

# Costs for Establishing an Office in Lübeck



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The figures presented in this fact sheet are estimated costs when setting up a business in Lübeck. Costs are in Euro excluding VAT and should only be considered as a guideline.

### Company Registration

The German Limited Liability Company („GmbH“) is the most widespread form of capital companies. For the foundation of a GmbH an initial capital of at least 25,000 is necessary; the contributions can consist of material assets, as well. No capital stock is required to set-up a dependent branch office. The fees of the Registration Court may vary between Euro 100 and Euro 250 depending on the legal form.

Lübeck has traditionally been a place for northern companies entering the German market. No wonder foreign companies find the dedicated support they need - in Lübeck.



### Personnel costs

The table below states average total costs (salary + wage tax + social contributions to be paid by the employer) for the City of Lübeck. As a comparison the average costs for the City of Hamburg as well as for Germany are included (latest figures available refer to the year 2004).

Average annual costs in the City of Lübeck (province of Schleswig-Holstein) are Euro 44.500, in Hamburg Euro 54.200 and in Germany Euro 47.906.

In the *production sector* the average annual costs in the City of Lübeck (province of Schleswig-Holstein) are Euro 49.410, in Hamburg Euro 66.436 and in Germany Euro 52.955.

In the *service sector* (including IT and media) the average annual costs in the City of Lübeck (province of Schleswig-Holstein) are Euro 39.508, in Hamburg Euro 47.583 and in Germany Euro 44.149.

In the *logistics sector* the average annual costs in the City of Lübeck (province of Schleswig-Holstein) are Euro 39.049, in Hamburg Euro 50.439 and in Germany Euro 43.741.

Split by position/job title the following overview gives a first indication. Actual salaries largely depend on the business sector (see above) as well as on the experience of the person:

|                   |               |
|-------------------|---------------|
| Managing Director | 60.000 / year |
| Sales Manager     | 35.000 / year |
| Technical Manager | 25.000 / year |
| Production Clerk  | 25.000 / year |
| Secretary         | 25.000 / year |

### Recruitment

Personnel can be recruited from the national employment office free of charge or via recruiting agencies. The fees of the recruiting agencies vary depending on the size of the company, qualifications of the personnel, time span et cetera.

*Accounting*

The financial accounting, preparation of corporate tax returns as well as the monthly advance turnover tax returns and yearly tax returns can of course be done in-house. However if external help is required usual fees include Euro 110/hour for a tax consultant/lawyer and Euro 40/hour for a bookkeeper.

in new-buildings with the latest infrastructure in place, B-sites are modern office, partly sub-urban and C-site offices are standard offices in older office complexes.

The monthly rent for A-site offices in Lübeck is Euro 6.50/sqm., for B-sites offices Euro 5,50/sqm and for C-site offices Euro 4,50/sqm. The same costs for Hamburg are A-site Euro 13,10/sqm, B-site Euro 7,85/sqm. and C-site Euro 5,50/sqm.

*Office equipment*

Costs for office equipment (such as telecommunications equipment, computers and furniture) do not vary significantly from those in Sweden with the exception that costs for electronic goods, such as laptops, PC's and printers are usually lower in Germany.

This FactSheet has been prepared by LÜBECK Business Development Corporation. Its aim is to provide background information for setting up and running a business in Germany in compliance with legislation in force in September 2006.

For many companies, an alternative to rent an office is a serviced office where most of the equipment is already in place.

It is written in general terms and is not intended to be comprehensive. Before taking decisions professional advice should be sought

*Utilities*

In Germany, costs for utilities (such as water, sewer, heating, electricity) are normally not included in the rent. As an indication the costs can make up between 10% and 20% of the rent, depending on the size of the office, usage etc.

Office cleaning might account for an additional Euro 150 / month for a 50 sqm office.

*Office rent*

Office rents depend on the quality and location of the offices; A-site office are usually