

# Profit drive behind German family tragedy

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On 25 July the German media reported that the bodies of six people were found in a Berlin apartment. The bodies were recovered of 27-year-old Anna P., her four children aged one, four, five and six, and her 40-year-old partner. The biological father of the children had heard nothing from the family for days and informed the police, who then opened the apartment.

Initially the deaths were thought to be the result of a violent crime. The press speculated that the man had administered tablets to the children and Anna P. and then committed suicide. However, an autopsy ordered by the prosecutor refuted this conjecture, and established the cause of death as carbon monoxide poisoning.

The most likely cause of such a poisoning is a broken gas pipe. The previous tenant had not paid his gas bill and the gas supply was disconnected at the time that Anna P. moved into the flat with her family just a few weeks previously. The police are currently examining whether the gas supply may have been improperly reconnected. In addition, investigations have been undertaken against the previous tenant who testified when questioned that he had stuffed the exhaust pipe of the gas connection with cloth and newspapers some years earlier when the supply had also been cut off. He is now being charged with negligent homicide.

Irrespective of the results of further investigation by police and prosecutors, one thing is sure: they will not reveal the more fundamental causes of this tragedy, nor will they name the real culprits. Behind the deaths of these six people is a crime that is not part of official remit of police and prosecutors: the brutal and ruthless exploitation of vulnerable people by property speculators.

The conditions in the house in the eastern Berlin district of Köpenick where Anna P. and her children

died are appalling. According to a craftsman, the state of the technical equipment in the apartment is utterly “hazardous”. The dirty entrance hall, the dilapidated staircase and broken windows, the neglected state of the garden are all testimony to the fact that virtually no maintenance has been carried by the property owners.

“Burst pipes are commonplace here”, says one young female neighbor, who related that there has been no more hot water supply in the house since the deaths were discovered. “But that does not surprise us, nothing is ever done here apart from raising the rents”.

The apartment where the accident happened had been left in a totally neglected state by the previous tenant but no restoration was made before the new tenants moved in, another woman in the house, informed us. No one had wondered about this, she explained, because “the new owners are in a hurry, they need money”.

Who are these new owners who rent a run-down apartment with a faulty gas supply to a young woman with four children?

Since 2010, the house has belonged to the Tower Group, a real estate company listed on the Danish Stock Exchange which possesses 9,200 residential units and 700 commercial units in Germany. Established between 2006 and 2009, the Tower Group has specialized in the purchase and rental of properties in Berlin, Brandenburg and North Rhine Westphalia. Due to the deteriorating financial situation in the real estate market, the company was restructured in 2010 and majority ownership taken over by the Dutch based BXR Real Estate Investment.

An August 2010 press release issued by Tower Management GmbH, the German subsidiary of the Tower Group, announced the introduction of the new brand “Tower Living” which involved a new “corporate design”: “Striking colors, a fresh logo and pictures of real tenants rather than pretty models, all

aimed at expressing *openness to all social and ethnic groups* (emphasis added)".

This sums up the company's business plan with undisguised cynicism: i.e. the renting of flats, which *Der Spiegel* declared in a report in May 2009, as in "urgent need of renovation", to welfare recipients and low-income immigrants. These are groups which frequently have problems finding affordable housing, who are often uninformed regarding their rights as tenants, and are easier to intimidate than other tenants due to language barriers and their more tenuous social resources.

In the case of Tower Management this intimidation begins on the company's web site. If you click on "Services", the following text appears: "We should like to inform that Tower Management has commissioned the debeo company to collect outstanding rents. The debeo will immediately commence working to recover arrears in a socially responsible manner."

In other words, Tower Management is well aware of the social status and financially difficult situation of their clients, and has hired a specialist agency to collect its high rents.

The house in which the family died was built in the 1950s and stands as a devastating indictment of the Berlin Senate's privatization policy.

Situated in the east of the city, the house first came on to the market in 1990 following the unification of east and west Germany. It was initially taken over by the state-run Gagfah company before it was sold to private investors. The privatization process means that it has had three different owners in just the last five years.

The frequent changes of ownership shows that for these companies the decrepit building is nothing other than an object of speculation, geared to making profit. The difficult living conditions of tenants are neglected and actually exploited.

The Tower Group is not alone. Against a background of housing shortages, ever-increasing rents and an increase in the number of low-income tenants, many real estate investors are currently seeking to expand their portfolios. They are acquiring both private properties as well as those owned by the state. Increasingly, the state-owned housing sector is being sold off to private investors as part of the "financial rationalization" program introduced to pare back public debt and bail out the banks. The sole aim of the

property companies is to reduce operating costs as much as possible while driving up rents.

An attempt is being made to turn the victims of a predatory system into culprits and divert attention from those who really bear the blame. In fact the real culprits of the human tragedy in Berlin-Köpenick are not only the Tower Management company but also those politicians and parties which permitted the privatization of housing stock, thus facilitating such unscrupulous practices by real estate speculators. In the case of Berlin this means, above all, the Social Democratic Party and the Left Party which have run the city in a coalition for the past ten years.



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