

# Drastically rising rents fuel growing homelessness in Germany

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Rising rents across the country mean the number of homeless people in Germany is also increasing dramatically.

According to a press release from the Federal Association for Assistance to the Homeless (BAGW) on November 7, around 607,000 people were homeless in Germany in 2022. Of these, 50,000 were permanently without a roof over their heads. This amounts to an increase of 58.5 percent over the previous year, when 383,000 people were homeless.

The picture is even clearer when you look at the figures as of the reporting date. On June 30, 2022, BAGW counted 447,000 homeless people. The figure was 268,000 exactly one year earlier. That is a gigantic increase of 67 percent. It is important to bear in mind that there are a high number of unreported cases and that the actual figures are far higher.

Foreigners and refugees are particularly badly affected by homelessness. The increase in homeless people with a German passport is 5 percent. In contrast, the number of homeless without German citizenship rose by 118 percent. Twenty-nine percent of people who were recorded as homeless on June 30, 2022 were German. Accordingly, the proportion of non-Germans is 71 percent. Just over one-quarter (26 percent) of the homeless are children and young people.

The number of homeless refugees from Syria, Afghanistan and Iraq in particular has skyrocketed. These countries have been reduced to rubble by the NATO wars since the collapse of the Soviet Union. People from Ukraine are also disproportionately affected. There, the leading NATO states and Germany have been constantly intensifying the proxy war against Russia, forcing more and more Ukrainians to flee.

In addition to the flight from war zones, the sharp increase in homelessness is due to rising rents and

exploding inflation. According to data from the Documentation System on Homelessness (DzW), 57 percent of homeless Germans lost their dwelling due to a notice to quit, and 21 percent due to rent and energy debts. Twenty percent became homeless due to conflicts in their living environment and 16 percent lost their home due to separation or divorce.

Werena Rosenke, BAGW managing director, commented on the dramatic development as follows: “Inflation, increased costs and rising rents are a burden on low-income households in Germany. This leads to (energy) poverty, rent debts and loss of housing. Particularly vulnerable groups are low-income single-person households, single parents, and couples with many children. The lack of affordable housing is and remains the main reason for the housing shortage in Germany.”

At the same time, the number of social housing units has been falling for years. According to the BAGW, there were still around 1.8 million social housing units nationwide in 1989, whereas there are currently only 1.08 million. That is 40 percent fewer social housing units than almost 35 years ago.

The capital, Berlin, had around 115,000 social housing units in 2016. Seven years later, there are 93,000, and the trend continues to fall. Berlin’s state Department for Urban Development assumes that there will only be around 58,000 social housing units by 2028. This is a social disaster in the making. Around 10 times as many would be needed. Currently, 530,000 households in Berlin have a certificate of eligibility for housing, which—at least in theory—would allow them to obtain social housing.

In addition, all forecasts indicate that rents will continue to rise dramatically, making housing unaffordable for more and more households.

Due to the increased interest rates for building loans, many property companies have little interest in constructing new apartments in Germany. At the same time, existing housing, which is in short supply, is becoming increasingly expensive. According to information from the real estate service provider Savills, the six largest cities in Germany have for the first time recorded an average asking rent for new-build flats of over €20 per square metre. The French bank BNP Paribas, which is heavily involved in the German property market, recorded a rental explosion of 8 percent in the past six months compared to 2021, and even 12 percent in urban areas and for new builds.

Other forecasts paint an even gloomier picture for the future and warn of the social implications. “We are in a property recession the likes of which we haven’t seen for 45 years,” warns building contractor Dieter Becken. “Interest rates have jumped from 0.8 to almost 5 percent, construction prices have also increased dramatically, inflation is high and land is also scarce and expensive. In this combination and in this short space of time, this is unique.”

He added: “We are heading towards an affordable housing emergency. I see enormous socio-political risks because parts of the population simply can no longer find a roof over their heads.” Becken’s prediction: “Rents will rise significantly, very significantly. In new builds, €20 to €30 basic rent per square metre will become the norm.”

In September, the Swedish property company Heimstaden increased rents by more than 20 percent for around 6,500 of its 20,000 flats in Berlin. The rent increases were so high that most of them are even legally invalid, due to the so-called rent cap. A landlord is allowed to increase the rent by a maximum of 15 percent within three years.

Tenants cannot hope for support from the establishment parties. In fact, these parties all work closely with the property sharks and create the legal basis for them to enrich themselves at the expense of tenants. At the same time, the budget for housing is being cut further and further, as more flows into rearmament and boosting the powers of the state at home. The housing companies that are still publicly owned are also shamelessly increasing rents.

This is clearly evident in Berlin. Rents have exploded here more than in almost any other major city in recent

years. After the vast majority of Berliners voted in favour of expropriating large housing companies in a referendum in 2021, the state executive—a coalition of the Social Democrats (SPD), Greens and Left Party—did everything it could to prevent this.

In the so-called Alliance for New Housing Construction and Affordable Housing, the Senate worked together with the property sharks to ensure that the profit interests of the corporations were not curtailed in any way. Since the change of state government at the beginning of the year, the grand coalition of the Christian Democrats (CDU) and SPD has intensified its attacks on tenants.

Rents in state-owned flats are to be raised sharply over the next few years. After a year and a half in which rent increases were ruled out, in 2024 they will be allowed to rise again, by 2.9 percent per year. The Berlin Senate reached this agreement with the six state-owned housing associations. This means that rents are expected to have risen by 9 percent by the end of the legislative period alone.

In addition, the property companies will be allowed to charge €15 per square metre for first-time tenants. The last agreement still stipulated €11.50. In addition, an extra €2 per square metre can be passed on to tenants in the event of energy-efficient refurbishment. With his characteristic arrogance, Senator (state minister) for Urban Development Christian Gaebler (SPD) defended the planned rent increases, claiming these were “not an excessive burden.”



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