

# Berlin election: exorbitant rents, housing shortage and the role of the Left Party

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“I am Elif Eralp, and I want to make Berlin affordable.” These are the words with which the Left Party’s lead candidate for elections to the Berlin House of Representatives (state parliament) in September began her speech at its last regional party congress.

The Left Party’s election programme is entirely focused on the housing question. It does not address the massive rearmament programme and escalation of the German government’s pro-war policy, the curtailment of democratic rights or the strengthening of radical right-wing forces, or it does so only with a few hollow phrases.

With catchphrases such as “rent cap and fair rents,” “lowering heating costs” and “combating exorbitant rents,” the Left Party is attempting to use the horrendous rental costs and pronounced housing shortage in the capital for its election campaign. For more and more households, rising rents and a lack of affordable housing are an everyday problem, while for years real estate corporations have been raking in one record result after another at the expense of society.

Rents have tripled since 2005, and the increase is even more severe for new rentals. Between 2015 and 2024, these rose from €8.52 to €17.64 per square metre, the highest figure among all major German cities.

According to the latest polls, all five parties represented in the Berlin House of Representatives are roughly neck-and-neck, with the government parties, the Christian Democrats (CDU), and Social Democrats (SPD), having lost significant support compared to the last Berlin state election in 2023. According to Infratest dimap, the CDU currently stands at 19 percent, the SPD at 14 percent, with the Left Party, the Greens and far-right Alternative for Germany (AfD) each at 18 percent.

In the last federal election in February 2025, the Left Party was able to double its vote share nationwide. It became the strongest party in Berlin with almost 20 percent and also doubled its membership. The reason for this was the wide movement against the shift to the right, against fascism and against the breaching of the so-called “firewall to the AfD,” whereby the establishment parties proclaimed they would not collaborate in government with the fascists. This concern prompted young people in particular to cast their vote for the Left Party and join it.

The Left Party is preparing for participation in the state government and it is not even excluded that Eralp could become the next Mayor.

But it must be stated clearly: The Left Party is not a left-wing or even socialist party; it is a thoroughly bourgeois party that supports the gigantic rearmament programme and associated massive social cuts by the federal government. It voted in favour of the billion-euro war credits in the Bundesrat (upper house of the federal parliament), even though its approval would not even have been necessary. With regard to the planned attacks on pensions, health and long-term care insurance, education and culture, the Left Party merely criticises “technical errors” and regularly and politely offers its cooperation to the CDU-SPD federal government.

Wherever the party is in government at the state level, it implements the same right-wing policies as the Christian Democrats (CDU/CSU), SPD or

Greens. The fact that it is now blathering on in Berlin about eliminating exorbitant rents and the housing shortage is an outrage. In fact, the party bears considerable responsibility for the current situation.

## The responsibility of the Left Party for exorbitant rents and the housing shortage

To this end, one should recall the role played by the Left Party and its predecessor, the PDS, between 2002 and 2011 in its coalitions with the SPD, and from 2016 to 2023 in the coalition with the SPD and Greens. In its 16 years as a member of the Berlin Senate (state executive) it organised a social catastrophe that was previously unimaginable for many and which remains palpable today.

Against the background of the massive financial scandal surrounding the Berliner Bankgesellschaft, the previous Berlin Senate had fallen into crisis. The CDU-SPD coalition under Mayor Eberhard Diepgen collapsed in 2001. After an SPD-Green interlude, with support from the PDS, the SPD formed a coalition with the PDS—the successor to the SED, the Stalinist state party of the former East Germany. It was the first time since German reunification in 1990 that the PDS was accepted as a coalition partner in the capital.

What then followed was by no means a social change of course, but the exact opposite. The SPD-PDS coalition became a nationwide leader in ferociously cutting back public services, with Berlin as a test laboratory for them. Whether drastic cuts in the public sector, job cuts and wage cuts for state employees, the dismantling of social and cultural facilities or the mass sale of state-owned apartments to hedge funds, the PDS supported everything and defended it as “responsible budgetary policy.”

When the Left Party today makes “affordable and secure housing” its central election campaign issue, complains about exorbitant rents and the housing shortage, and offers tenant consultations to provide legal assistance in individual cases, this is only intended to distract from its own responsibility. The Left Party opened the floodgates to housing speculation in the first place. Between 2002 and 2023, which includes its 16 years of participation in the state government, rents in Berlin have on average at least quadrupled. The need for affordable housing far exceeds the number of apartments on offer.

In 2002, in the coalition agreement between the SPD and PDS, the sale of public apartments was already a done deal. It stated: “For reasons of asset activation, the sale of a housing association or housing stocks is unavoidable.”

The logic prevailing in the coalition at the time, that apartments were merely assets, drove forward precisely the development that is today lamented as “rent madness.” In truth, this madness was not a natural disaster, but the result of political decisions—decisions in which the

PDS/Left Party was significantly involved.

Around 200,000 state-owned apartments were sold off, opening the floodgates to speculation with living space and entailed massive rent increases.

With the sale of the state-owned non-profit Estate and Housing Construction Company (GSW) in 2004, its then more than 65,700 municipal apartments were literally squandered for a paltry €405 million plus the assumption of corporate debts amounting to €1.5 billion, at around €30,000 per apartment. The buyers at the time were the American real estate fund Whitehall (Goldman Sachs) and the investment company Cerberus. They resold GSW in 2013 to Deutsche Wohnen, which in turn was taken over by Vonovia in 2021.

Hedge funds and rent sharks made a fortune, because the properties were reappraised, their value increased through drastic rent increases, in order to be resold for dream returns, which drove rents even higher.

The fact that the Berlin SPD-PDS Senate had very few new apartments built exacerbated the misery. At least 15,000 new social housing units would have been needed annually, but between 2003 and 2011 an average of fewer than 4,500 new apartments were built. The supply of affordable housing stagnated and demand rose, which led to the need exceeding the existing housing stock by 92,000 in 2011.

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.

### **Buyback and the “Expropriate Deutsche Wohnen & Co.” initiative**

Before the House of Representatives elections in 2016, the Left Party declared that it wanted to reverse the sale of the state-owned apartments. In fact, in 2021, the SPD-PDS-Green Senate bought back only a fraction—15,000 of the previously squandered apartments. Once again, the real estate corporations profited, because Berlin paid completely inflated prices for the apartments, which had meanwhile been run down and classified as junk real estate. The city-state paid an average of €63,000, about six times the original sale price.

Katrin Lompscher, Left Party Senator (state minister) for Urban Development, noted at the time: “We cannot undo the mistakes that were made in the past with the sale of this housing stock, but we can give tenants back their security.” There was never any question of “security for tenants”! In reality, the buyback was a manoeuvre—a direct reaction by the Berlin Senate to the public pressure from the ongoing referendum initiative “Expropriate Deutsche Wohnen & Co.,” and the explosive social situation in the city.

What was marketed as a socio-political change of course was in reality an expensive legitimisation exercise by the Senate: Shortly before the referendum, a small part of the lower-priced housing stock was bought back at peak prices in order to dampen the pressure of the expropriation initiative—while at the same time the state government actively welcomed and promoted the merger of Berlin’s two largest landlords into a European real estate giant.

Rents in Berlin doubled within ten years; the price for undeveloped building land has even increased eightfold. Corporations like Deutsche Wohnen, Vonovia and Akelius have enriched themselves uninhibitedly—Deutsche Wohnen alone distributed over €350 million to shareholders in 2019; that is €2,100 per apartment that flowed directly from the pockets of the tenants into the accounts of the shareholders.

The displacement of entire strata of the population from the city area, decades of austerity policies and mass privatisations—by the SPD and the Left Party—created the basis for this initiative.

The referendum petition drive was remarkably successful. In 2019, 77,000 people signed in just three months, and in 2021, another 350,000 within four months. In the referendum on September 26, 2021, 56.4 percent of Berlin voters, and thus over a million people, voted in favour of expropriation. However, the result was not implemented.

This is where the Left Party’s double game becomes visible. While in government it supported the social cuts and privatisation of the state-owned housing stock against the tenants. At the same time, it was co-initiator of the referendum “Expropriate Deutsche Wohnen & Co.,” which was intended to exert moral pressure on the very same political establishment that has cooperated with the housing sharks for decades.

In 2021, when the Left Party formed the state government together with the SPD and the Greens, the then Senator for Urban Development and Housing, Sebastian Scheel (Left Party), welcomed the merger of Vonovia and Deutsche Wohnen, describing cooperation between the corporations and the Senate as “progress.”

Against this background, it is pure mockery when, in its current election programme, the Left Party once again raises the demand for the expropriation of Deutsche Wohnen & Co and, referring to the referendum, brazenly declares: “We will make the implementation of this law one of our top priorities and will not allow any further delays.”

### **The rent cap**

The demand for a rent cap, which is found in the election programme, is also not new. The red-red-green Senate had already initiated this manoeuvre, and it ended with sometimes horrendous repayment demands from the real estate corporations to its tenants.

With the rent cap, net rents for 1.5 million apartments—limited to those ready for occupancy before 2014—were frozen for years in February 2020, at the level of June 18, 2019. Newly built apartments were excluded from the outset. Exorbitant rents that were more than 20 percent above a set upper limit were to be capped at 120 percent of this limit from the end of 2020. From 2022, rents were again to be allowed to rise by a maximum of 1.3 percent annually.

Vonovia itself calculated that its rental income would fall by less than 1 percent due to the rent cap. The housing shortage was not resolved; the profits of the real estate corporations were not really touched. For the Left Party, it served merely as a fig leaf for its pro-business policies.

After the CDU, FDP and AfD had filed a constitutional complaint, the Supreme Court unanimously declared the law null and void on April 15, 2021. This now allowed the real estate corporations to demand back the lost rents and, moreover, to raise rents unhindered again.

Rents that had been frozen since February 2020 could immediately be increased again by up to 15 percent every three years—in accordance with federal regulations. Hundreds of thousands of tenants whose rents had been lowered due to the cap now had to reckon with making back payments for the entire duration of the cap. The real estate corporations could reclaim all “lost” rental income.

### **What is to be done?**

The expropriation of the rent sharks requires a socialist programme. Housing is a fundamental right and must not serve the shameless enrichment of a narrow layer.

This requires the expropriation without compensation of the real estate

corporations, and not a few cosmetic demands that are thrown overboard at the first opportunity.

That is why the Sozialistische Gleichheitspartei (Socialist Equality Party, SGP) is standing in the Berlin state election in September. It opposes all parties that stand for war and social cuts—and thus explicitly the Left Party as well. As the SGP's appeal for the Berlin election states:

The social misery in Berlin—growing poverty, skyrocketing rents, crumbling schools and hospitals, job losses—is part of a global crisis of capitalism that can only be ended by all workers joining together in struggle around the world, especially in the United States.

We counterpose the international unity of workers to national unity with the capitalists and their parties. We reject the capitalist logic of profit and fight for the expropriation of the big corporations, banks and billionaire fortunes in order to organise the economy under democratic control according to the needs of society.



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