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Privatisation and Capitalisation of Rental Housing – Future of Rental Housing

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The German Tenants' Union



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- 1,3 million member households
 - Nationwide 330 local offices, 15 federal state offices
 - Staff: 1.500 people full-time employees, 2.500 honorary active
 - Tasks: representation of tenants in conflict with landlords, information about tenants' rights and obligations, political protection of interests

The German Tenants' Union



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- Financed exclusively by the contribution of the members (40-70 Euro/year) – no state subsidies
 - Work bilance: One million personal consultations and another million consultations by call/online in a year
 - One of the largest mediators in Germany: 97 % of all cases can be cleared outside the court
 - Subsidiary companies: legal insurance company, publishing house, IT-services

Housing statistics in Germany

- 82,5 million inhabitants in Germany
- 39 million of housing units
- 2,1 persons per flat
- 57 % of the German households living in rental flats
- 21,5 million households of tenants

Housing stock in Germany

- 39 million housing units:
- 9,7 million owned by commercial landlords (professionals) splitted in:
 - 2,7 million owned by municipal housing companies
 - 2,6 million owned by private housing companies
 - 1,7 million owned by various suppliers (funds)
 - 140.000 owned by churches
 - 2,5 million owned by housing cooperatives (not for sale)
- 13,8 million owned by private landlords (amateurs)
- 15,1 million owner occupied houses

Housing deals 1999 until 2007

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- 1,8 million units have been sold to new investors, 850.000 formerly owned by public companies
 - Trading with the housing stock. 400.000 units are sold to a second and third investor
 - The biggest landlords Deutsche Annington, Fortress and Cerberus entered the market only 5 years ago
 - Strong intentions to enlarge their housing portfolio
 - New orientation possible: Changes in the interest markets, international crisis of the mortgage bank houses, political resistance against trading with the housing stock
 - Prices of real estate shares are falling

What makes Germany an interesting market?



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- Germany ist a tenant country: 57 % of all households are tenants, in the big cities up to 90 %
 - Future policy of the goverment: increasing the rate of home ownership
 - Public rental housing quality is excellent: city locations, good maintenance
 - The prices for real estates are low (no price explosion like in other European countries)
 - Economical crisis in Germany: public budgets are stressed

Consequences

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- New investors enlarge the profit (rent increases/de luxe-modernization)
 - Lack of affordable housing
 - Tenants who can't afford the higher rents have to move in smaller or low-standard flats
 - Social polarisation
 - Increasing state costs for housing benefits and transfer-payments by public budgets

Consequences

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- According to the German constitution housing is not only an economical but a social good
 - 15 % of all german households need public assistance by the provision with housing
 - From 1,8 mio. social housing units every year 100.000 go back to the free market
 - The concentration on the German market will make an end to mixed neighborhoods and enlarge the danger of ghettoization

Positions of the DMB concerning the selling of the housing stock



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- We want a sustainable, long-term management of the housing stock, no short time profiteering
 - We want real estate „farmers“, no „dealers“
 - The housing stock is an economical and social good. It is no instrument to maximize profits
 - We want vital and urban cities where all people have chances to find a decent housing
 - The state has a clear responsibility in supplying poor households with rental housing
 - We want mixed neighborhoods in the housing quarters
 - The state has to take care for the future demographic challenges
 - The selling of the housing stock is irreversible
 - We need integrated urban development and housing supply concepts before decisions about the selling of the housing stock are taken