

Brexit as seen from Frankfurt

Frankfurt is historically Germany's financial centre. It is in fact the original home of the legendary Rothschild banking family. Frankfurt is the seat of the European Central Bank. Frankfurt Airport is Germany's main point of entry and has connections to more destinations than any other airport in Europe.

So what does Brexit look like from Frankfurt?

If the local press is to be believed, there is considerable excitement about the prospects for new business. We see headlines like "Frankfurt to Benefit most from Brexit Vote" or "Welcome Culture Demanded for London's Bankers" and others in a similar vein.

Tariq Al-Wazir, Minister of Economics of the State of Hessen in which Frankfurt lies visited London in August to sing Frankfurt's praises as a place to relocate banking businesses in an EU without the United Kingdom. While recognizing that London will remain the leading banking centre in the European time zone, he is working hard to make Frankfurt „the bridge into the Euro-zone“, as one member of his delegation remarked. His visit to London has already been followed up by Frankfurt's Lord Mayor, Peter Feldmann, in September.

LG Corporation announced in August that it would be relocating its European headquarters from London to the Frankfurt region. This timing is such that the move can hardly be a reaction to the referendum result. Nonetheless it is being interpreted at a sign of things to come.

More realistically, one can certainly expect a slow build-up of staff in existing Frankfurt branches of international banks – at least until the ‚passporting‘ of British registered banks is sorted out one way or other. Given the ‚hard Brexit‘ currently being pursued by the Conservative Government in London, it may even come to the loss of existing passport rights, in which case many Frankfurt offices will have to have a functional upgrade as banks in their own right under EU law.

But as a Councillor in a small neighbouring town, I have to look at other aspects of the situation. Although house prices in Frankfurt are much lower than in the London area, Frankfurt and the surrounding Rhein-Main area, which includes cities like Wiesbaden and Darmstadt, are among the most expensive areas to live in in Germany. The supply of affordable, council subsidized, housing has been run down over the last thirty years in a manner similar to that in the UK and we are now struggling to repair that mistake. The prospect of a significant number of London bank employees accustomed to London prices and commuting times transferring to Frankfurt over, say, the next five years is certainly not going to make our work any easier.

Christopher Higman