

Rising rents leads to increasing poverty in Germany

Tino Jacobson, Markus Salzmann
27 December 2024

More and more households in Germany are affected by poverty. One of the main reasons for this is the rapid rise in rents. According to a study by the Paritätischer Welfare Association, which, unlike conventional studies, also takes housing costs into account, 17.5 million people in the country are now affected by poverty, 5.4 million more than previously calculated.

According to the study, people are considered poor if they have less than 60 percent of the median income at their disposal. According to the study, this puts the poverty rate across Germany at 21.2 percent, compared to 14.4 percent according to conventional calculations. This means that poverty is far more widespread than officially recognised.

According to the association, millions of people remain invisible in the usual poverty statistics because their housing costs are not considered. “Anyone who only considers income, but not the fact that people have less and less money at their disposal because they have to pay high housing costs, overlooks the extent of poverty in Germany,” the analysis states.

Young adults between the ages of 18 and 25 are particularly affected by poverty at 31 percent and pensioners at around 27 percent. Single parents are also disproportionately affected at 36 percent.

The unemployed face the greatest risk of slipping into poverty. Here, the poverty rate adjusted for housing costs is 61.3 percent. Citizens allowance (basic income support), which is already far too low, will not be increased in the coming year so as not to burden government budgets, meaning that an increase in poverty is inevitable.

Households in Bremen (29.3 percent), Saxony-Anhalt (28.6 percent) and Hamburg (26.8 percent) are most affected by housing poverty. While the poverty rate in Berlin is 13.7 percent according to conventional

calculations, this rises to 20.8 percent when housing costs are taken into account. The situation is very similar in Brandenburg. The difference between the calculations is most pronounced in Hamburg and Schleswig-Holstein.

The fact that poverty is increasingly being caused by sky-rocketing housing costs is shown by the fact that more and more households are having to spend an ever-larger proportion of their income on housing.

While an average of 21.5 percent of income was spent on housing in 2020, this proportion had risen to 25.2 percent by 2023. For households affected by poverty, the figure is a staggering 46 percent.

The policies of federal and state governments of all political colours have led to a massive increase in rents in recent years, which are becoming almost impossible to afford for ever larger sections of the population. At the same time, property companies are making fantastic profits.

In Berlin, rents literally exploded between 2014 and 2023. During this period, the average rent rose from €8.10 to €16.35 per square metre.

Rents for new lettings in Berlin and Potsdam have risen more than in any other region in Germany. According to the report, Potsdam recorded the largest increase of all districts and independent cities for first-time and re-letting with a rise of 31.2 percent in 2023. It was followed by Berlin with an increase of 26.7 percent.

On average across Germany, rents for first-time lettings and re-lettings rose by 7.3 percent in 2023. Berlin is now the second most expensive city in Germany at over €16 per square metre. Rents are only higher in Munich, at more than €20 per square metre.

With the planned end of the so-called rent cap at the end of 2025, rents will continue to rise exorbitantly.

With the rent cap, new lettings may not be more than 10 percent above the local comparative rent, although this only applies in special situations anyway and can be easily circumvented.

Lukas Siebenkotten, President of the German Tenants' Association, pointed out that with the end of the rent cap, "re-letting rents would skyrocket, as there would then no longer be an effective cap." In short, rents will then rise even more sharply and poverty and homelessness will increase even further.

In addition, the number of social housing units has fallen dramatically. In 1987, there were still 3.9 million social housing units in Germany, but these have been reduced to just under 1 million today. In Berlin, there were almost 400,000 social housing units in the early 2000s, of which just 90,000 are still available. In addition, a further 47,700 will fall out of social housing by the end of 2026. In contrast, over one million people in the capital alone would be entitled to social housing.

The Berlin state government, made up of the Christian Democrats (CDU) and Social Democrats (SPD), has put together a massive austerity package for the coming year that will further exacerbate the situation. Social housing subsidies will also be cut by €150 million euros, which amounts to 10 percent of the previous subsidy amount of €1.5 billion. As a result, even fewer social housing units will be built in future. In addition, subsidies to limit rents in social housing will be cut by 45 percent. The Berlin Senate (state executive) is reducing the subsidies here from €7.1 million to just €3.9 million.

The cooperation agreement between the Senate and the state-owned housing companies, which has been in place since 2023, has allowed for an annual rent increase of 2.9 percent since 2024. The state-owned housing companies have announced further sharp rent increases for 2025. Tenants of Wohnbaugesellschaft Stadt und Land in Treptow-Köpenick can expect a rent increase of up to €11.24 per square metre.

On the other hand, the management boards of the state-owned housing companies are receiving generous salaries. Ulrich Schiller from Howoge, which made a profit of €79.3 million in 2023, received a total of €347,133 in remuneration last year. Sandra Wehrmann from Degewo, which made a profit of €82 million in 2023, received €351,671.

This remuneration is still low compared to that of the

large property companies. In 2022, the former head of Deutsche Wohnen, Michael Zahn, received over €18 million in severance payments alone following the successful merger with Vonovia.

The rising burden of rents for millions of people is symptomatic of the prevailing capitalist socio-economic order. While a narrow layer at the top of society is shamelessly enriching itself at the expense of the population, all social achievements are falling victim to austerity measures. Instead of investing money in affordable housing, millions are being spent on war and strengthening the powers of the state.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact