have experienced especially strong growth in employment. Apparently, the growth in jobs went hand-in-hand with an increase in earnings. In contrast, in a nationwide trend, journalists now tend to earn slightly less.

Personal monthly net income in the creative industry workforce in 2011
in euros

	Berlin	Hamburg	Cologne – Bonn – Düsseldorf	Greater Munich area	Rest of Germany	Total for Germany
	Average (median)					
Artists	1400	1600	1200	1850	1400	1400
Musicians	1400	1600	1200	1600	1400	1400
Performing artists, variety artists, professional athletes	1600	1000	1000	1850	1400	1600
Visual artists	1000	1600	1200	1400	1000	1200
Other creative workers	1600	1850	1850	2150	1850	1850
Architects	1850	1850	2150	2150	2150	2150
Journalists, translators	1600	2150	1850	1850	1850	1850
Designers, graphic artists	1400	1600	1600	1600	1600	1600
Creative workers in advertising	1850	2150	1600	1850	1600	1600
Software developers	1850	2150	2150	2750	2150	2150
Photographers, camera operators	1400	1600	1200	1850	1200	1400
Stage, image and sound technicians	1600	1850	1850	1850	1600	1600
Archivists, museum professionals	1400	1400	1400	1850	1400	1400
Creative industry workforce in total	1600	1850	1850	2150	1850	1850
Comparative figures: total workforce	1400	1600	1600	1850	1400	1400

Source: Microcensus; data analysis DIW Berlin

Personal monthly net earnings in the lower and upper quarters of the spread of incomes among the creative industry workforce in 2011
in euros

	Berlin			Comparable regions[1]		
	Lower quarter	Upper quarter	Relation[2]	Lower quarter	Upper quarter	Relation[2]
Artists	800	1850	2.31	1000	2450	2.45
Journalists	1000	2150	2.15	1200	2750	2.29
Creative workers in advertising, graphic artists	1000	2150	2.15	1200	2450	2.04
Software developers	1400	2750	1.96	1850	3400	1.84
Architects	1400	2750	1.96	1600	3050	1.91
Other creative workers	1000	2150	2.15	1200	2450	2.04
Creative workers in total	1000	2150	2.15	1200	2750	2.29

Source: Microcensus; data analysis DIW Berlin

[1] Hamburg, Cologne-Düsseldorf-Bonn, Greater Munich;
[2] Upper quarter multiple of lower quarter

As a rule, creative sector workers pay into retirement schemes. In Berlin as well as the other regions, the vast majority (around 90 percent) pay into a pension insurance scheme. In contrast, pension and old-age provision in general is less common among the self-employed in the creative industries. A considerable proportion neither has old-age provision nor regularly pays into an insurance scheme. This has significant consequences in Berlin, since the self-employment rate is especially high here and an above-average share of those in self-employment do not pay into such schemes. This lack of old age provision may well be the result of those in self-employed jobs only just making enough to support themselves.

THE SPACES OF THE CREATIVE INDUSTRIES

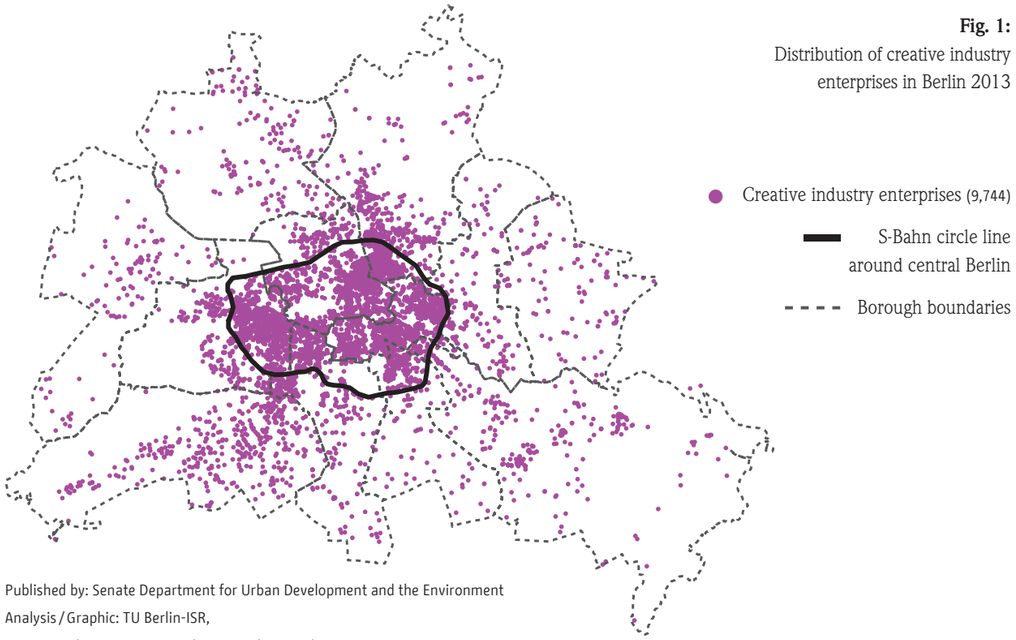


Fig. 1:
Distribution of creative industry enterprises in Berlin 2013

Published by: Senate Department for Urban Development and the Environment
Analysis / Graphic: TU Berlin-ISR,
Source: Berlin IHK Commercial Register / Research TUB

The Spaces of the Creative Industries

Berlin continues to have an almost magical attraction for artists and creative workers. For twenty years, the city has been a »vast interchange station in the global art system.[1]« In other words, many arrive and many move on, but comparatively few stay here permanently. Largely due to this fluctuation, Berlin's creative industries have not developed in a single spatially-defined area. Instead, Berlin has retained its character as an open and tolerant city where increasingly international networks, project spaces and initiatives function as productive centres.

The myth of Berlin[2] was fuelled by the cultural appropriation and transformation of the Spandauer Vorstadt district in the 1990s. Even though these once pioneering spaces now have little to recall those times 25 years ago, the city still lives off that same myth of artists and creative workers as »producers of spaces«[3] and drivers of urban transformation processes. Today, though, the spaces for a change of use or interim use have dwindled, and the chances of discovering new terrain are significantly less. Rather than many artists and creative artists seeing themselves as pioneers reclaiming spaces, they now tend to feel driven by the real estate market. These developments point to urban space having a multidimensional meaning as both a resource and a limiting factor.

[1] Nedo 2013
[2] Müller / Ziehe 1997
[3] Lange 2007: 15

Given the intensive synergies between established urban structures and creative milieus, space for the creative industries tends to be regarded as more important than for other sectors. In this context, it is surprising that the majority of creative industry reports continue to be relatively blind to the issue of space, and do not investigate the location patterns of creative enterprises.

The importance of the creative industries for Berlin is both over- and underestimated. For example, given the prevalence of the »caravan theory« which argues that enterprises regularly change locations, the ties which exist to a specific location are often underestimated. On the other hand, by ascribing near-limitless transformational energy to the creative industries, their power to change a district is significantly overestimated. Both views are far too general to effectively capture the essential nature of several thousand businesses. Similarly, while creative trendsetters are often the main focus of interest, not every gallery has a stand at Art Basel, not every fashion designer takes part in Fashion Week, not every design studio is nominated for the design prize, and so on. In most cases, creative services and activities largely consist of everyday business and the locational requirements are the same as in other sectors. The trendsetters create a drive to innovation which, in part, also gains traction as an image effect and a stimulus to occupy certain spaces.

Fig. 2:
Pull of centrality among enterprises by submarket

Source: Berlin IHK Commercial Register / Research TUB
Analysis / Graphic: TU Berlin-ISR,

Methodology and Data Base

In the following, the urban distribution of creative industries today is compared with the 2008 Cultural Industries Report. This comparison not only looks at metropolitan areas, home to the »creative heart« of the city, but especially highlights the dynamic spaces away from the centre. Given the debates on urban transformation processes — in particular in the housing market —, it seems likely that the creative industry's locations are changing and businesses moving more than just a few years ago. The fundamental research questions are:

- Have the locational patterns changed since 2008?
- Are there new preferred areas or are the agglomerations identified in 2008 stable?
- Is there still a continuing trend to locate inside Berlin's urban core?

As in 2008, the survey was based on the Berlin Chamber of Commerce and Industry (IHK) business database of companies listed in the commercial register. Since the commercial register reflects some sectors but not others, this data had to be supplemented with sector portals and address databases which were compared to the business websites to approximate a realistic picture of the creative industries. For example, while small traders account for the majority of business in the design and music sectors, architects are not required to be listed in the commercial register. Moreover, as a rule, the official commercial register does not include galleries. The survey's statistical population only includes enterprises with a website, representing a total of 9,744 enterprises. This data set thus comprises nearly 3,000 businesses more than in 2008.

Spatial Patterns

The strong tendency for creative enterprises to locate in the inner city evident in the 2008 data continues unabated (see Fig. 1), with 78 percent of creative industry enterprises centrally located. The average business density in the planning areas is 58 companies, while this figure drops to seven in the outer city districts. Across the various submarkets, there are significant differences in preferences for inner city locations (see Fig. 2): Ninety percent of the galleries representing the art market are centrally located, as are 84 percent of design businesses and 82 percent of film, TV and broadcasting companies. The pull of centrality was least evident in the software and games submarket with only 67 percent of businesses located in the city centre. The figures have only changed minimally in comparison to 2008. A difference was also noted in the relative density of the submarkets. While some submarkets have a clear centre, others are concentrated in several equally

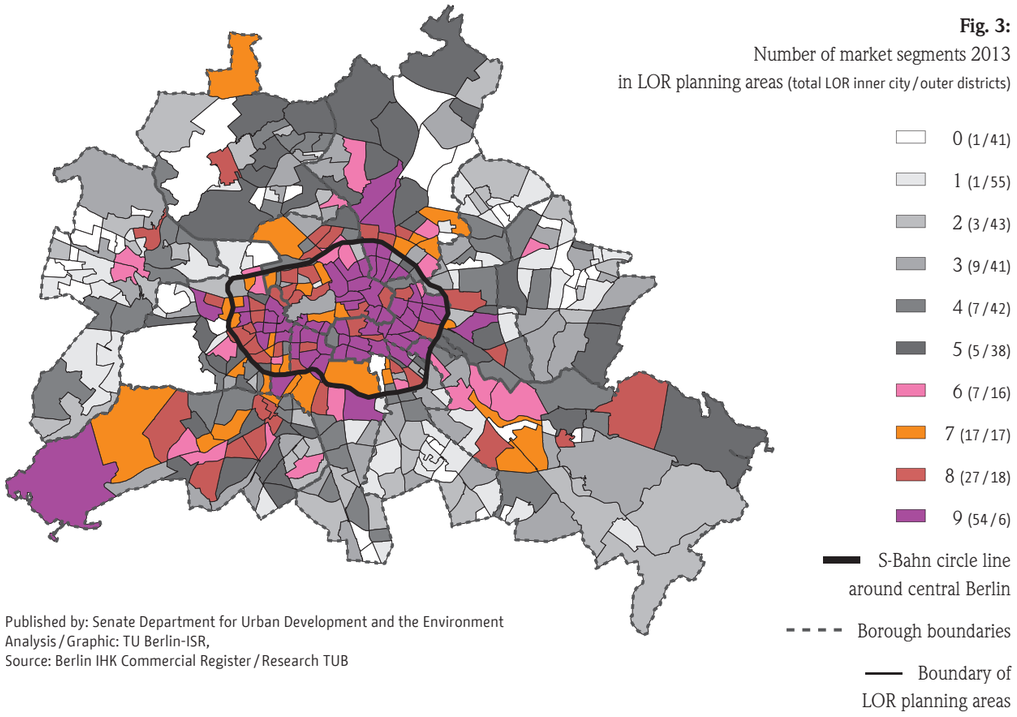


Fig. 3:
Number of market segments 2013
in LOR planning areas (total LOR inner city / outer districts)

Published by: Senate Department for Urban Development and the Environment
Analysis / Graphic: TU Berlin-ISR,
Source: Berlin IHK Commercial Register / Research TUB

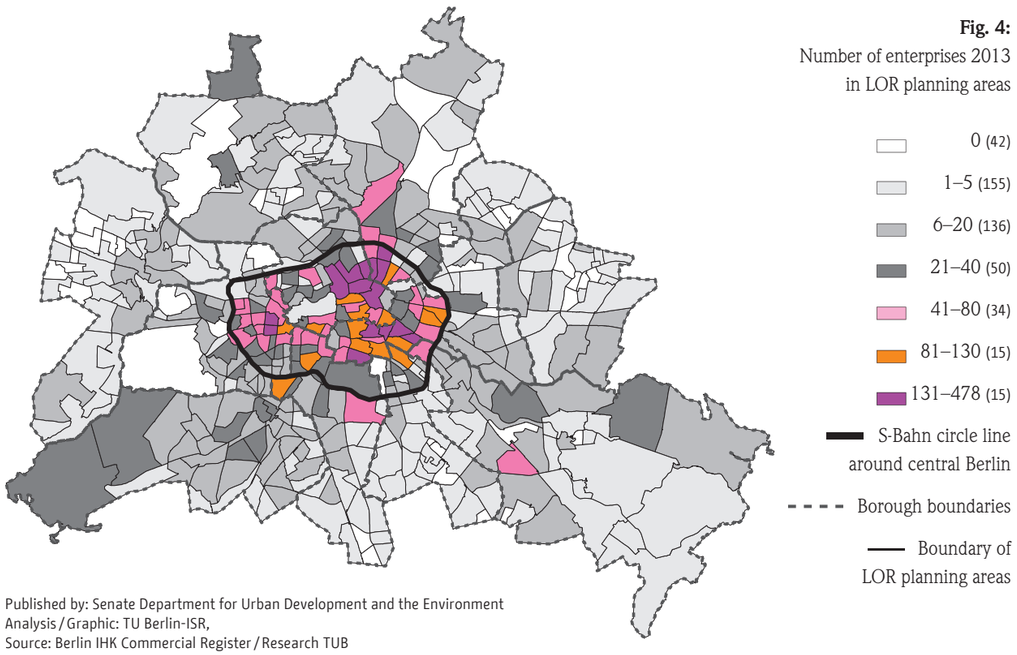


Fig. 4:
Number of enterprises 2013
in LOR planning areas

Published by: Senate Department for Urban Development and the Environment
Analysis / Graphic: TU Berlin-ISR,
Source: Berlin IHK Commercial Register / Research TUB

important areas. Four submarkets have a definite centre — art, advertising, design, and film and broadcasting. In all four cases, the highest density of enterprises can be found in Berlin's Spandauer Vorstadt district. In general, in comparison to the next planning area in the locational rankings, this district is home to twice as many businesses in each of these market segments. In 2008, the book and print media markets, centred around the Charité quarter, also belonged to this group. Today, these submarkets are concentrated in three main locations: the Charité quarter, the Spandauer Vorstadt district and the area around Alexanderplatz.

In 2008, aside from centrality, a further factor differentiating inner and outer city districts was submarket juxtaposition, i. e., the diversity of locations. In 2013, eight to nine submarkets were located equally across 62 percent of the inner city planning areas. In contrast, only eight percent of the outer district areas were home to as many market segments (see Fig. 3). In 2008, these figures were 42 percent and four percent respectively. The survey also recorded changes over 2008 in the number of planning areas with a very low diversity of creative industry enterprises. In 2008, nine percent of the planning areas in the inner city and 37 percent of outer districts were home to one creative market segment or none at all, while by 2013 these figures had fallen to just two percent and 30 percent respectively. Hence, as this analysis shows, rather than growth in the number of businesses generating submarket clusters, it tends to lead to a broader spread of submarkets in the planning areas.

The overall distribution of companies across the city is the product of overlapping individual decisions for particular preferred locations (see Fig. 4). This analysis not only again underlines Berlin's structure as a city without a unipolar creative centre, but also highlights the considerably fluctuation in the density of creative businesses in the inner city.[1]

The creative industries continue to largely ignore the Moabit district, to the west of Berlin's Alt-Mitte district and Prenzlauer Berg — even if Berlin's Zitty event magazine was lauding Moabit in 2013 as the »new Mitte«. The residential areas around Karl-Marx-Allee to the east of Prenzlauer Berg are also only home to a few creative enterprises. In contrast, even given the continued preference for eastern inner city quarters since 1990, a »creative industry belt« now stretches almost unbroken from Friedrichshain through Kreuzberg and Schöneberg to the City West.

In outer city districts, although the absolute number of creative industry enterprises is comparatively low, submarket diversity is one indicator of lively creative centres. At first glance, this would only seem to apply to three planning areas: Adlershof-West, the Tempelhof Town Hall area and the centre of Pankow. However, the survey findings also point to areas of dynamic development in Treptow-Köpenick (Oberschöneweide, Friedrichshagen), Weißensee, Alt- Lichtenberg and Zehlendorf. The creative cores in the Frohnau, Alt-Tegel and Schmargendorf districts are stable. From this analysis, the location of creative industry enterprises does not suggest any significant pull from the outer to the inner city or vice versa, a phenomenon intensively discussed at present in many other spheres of urban development. Instead, it appears far more that locational competition encourages the discovery of previously disregarded inner city quarters, such as the southern Friedrichstadt or Potsdamer Strasse.

Spatial Dynamism

The creative industries are generally regarded as extremely dynamic, fuelled by a rapid succession of trends where whoever is in today can be totally out tomorrow. Yet, as noted in the introduction, this image is not reflected in the locational analysis. Instead, only a very few adventurous, risk-loving enterprises are keen on moving frequently. Just as for every other business, when creative industry enterprises move, they also face transaction costs — a factor which should not be underestimated. In addition, an attachment to milieus flourishing in a particular quarter results in a relatively high locational loyalty.[2] Although the data in the surveys in 2008 and 2013 allows no direct comparison on this point, the web pages of some enterprises do include a statement on a change of premises or their business closure. Usually, a move to new premises is simply explained by more attractive office space at the new location. The background to a business closure is described in more detail and more personally. In the art market, for example, such statements range from cases where shows are only held in temporary spaces to gallery owners stating they would like to spend more time with their children, or an artist finding that managing a gallery leaves no time just for painting.

New Agglomerations — Urban Legends and Empirical Findings

In 2008, »Neukölln rocks« was emblazoned across the cover of Berlin's events magazine Zitty, while in 2010 the cover of Tip, its competitor, bore the legend »North Neukölln — Berlin's Lower East Side«. In the analysis for the 2008 Creative Industries Report, north Neukölln was close to undiscovered territory. Today, the Reuterkiez neighbourhood, which has recorded the highest dynamics of change between 2008 and 2013, is ranked among the 30 planning areas with the highest density of creative enterprises. However, although Wedding and Moabit also adorned the title covers just as frequently, there is no particular evidence of a significant increase in the creative industries in these districts. Does this then suggest that creative enterprises are not a »reliable« factor in the development of locations? Conversely, there was hardly any rediscovered quarter without some creative impulse, mainly from artists and creative start-ups. In contrast, an influx of established companies tends to be more a sign of a quarter's greater »maturity«. The locational stability or dynamic of cultural practitioners is

[1] See Grésillon 2004, Jakob 2009
[2] See among others Frey 2009; Merkel 2006

important in the context of rising rent levels in inner city districts. However, this spatial development cannot be mapped from the data generated by a survey of business services. Instead, the only viable source of such data is the Künstlersozialkasse (Social Insurance Scheme for Artists and Writers — KSK) (Fig. 5). On the basis of the KSK data, artists' places of residence can be visualized grouped by post code. Although the number of persons in Berlin insured through the KSK has risen by 30 percent (from 27,250 to 35,130) over the last five years, the address data shows no significant spatial changes over 2008. Prenzlauer Berg and Kreuzberg continue to be the main locations where cultural practitioners live. The neighbouring quarters in Treptow and Neukölln show slight increases, as does the district of Wedding. With only the west of Charlottenburg and Friedenau recording slight growth, the east-west »imbalance« in the geographical distribution has not changed.

While cultural practitioners tend to remain at their residential locations, the movement of business locations was far more dynamic. There is a clear trend to move into quarters previously less attractive, as well as a relative stagnation or decline in those districts with an established creative scene (Fig. 6). The highest increase in enterprises moving to an area was recorded in north Neukölln, the quarter around the Richard-Sorge-Strasse at Friedrichshain Park, and at Moritzplatz. An increase was also noted in the west of Charlottenburg around Amtsgerichtsplatz, reflecting the number of cultural practitioners living in that quarter. The trend in Prenzlauer Berg is for enterprises to move northwards towards the centre of Pankow. In Mitte, the growth of enterprises located around Gendarmenmarkt square is an expression of their economic success. Although Friedrichshain was still under-represented in the 2008 survey, the growth in businesses between the Samariter quarter and the Stralau district has fundamentally altered this situation.

Fig. 5:
Residential locations of artists (KSK) by post code districts 2013

Published by: Senate Department for Urban Development and the Environment
Analysis / Graphic: TU Berlin-ISR,
Source of data: Künstlersozialkasse

Kreuzberg's various quarters have all recorded positive growth, almost without exception. In brief, the spatial dynamic of businesses in the creative industries in 2013 remained focused on the inner city. Where agglomerations of cultural industries existed in 2008, there is now an expansion of enterprises to adjacent urban spaces — from Kreuzberg to Friedrichshain, Neukölln and Schöneberg, and from Mitte to Prenzlauer Berg and on to Pankow.

Hot Spots Changes 2008 to 2013

At first glance, compared to 2008, the picture of the TOP creative industry locations hardly seems to have changed (see Figs. 7 + 8). However, a closer look reveals the locational dynamics and largely confirms the predictions from 2008 on potential development corridors.

The characteristics of the agglomerations can be described as follows:

1. The established areas in Mitte — Spandauer Vorstadt, Charité district, Invalidenstrasse — have evolved into unequivocally prestigious spaces showcasing the creative industries including, for example, a range of designer flagship stores. However, the growth of cultural industry services here is negligible, although this could actually indicate increased locational competition. For example, while the Spandauer Vorstadt district is still home to the largest number of cultural sector enterprises, the figures show significant reductions in individual submarkets (-20 percent) — as in the art market, previously a constituent factor.

2. The quarters adjacent to the north (Teutoburger Platz, Arkonaplatz, Kollwitzplatz, and Helmholzplatz) are marked by their vibrant mix of residential and commercial space. The locational dynamics have shifted as far as to the Alt-Pankow district to the north on the other side of the S-Bahn circle line (S-Bahnring) around central Berlin.

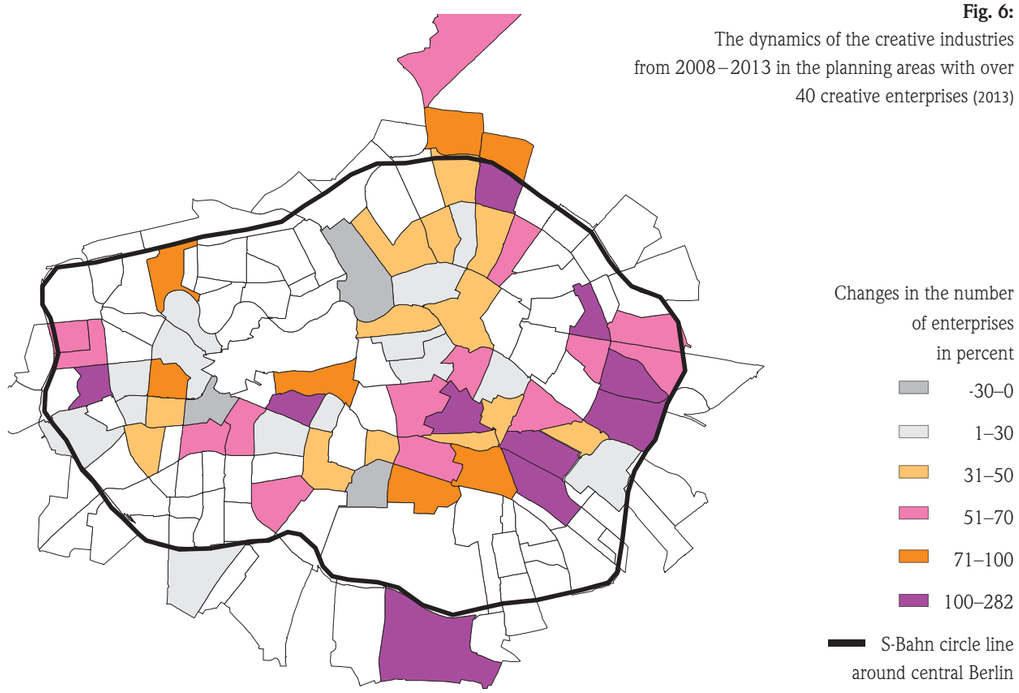
3. In the meantime, almost the entire area of Kreuzberg has become an established location. The dynamics here are now spilling over into Neukölln, as well as towards Alt-Treptow and Mitte.

4. In Friedrichshain, the quarters around Boxhagener Platz and Traveplatz form an independent creative core, although there may well be a spillover effect in the next few years beyond the S-Bahn circle line towards Lichtenberg.

5. The districts in Berlin's »old West« are largely stable, showing a slight upward trend in those areas towards west Charlottenburg.

6. In Schöneberg, the dynamism within the S-Bahn circle line — in particular around Akazienstrasse — is significantly higher than in Friedenau.

Fig. 6:
The dynamics of the creative industries from 2008 – 2013 in the planning areas with over 40 creative enterprises (2013)



Published by: Senate Department for Urban Development and the Environment
Analysis / Graphic: TU Berlin-ISR,
Source: Berlin IHK Commercial Register / Research TUB

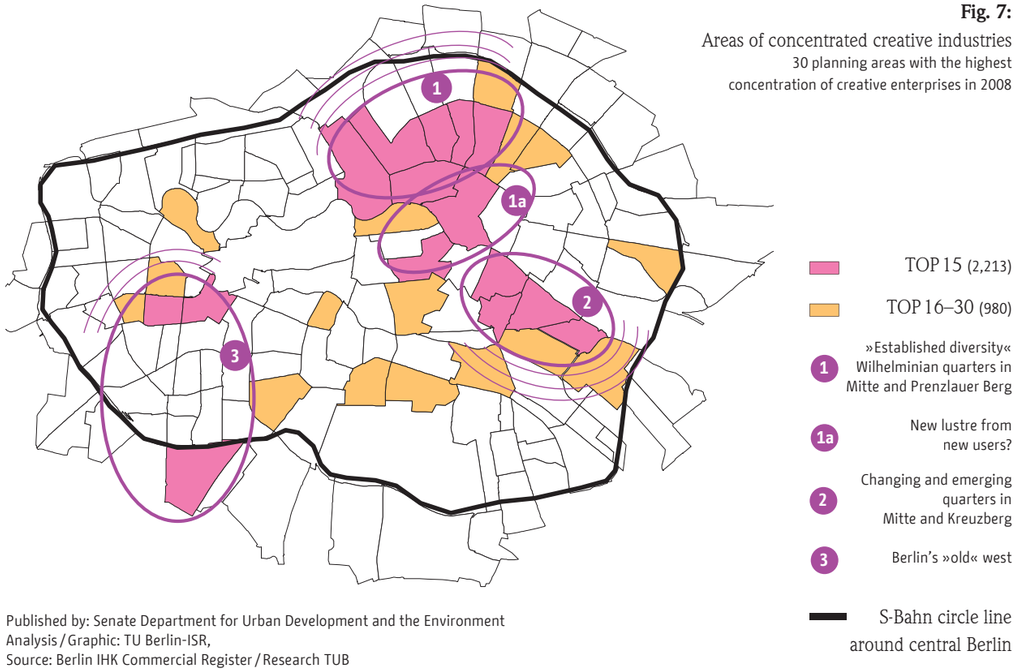


Fig. 7:
Areas of concentrated creative industries
30 planning areas with the highest concentration of creative enterprises in 2008

Published by: Senate Department for Urban Development and the Environment
Analysis / Graphic: TU Berlin-ISR,
Source: Berlin IHK Commercial Register / Research TUB

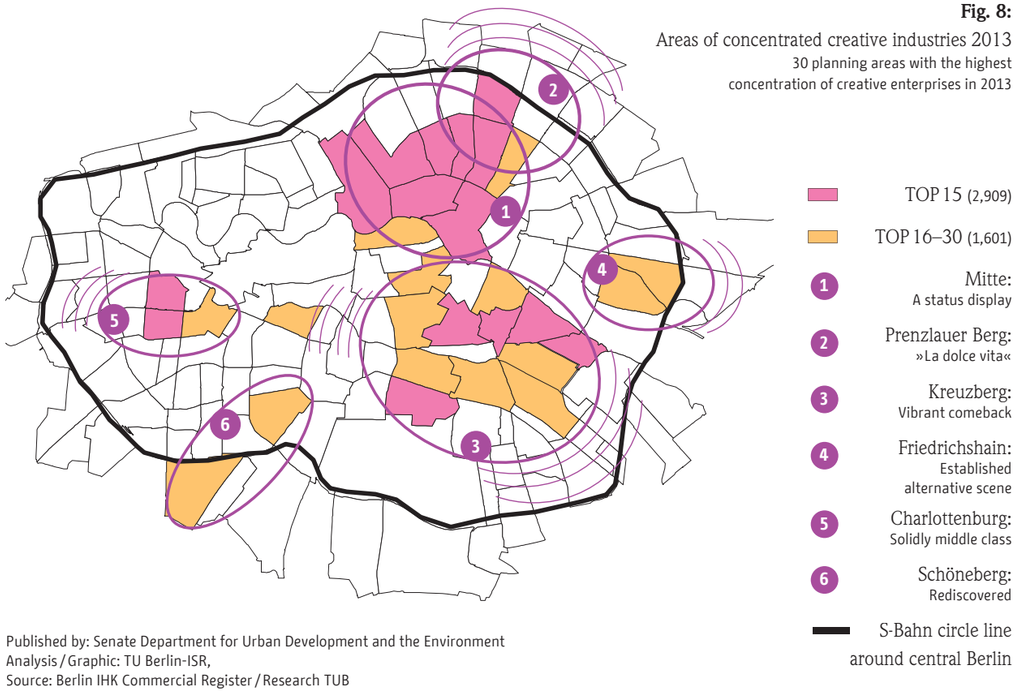


Fig. 8:
Areas of concentrated creative industries 2013
30 planning areas with the highest concentration of creative enterprises in 2013

Published by: Senate Department for Urban Development and the Environment
Analysis / Graphic: TU Berlin-ISR,
Source: Berlin IHK Commercial Register / Research TUB

The preferences of creative enterprises in the 30 areas with the highest density — 41 percent of all those surveyed — again confirm a gravitation towards Berlin's central areas with their Wilhelminian-style architecture. However, the dynamics of development in the inner city also results in a movement to locations that do not fit this pattern — for example, the southern Friedrichstadt and the quarters around Moritzplatz and Potsdamer Strasse are rather »awkward« spaces with fragmented architectural styles and altered building structures. Spillover is the prevailing path of development, as is evident in the movement from Kreuzberg to Neukölln or Prenzlauer Berg to Pankow. New development cores develop significantly slower, as can be seen in the example of the media network mstreet in Potsdamer Strasse, which has been active since 2004 and is only now having a definite effect.

Spatial Preferences and Gravitational Centres

Are locational decisions driven by a pronounced »love of urban centres« or are there other reasons for these findings? In business surveys[1], rent levels are regularly cited as by far the most important locational factor. In itself, this would speak against the evident gravitation towards the city centre. However, in a similar way to choosing an area to live, decisions on business locations are also the result of weighing up various factors. Depending on the submarket, business type and level of maturity, the address can be read in a variety of ways, for instance:

- A display window or symbol: representing renown and a sign of success
- Access: serving to open up a market area for walk-in customers and leveraging localisation effects
- Argument: adding to the enterprise's attractive image and with neighbourhood facilities providing an incentive for employees
- Focal point of life: a personal decision due to, for example, the proximity of home and work
- Identity: expressing business identify (or part of it) based on factors including street cred

In total, such individual reasons are not, of course, the sole factor in locational decisions, but they do reflect the overlapping interests involved. The majority of enterprises in the cultural industries have one single address (51 percent), while 34 percent share their address with others in the creative sector.[2] This can be interpreted either as a preference for proximity to others in the creative industries or for »factory-like situations«. However, this finding could also just reflect a scarcity of available real estate — an explanation that may be further supported by the fact that many premises converted to commercial use even house established enterprises

[1] See, among others, Orco 2008
[2] See Fig. 9

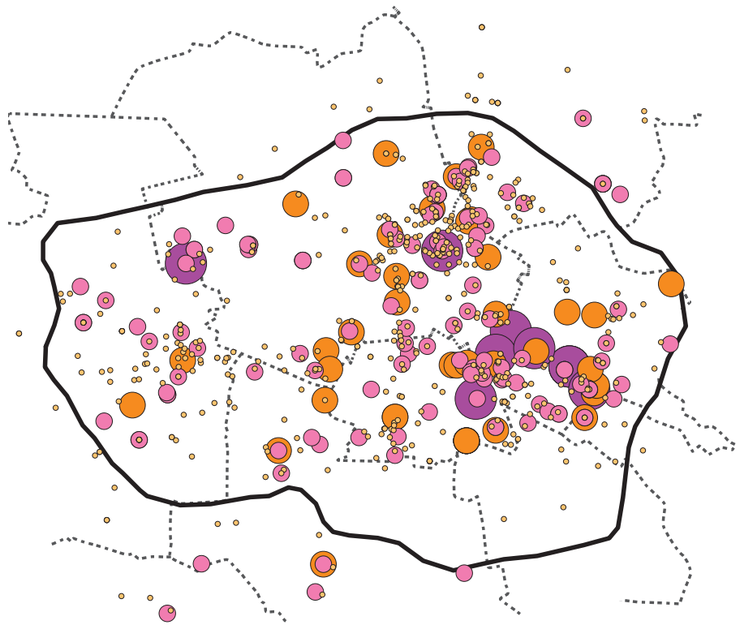


Fig. 9:
Creative Industry Locations
Locations with 3 enterprises and over

Published by: Senate Department for Urban Development and the Environment
Analysis / Graphic: TU Berlin-ISR,
Source: Berlin IHK Commercial Register / Research TUB

(e. g. the Elisabeth-Hof in Kreuzberg). In total, eight percent of creative industry enterprises are at locations with over ten creative businesses. In the majority of cases, such locations are only mentioned as incubators, but this particular means of promoting businesses also includes the widely-discussed labs or co-working spaces (e. g., betahaus in Prinzessinnenstrasse or the co.up in Adalbertstrasse). The latter, though, are under-represented in the data set since co-working spaces are primarily rented by freelancers and less by companies. As regards the question of spatial proximity, the street, too, can be read as a kind of horizontal factory — in contrast to the small commercial complexes (Gewerbehöfen), which are organised vertically. In particular, streets attract businesses that need a display window, and the conversion of retail store areas into offices or ateliers has been a major topic of discussion over the last twenty years. Most addresses are in radial streets (Friedrichstr. — 131 enterprises, Köpenicker Str. — 107, Schönhauser Allee — 104), but there is also a concentration of companies along individual streets in particular quarters (Kastanienallee — 73 enterprises, Oranienstr. — 60, Auguststr. — 48).

Perspectives and Fields for Action

From the evidence of these surveys, the locational structure of the creative industries is more stable than suggested in public debate. Since the inner city is almost exclusively the site of spatial changes and expansion, this can be taken as further proof of the pull of centrality and a preference for business premises in nineteenth-century Wilhelminian buildings. Given this background, there are a variety of needs and options for action. This is particularly the case in relation to the availability of spaces, since Berlin's vast spatial potential has been one key factor in the city's appeal as a location over the last twenty years. Today, the investment climate has changed — and in the wake of growing pressure to develop, the urban planning tasks are also changing. In many areas, the finite nature of the favoured inner city locations is only too evident. As a result, one main field of action is now the need to safeguard spaces and slow development in the previously less dynamic quarters on the inner and outer margins of the inner city — in Moabit, Lichtenberg, Rixdorf, Wedding, etc. The policy objectives here are not to support established companies which — as has been shown — are quite capable of asserting themselves on the market. Instead, the aim is to assist those newly emerging enterprises whose potential will also shape the dynamism and perspectives of the coming decades — and this requires proactively safeguarding development opportunities.

The process of evaluating transformation processes in Berlin's urban districts also calls for re-examining the role of creative workers. All too often, their pioneering achievements at locations are simply viewed as »harbingers« of major investors, and for this reason frequently discredited. Nonetheless, it is apparent in many places that social and cultural changes in quarters are driven by the real estate industry's commercial interests.[1] Preservation ordinances and other urban planning instruments could lessen the effects of potential gentrification processes such as, for example, rent increases. The impact of creative workers on city quarters can significantly contribute to life quality and sensitive locational development as is shown by projects such as Ex-Rotaprint on a former industrial complex or the Uferhallen arts centre in Wedding.

The federal state of Berlin's real estate policy thus plays a crucial role here since, after giving due consideration to the diverging claims to use, it safeguards spaces and areas for creative practitioners as well. A policy of also allocating Berlin's state-owned real estate to creative industry enterprises creates long-term perspectives in contrast to the previous common practice of only viewing such businesses as interim tenants until properties were leased with a higher rent.

In general, it is neither considered feasible to plan nor control »new creative centres«. Creative industry businesses are regarded as too scattered and individualistic for their choice of location to be influenced by an external stimulus — a view which the data appears to support. Nonetheless, as is evident from such »new types of flagships« as the Aufbau Haus and the betahaus at Morizplatz, combining a favourable location with intelligent management and a thorough knowledge of the submarkets is a key to success. These focal points are not internationally renowned arts centres with with a charisma capable of changing an area by themselves, but function effectively as network nodes.

Since 2011/12, Berlin's housing policy has experienced a renaissance. In future housing projects, particular efforts will be made to avoid creating mono-functional residential estates. Instead, the new spirit of optimism is being harnessed to fuel a »new Gründerzeit period« which prioritises a mix of commercial and residential space. In allocating Berlin's state-owned real estate in particular, concept procedures facilitate the screening and identification of the best mix of uses for a specific location.

The arts, culture and the creative scene also play an outstanding role in the Urban Development Concept Berlin 2030, a strategy paper presently being drafted. The fields for action identified in the strategy »Kreativität setzt Kräfte frei« (Creativity sets energy free) include preserving locations and spaces for artists and creative workers, as well as maintaining and developing creative enterprises, and facilitating interim use.

With creative industries and culture playing a key role in the quality of urban life, the overall aim is to safeguard the free spaces they need.

[1] See Hofmann 2013

Glossary and Sources of Data

WHAT DO WE UNDERSTAND BY »CREATIVE INDUSTRIES«?
The creative industries comprise all cultural and creative enterprises that are primarily market-oriented and deal with the creation, production, distribution and / or media dissemination of cultural / creative goods and services.

NUMBER OF BUSINESSES
The data on creative industry enterprises — or more precisely, those subject to the statutory rate of German VAT — is taken from the VAT statistics compiled by the statistical offices of the Länder and the Federal Statistic Office. These institutions gather information on all companies and enterprises with main registered offices in Berlin or Germany, which are subject to German VAT, are working professionally in their field on a permanent basis, and have an annual turnover of at least 17,500 euros.

TURNOVER
The data on turnover — more precisely »taxable turnover« — is similarly derived from the statistical offices of the Länder and the Federal Statistic Office. The enterprises listed have returned an annual turnover of at least 17,500 euros.

EMPLOYMENT SUBJECT TO SOCIAL INSURANCE CONTRIBUTIONS
Those subject to social insurance contributions include all employed apprentices, wage earners and salaried employees, providing they work at least 15 hours a week, and are paid a minimum of 400 euros per month. The figures are based on the employment statistics from the Federal Employment Agency (BfA).

MINOR EMPLOYMENT
Minor employed is defined as employment which does not regularly pay more than 400 euros per month. According to the German Social Code (SGB), those in minor employment are exempt from social insurance contributions, but pay a flat rate contribution (covering health insurance / statutory pension insurance, income tax, church tax, and the solidarity tax surcharge). The figures are based on the employment statistics from the Federal Employment Agency (BfA).

WORKING POPULATION
The working population comprises all employees or self-employed persons pursing an occupation with the economic objective of earning a living, irrespective of the extent of the activity. The working population is calculated by combining the figures for jobs subject to social insurance contributions and minor employment, and including a factor for the self-employed and those working freelance. The factor for freelancers and the self-employed is based on the DIW Berlin survey of 25,000 creative industry enterprises in 2006. This factor was also verified in the analysis of the micro-census in 2011.

SELF-EMPLOYED PERSONS AND FREELANCERS
Under German law, self-employed persons are defined as essentially free in organising their work and determining their working time or as persons working in a freelance capacity. A freelancer under Section 18 of the German income tax law (Einkommensteuergesetz) pursues self-employed scholarly, artistic, authorial or similar work. This Report specifically focuses on freelance work in the submarkets of the creative industries.

MICRO-CENSUS
While the Federal Employment Agency (BfA) employment statistics provide the basis for analysing the numbers of those in jobs subject to social insurance and in minor employment, the employment figures quoted in Chapter 5 on income development among Berlin's creative sector workers are taken from the micro-census in 2011. The BfA employment statistics count all employees of a business as working in the particular economic sector, irrespective of their actual tasks. As a result, for example, this statistical method not only assigns the computer specialists of an IT company to the software / games sector, but also the commercial and financial staff. In contrast, ONLY the creative workers were included in analysing the figures of the micro-census.

GROSS VALUE ADDED
Gross value added (GVA) is the difference between the inputs, such as raw materials, and the value of the goods and services produced. Thus, GVA only measures the value added created in the production process. GVA is calculated at factory prices, i.e., by subtracting taxes due on the goods (taxes on products) and adding any subsidies on products received. In the transition from GVA (at producer prices) to gross domestic product (GDP), the global net taxes on products (obtained by subtracting subsidies on products from taxes on goods) are added to arrive at a figure for GDP at market prices.

GROSS DOMESTIC PRODUCT (GDP)
Gross domestic product (GDP) comprises the total value of all goods, i. e., products and services, resulting from the economic activity of a country's economy in one year less all inputs. In calculating GDP, goods not directly reused but kept in stock are allowed for as inventory changes. GDP is a measure of the performance of a national economy in a given period. The rate of change in real GDP serves as a parameter to measure the growth of economies and is thus a key indicator in national economic accounting.

Bibliography

FFA – Federal Film Board (2014), Studies and Publications:
Kinobesucher 2013, Berlin.

FFA – Federal Film Board (2014), Press Release:
Deutsche Videomarktdaten 1st Quarter 2014, Berlin.

German Producers Alliance – Film & Television (2012)
Produzentenstudie 2012, Berlin.

BITKOM – Federal Association for Information Technology, Telecommunications and New Media (2013) Markt und Statistik: E-Books, Berlin.

PWC – Pricewaterhouse Coopers AG WPG (2012), Press Releases:
Werbeumsatz, Frankfurt a. M.

PWC – Pricewaterhouse Coopers AG WPG (2012), Videogames in Deutschland Märkte, Trends und Operative Herausforderungen, Frankfurt a. M..

DIW Berlin – German Institute for Economic Research (2010), Study:
Polarisierung der Einkommen, Berlin.

IFSE – Institute of Strategic Development,
Galerienstudie 2013 – Eine Positionsbestimmung, Berlin.

CES ifo – Centre for Economic Studies (2014),
ifo Architect Survey, Munich.

BITKOM – Federal Association for Information Technology, Telecommunications and New Media (2014), Cloud Computing, Berlin.

Senate Department for Economics, Technology and Research
Projekt Zukunft Initiative (2013)
Innovation and Creative Labs in Berlin – A Survey, Berlin.

German National Tourist Board (GNTB) (2013), Brochure:
Incoming Tourism Germany, Frankfurt a. M.

Berlin Tourismus & Kongress GmbH (2010), Economic Factor for Berlin:
Tourism and Convention Industry, Berlin

DESTASIS – Federal Statistical Office of Germany (2013),
Statistisches Jahrbuch 2013:
Gastgewerbe und Tourismus, Wiesbaden.

Raellan Communications Ltd. (publisher), MICE – Meetings Incentives Conventions Events Report 2012, United Kingdom.

Berlin Tourismus & Kongress GmbH (publisher), Congress Statistics,
Annual Report, Berlin.

Senate Chancellery – Cultural Affairs and Berlin
Tourismus Marketing GmbH (2013), Visitor Monitoring, Berlin.

German National Tourist Board (GNTB) (2013), Ergebnisbericht 2009/2010:
Qualitätsmonitor Deutschland-Tourismus, Frankfurt a. M..

Senate Chancellery - Cultural Affairs (publisher),
KULMON – Besucher-Monitoring an Berliner Kulturinstitutionen –
Annual Report 2012, Berlin.

Berlin Tourismus & Kongress GmbH (2013),
NEWS from 31 May 2013, Berlin.

DESTASIS – Federal Statistical Office of Germany (2012), Publication:
Unternehmen und Arbeitsstätten, Wiesbaden.

EMM – Europäische Metropolregion München e. V. (2012), Datenbericht zur Kultur- und Kreativwirtschaft in der Metropolregion München, Munich.

Frey, Oliver (2009): Die amalgame Stadt: Orte. Netze. Milieus, Wiesbaden.

Grésillon, Boris (2004): Kulturmetropole Berlin, Berlin.

Hofmann, Aljoscha (2013): Ende eines Dornröschenschlafs – Anziehender Immobilienmarkt in Berlin-Moabit. In: PlanerIn, No. 4, pp. 36–38.

Jakob, Doreen (2009): Beyond creative production networks.
The development of intra-metropolitan creative industries clusters
in Berlin and New York City, Berlin.

Kreativgesellschaft – Hamburg Kreativ Gesellschaft mbH (2012):
Kreativwirtschaftsbericht 2012 für Hamburg, Hamburg.

Lange, Bastian (2007): Die Räume der Kreativszenen.
Culturepreneurs und ihre Orte in Berlin, Bielefeld.

Merkel, Janet (2006): Kreativökonomien, Produktionscluster, Stadt. Zur sozialen Konstruktion von »kreativen urbanen Milieus« am Beispiel Berlins, Berlin.

Müller, Silke and Jens Ziehe (1997): Szene Berlin: Planet Mitte. In: art. Das Kunstmagazin, No. 11, pp. 40–47.

Nedo, Kito (2013): Attraktion Berlin. In: art. Das Kunstmagazin, No. 9, pp. 32–36.

Orco Germany and Berlin Partner (publisher) (2008): Creative Class in Berlin. Empirie zum Standortverhalten, Berlin.

Senate Department for Economics, Technology and Women's Issues; The Governing Mayor of Berlin – Senate Chancellery – Cultural Affairs; Senate Department for Urban Development (2008): Creative Industries in Berlin. Development and Potential, Berlin.
Planning areas see: http://www.stadtentwicklung.berlin.de/planen/basisdaten_stadtentwicklung/lor/

Imprint

PUBLISHER
Senate Department for Economics, Technology and Research
The Governing Mayor of Berlin, Senate Chancellery – Cultural Affairs
Senate Department for Urban Development and the Environment

CONTACT
Senate Department for Economics, Technology and Research
Division Communication, Media, Creative Industries
Projekt Zukunft Initiative
Martin-Luther-Straße 105
10825 Berlin
Tel: 030 / 9013 – 8335
Fax: 030 / 9013 – 7478
Mail: tanja.muehlhans@senwtf.berlin.de
www.berlin.de/sen/wtf

OVERALL COORDINATION / EXECUTIVE EDITORS
Tanja Mühlhans / Ingrid Walther, SenWTF

DESIGN
anschlaege.de, Sewanstraße 122, 10319 Berlin

PHOTOGRAPHY
Lioba Keuck, Sewanstraße 122, 10319 Berlin

LAST UPDATED
June 2014

ACKNOWLEDGEMENTS AND THANKS
ABC Kunstmesse: Maike Cruse; **Prof. Heik Afheldt; anschlaege.de:** Axel Watzke, Evelin Fuhrmann and Cristin Sauer; **BÖRSENVEREIN DES DEUTSCHEN BUCHHANDEL:** Detlef Bluhm; **DIE HOBRECHTS:** Christoph Brosius; **TU BERLIN:** Ricarda Pätzold; **DIW Berlin:** Karl Brenke; **Drushba Pankow:** Alexandra Kardinar and Volker Schlecht; **Bettina Homann; FluxFM:** Mona Rübsamen; **Institut der Deutschen Wirtschaft Köln Consult:** Christian Buchweitz; **Raumtaktik/DAZ:** Matthias Böttger; **Senate Chancellery, Cultural Affairs:** Helge Rehders, Reiner Schmock-Bathe and Konrad Schmidt-Werthern; **Senate Department for Urban Development and the Environment:** Monika Faltermaier and Thorsten Tonndorf; **Senate Department for Economics, Technology and Research:** Nadine Barthel, Nadja Clarus, Katrin Tobies, Michael Pemp, Sylvia Fiedler, Patrick Sellerie and Britta Havemann; **Visit Berlin:** Sönke Schneidewind; **Graftlab:** Thomas Willemeit; **Uferstudios Berlin:** Barbara Friedrich.

ILLUSTRATIONS
Drushba Pankow, Brückenstraße 1, 10179 Berlin
Drushba is the Russian for friendship. Drushba Pankow, founded in 2002 in Berlin Pankow / Prenzlauer Berg, is a collaborative label for the skills of the two illustrators Alexandra Kardinar and Volker Schlecht. They work together as illustrators and designers on projects ranging from book and catalogue design to corporate design, from drawn and digital illustrations to animated film. Drushba Pankow has won numerous awards for their book designs and animations including, for example, the European Design Award (Gold) for the book »The Soul of Motown«.
(www.drushbapankow.de)

Senatsverwaltung für Wirtschaft, Technologie und Forschung

This project was co-funded by the European Regional Development Fund (ERDF).

Senatsverwaltung
für Wirtschaft, Technologie
und Forschung

Senatsverwaltung
für Stadtentwicklung
und Umwelt

Der Regierende Bürgermeister von Berlin
Senatskanzlei
Kulturelle Angelegenheiten