

More rent increases on the horizon in Germany following the merger of 2 major property companies

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The enormous rise in rents that has taken place in Germany in recent years has resulted in growing levels of poverty. The latest takeover of Deutsche Wohnen (DW) by the property giant Vonovia is likely to drive up housing prices even further. Despite this, the dire situation confronting hundreds of thousands of households is not an issue in the current federal election.

In Berlin alone, rents for new properties rose by 26.7 percent in 2023 and by 6.4 percent in 2024. The average asking price rent for newly built flats is €now 20.11 per square metre. Only Munich is more expensive at €25.68. Nationwide, at least 25 percent of households have to spend more than 30 percent of their income on rent. A study conducted by the welfare organisation Paritätischer Wohlfahrtsverband in December 2024 concludes that the poverty rate in Germany is significantly higher when housing costs are taken into account.

The final takeover of DW by Vonovia was approved in January at the Annual General Meetings of the two concerns in Berlin and Bochum. With the approval of the “profit transfer and control agreement,” Deutsche Wohnen is now fully under the control of Vonovia.

The merger of the two groups had already been agreed in 2021. For tax reasons, however, Vonovia only took over 87 percent of DW shares. With this “brazen tax trick,” as experts called the procedure, the group avoided tax payments totalling at least €1 billion.

With the merger now complete, Vonovia is now the largest private housing group in the country and the largest private landlord in the capital city, Berlin, with around half a million flats.

The deal not only increases Vonovia’s portfolio, it also has a favourable effect for the concern on further acquisitions and takeovers. As DW has a significantly lower level of debt than Vonovia, refinancing will most

likely be handled via DW in future. Vonovia’s CEO Rolf Buch recently announced that the company would be buying more property in order to further increase its market share.

Vonovia will utilise its monopoly position to drive up rents further in order to provide shareholders with exorbitant returns. Last year, the company had already raised rents on a large scale, in some cases by 15 percent, on occasion without any necessary justification. In addition, tenants were confronted with excessive service charges. Experts and tenant protection organisations assume that extra profits are being made through a heating supplier controlled by the company.

Buch recently declared in the *Tagesspiegel* daily that the Berlin rent index, which sets the local average rent, had been “faked.” He implicitly linked this to the demand that property companies should be able to set rents and rent increases without restrictions.

The situation for millions of tenants has worsened enormously in recent years, as the president of the German Tenants’ Association, Lukas Siebenkotten, explains: “Rents are rising incessantly, sometimes even in the double-digit range.” In addition, there is an “unprecedented shortage of affordable housing.” One in three tenant households are now overburdened with their housing costs. “And the trend is rising.” Siebenkotten notes at the same time that the issue is hardly receiving any attention in the current parliamentary election campaign.

This is not an oversight. In fact, all established parties support the shameless enrichment of property giants and their shareholders. The Left Party, which is timidly trying to win votes amongst tenants affected by the horrendous rents, is no exception.

Under the heading “Housing must not be a luxury,” the

Left Party has put forward a series of demands in the election campaign aimed ostensibly at preventing rents from rising further.

These include the introduction of a nationwide rent cap and rent control for the next six years, as well as a ban on graduated and index-linked rents. An upper limit for rents is to be set, depending on the age, condition and location of the property. The same criteria should then also apply to new lettings.

In its election manifesto, the party states that it supports the initiative to expropriate Deutsche Wohnen and calls for the nationalisation of the housing stock of property groups with more than 3,000 flats.

Apart from the fact that the majority of the demands are little more than a proverbial drop in the ocean, the Left Party's election promises are not worth the paper they are written on.

In Berlin, the Left Party and its predecessor the Party of Democratic Socialism (PDS) took part in the state government from 2002 to 2011 and from 2016 to 2023. During this time, from 2002 to 2023, rents in Berlin almost quadrupled on average, from €4.35 to €16.35 per square metre.

Between 2009 and 2011 alone, asking rents in Berlin exploded with an increase of 25 percent. The main reason for this was the sale of state-owned flats. The PDS and the Left Party sold 65,000 flats to Deutsche Wohnen at a ridiculously low price.

In addition, very few new flats were built under the SPD-PDS state government. From 2003 to 2009, the annual number of new-build flats was less than 4,000. In 2010 and 2011, it was around 4,400 each year. At least 15,000 additional flats, mainly social housing, should have been built each year.

As a result, supply almost stagnated between 2001 and 2011. Over the course of 10 years, it only increased from 1,870,000 to 1,903,000 flats. At the same time, demand increased. While it was still just below supply in 2001, the demand for affordable housing in 2011 was 92,000 higher than the existing stock.

The number of social housing units fell by a third in the same period, from 397,000 to 265,000. Since then, the number of social housing units in Berlin has fallen to just under 90,000.

On September 26, 2021, a referendum on the expropriation of large housing companies was held in parallel to the elections for the Bundestag and the Berlin House of Representatives, with 56.4 percent voting in favour. However, as the Sozialistische Gleichheitspartei

warned, the Berlin state government made up of the SPD, Greens and Left Party “showed voters the middle finger,” ignored the result and continued to defend the interests of the rent sharks.

Even before the referendum, the SPD-Green-Left Party state government had expressly supported the merger of Vonovia and Deutsche Wohnen. The Senator for Urban Development and Housing, Sebastian Scheel (Left Party), welcomed the merger and described the cooperation between property sharks and the Senate as “progress.” Since 2022, the Senate parties and property companies have been working closely together in the “Alliance for New Housing Construction and Affordable Housing” to line the pockets of the corporations at the expense of tenants.

In the state of Thuringia, where Left Party leader Bodo Ramelow headed the government from 2014 to 2024, it played a similar role. Here, rents exploded during Ramelow's time in office. Between 2018 and 2022, rents in the state capital Erfurt rose by around 10 percent, more than the national average of 7.25 percent.

In Bremen, the Left Party governs together with the SPD and the Greens. Rents here recently rose by 6.3 percent in just one year, a sharper increase than in Munich or Berlin. Rents have risen by 8.6 percent since 2022.

Housing is a basic right and not a luxury! This basic right cannot be realised through hollow phrases and mendacious reformist election promises. The Sozialistische Gleichheitspartei (SGP) is campaigning in the federal elections for the expropriation of the big property companies without compensation. Flats owned by such concerns must be transferred to public ownership to ensure affordable and adequate housing for all.



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