

Germany's housing market crisis intensifies: Exploding rents, evictions, homelessness

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The state of Germany's housing market is becoming increasingly catastrophic. Millions of households are struggling with exploding rents, while property sharks skim off record returns. Evictions and homelessness are on the rise due to the deliberate lack of affordable housing and social housing.

This trend is particularly glaring in the German capital. The Housing Market Report 2024 published by Berlin Hyp AG and estate agent CBRE shows that rents have recently risen sharply throughout Berlin. The average basic rent was €13.60 per square metre in 2023, an increase of 19 percent on the previous year. A year earlier, the average basic rent was still €11.43 per square metre. The most expensive flats are in the Friedrichshain-Kreuzberg district at €17.86, while even the cheapest in Marzahn-Hellersdorf now average €10.81 per square metre. There were particularly drastic increases during this period in the districts of Neukölln and Friedrichshain-Kreuzberg, at €23.5 and €23.2 percent respectively.

An analysis by property provider ImmoScout24 confirms this explosion in rents. At the end of 2022, the average price per square metre in Berlin was €12.05, rising by 18.7 percent to €14.30 one year later. Lukas Siebenkotten, president of the German Tenants' Association, aptly summarises the current housing situation: "Too few flats are being built, and the ones that are being built are not aimed at those who need them most urgently." He goes on to explain that "everything legal is being utilised in terms of rent increases." As a result, households are forced to spend an ever larger proportion of their income on rental costs.

Students in particular are severely affected by the lack of affordable housing. "This also has an impact on the choice of where to study. The decision is reduced to

where you can afford to study," emphasised Beate Schücking, president of the German Student Union.

The poorest layers are affected by a blatant lack of social housing. Over the last 35 years, the number of social housing units has fallen from 1.8 million in 1989 to 1.08 million today. The study by the Arbeitsgemeinschaft für zeitgemäßes Bauen (ARGE) shows that around 800,000 flats costing up to €10 per square metre rent are needed in Germany. The PESTEL study commissioned by the "Social Housing" alliance assumes a deficit of 912,000 social housing units.

When the coalition government of the Social Democratic Party (SPD), the Greens and the Free Democratic Party (FDP) took office, it announced that it would build 400,000 flats per year, at least 100,000 of which would be social housing. Last year, just 300,000 flats were built, 25,000 of which were social housing. The federal government officially spends just €2.5 billion on the construction of social housing, a sum which is downright ridiculous in view of the massive funds spent on internal and external rearmament.

The lack of affordable housing and exploding rents are resulting in an increasing number of evictions. Last year, evictions in Berlin rose by 22.7 percent compared to 2022. There were 1,931 evictions in 2022 and 2,369 a year later. The main cause of evictions is rent debt, which results in the landlord cancelling the tenancy agreement.

As a result, the number of homeless people is rising continuously. According to the Bundesarbeitsgemeinschaft Wohnungslosenhilfe (BAGW), around 607,000 people were homeless in Germany in 2022. A further sharp increase is expected this year.

Rbb24 news recently reported on a dramatic case that

is by no means an isolated incident. Manfred Moslehner, 84 years old, is currently facing eviction in the Berlin district of Reinickendorf. For the time being, he is allowed to stay in the house where he was born. The owner of his house, Am Steinberg Entwicklungsgesellschaft (development company), wants to modernise the building, which Manfred Moslehner has been trying to prevent for years. As a result, the owner has cancelled the tenancy. The district court in Wedding recently confirmed the cancellation—all because the tenant is standing in the way of the profit line of the owner, who is being allowed to drastically increase the rent with a modernisation.

In order for Moslehner to be allowed to continue living in his flat for the time being, he had to deposit €4,300 as security with the district court, which could only be achieved through donations. The current tenancy agreement from 1978 stipulates a basic rent of €400. His monthly pension is just €1,000, but the modernisation would allow the owner to demand a monthly rent of €1,300. Manfred Moslehner explains his current situation: “I’m in a bad way, I feel at the end of my tether. I can hardly sleep at night and when I do, I have nightmares. As you get older, you don’t have the energy for all this anymore, it’s just missing.”

At the end of April, the coalition government adopted a national action plan against homelessness. According to this plan, there should be no more homelessness by 2030. For the most part, the action plan consists of hot air. At a federal and state level, the governments that have caused the problems with their policies have repeatedly made grandiose promises and launched projects which barely scratch the surface.

One example is the so-called Housing First project in several federal states such as Berlin. In 2021, the then state government of the SPD, Left Party and Greens adopted the “Berlin Masterplan to Overcome Housing and Homelessness by 2030.” The aim was to find housing for homeless people. During the project phase from 2018 to 2021, just 79 homeless people were placed in a flat.

This year, the Housing First project, involving six social organisations, will receive funding of €4.4 million. A total of just 250 homeless people are to be given a flat each year, out of the total of 35,000 homeless in Berlin.

At this snail’s pace, it would take 140 years to find accommodation for all the homeless, assuming no more people become homeless during this period. If the Senate were to tackle the problem seriously, around 5,000 homeless people would have to be placed in flats every year in order to eliminate homelessness in Berlin by 2030.

The capital city is a perfect example of how all established parties have deliberately brought about the catastrophic housing situation. Under the current Berlin Senate of the Christian Democratic Union (CDU) and SPD, led by Mayor Eberhard Diepgen (CDU), the subsidising of new social housing was discontinued in 1997 and several estates were exempted from the occupancy obligation in 1998. The Berlin Senate of the SPD and the Democratic Socialist Party (PDS), led by Klaus Wowereit (SPD), pulled the plug on funding for some of Berlin’s social housing in 2003, and in 2011 the Senate of the SPD and the Left Party enabled the early release of social housing ties.

In 2021, a majority of the Berlin population decided in the referendum “Expropriate Deutsche Wohnen & Co.” to expropriate the property sharks, but the SPD, Greens and Left Party Senate has since then done everything in its power to prevent this. At the beginning of the year, the current CDU and SPD Senate ended a moratorium on terminations by state-owned housing associations, allowing rent increases of 2.9 percent per year.

All the establishment parties are solely committed to the interests of the property companies. At the same time, the social attacks resulting from the escalating demands for rearmament and war are making the situation much worse for more and more people.



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