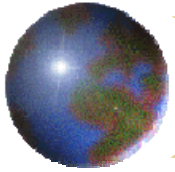


The framework of the private rental housing sector in Germany



Presentation for the
ENHR Working Group on Private Rented Sector Workshop
in York, 27./28. April 2009

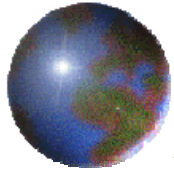
Presenter: Prof. Stefan Kofner, MCIH



Contents



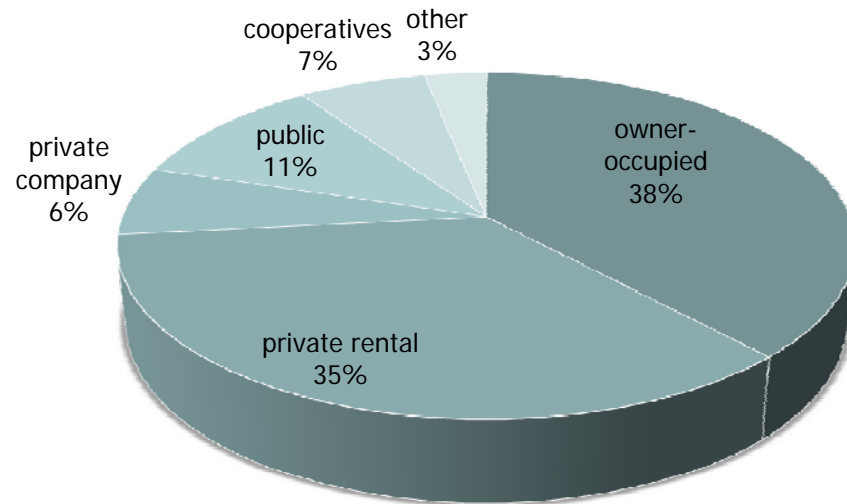
- Sector dimensions
- Supply side
- Tenants
- Regulatory framework
- Rents
- The future of the Private rental sector
- Policy and theory trends



German supply side structure

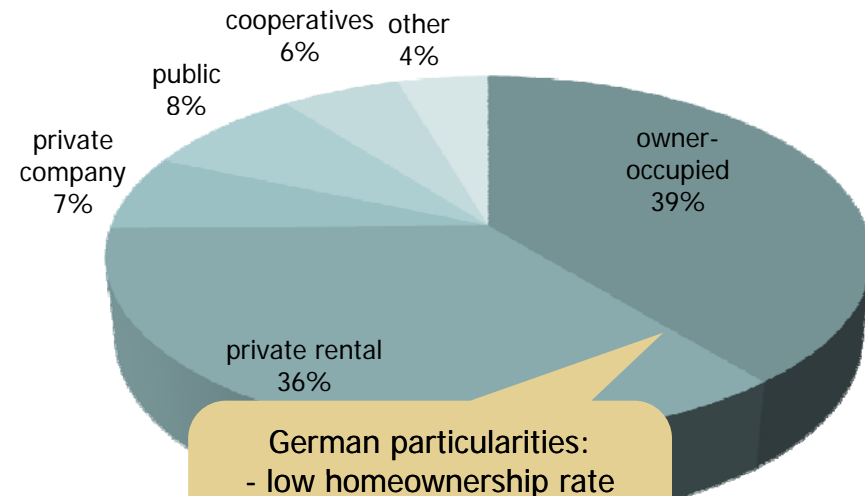
year	owner-occupied	private rental	private company	public	cooperatives	other	number of dwellings
1993	13,02	12,10	2,19	3,60	2,24	1,10	34,25
2005	15,13	13,79	2,60	3,13	2,29	1,75	38,69

German supply-side 1993



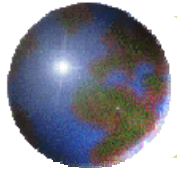
Kofner

German supply-side 2005

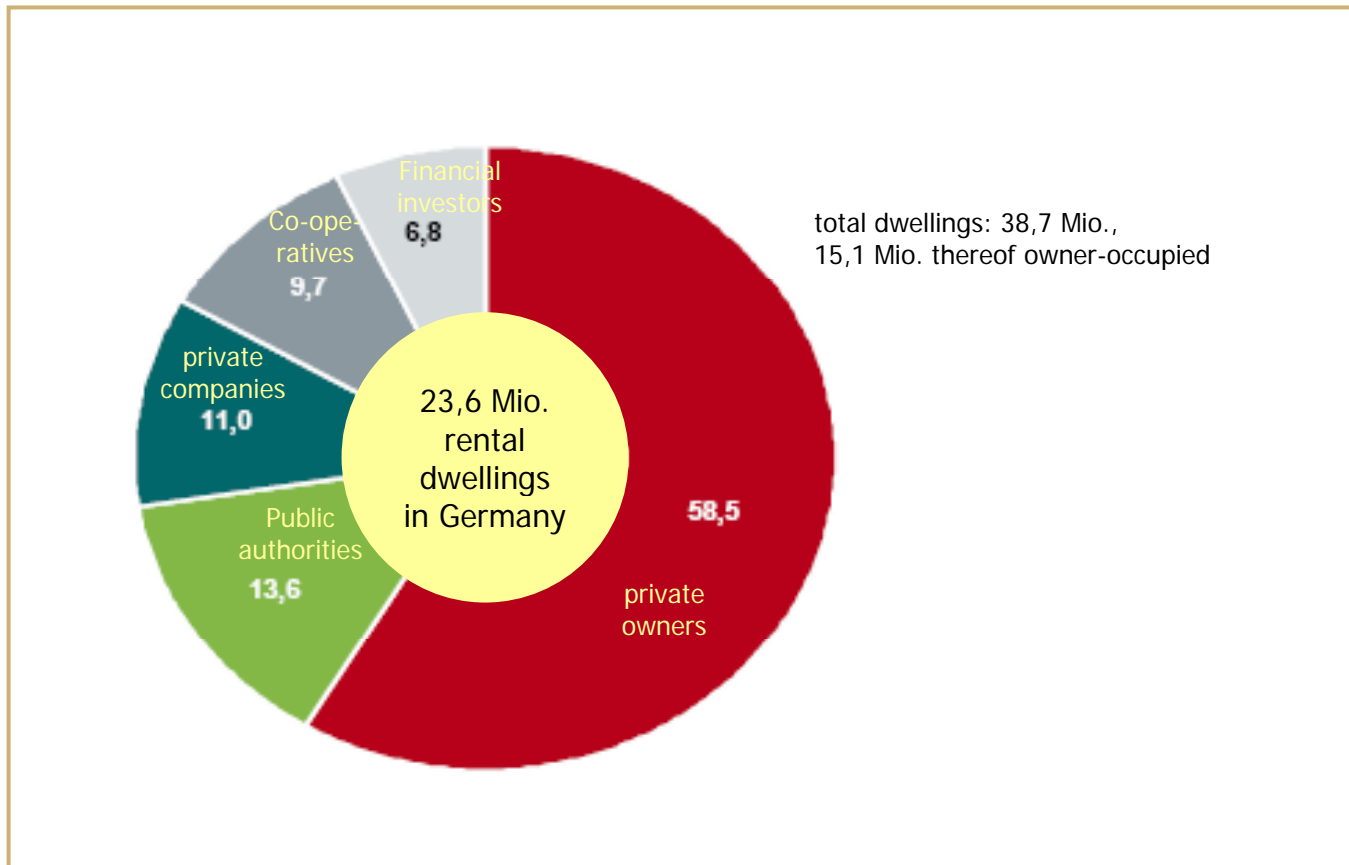


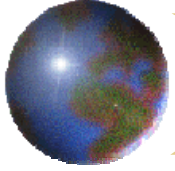
German particularities:
- low homeownership rate
and
- big market share of
private landlords

German PRS



German rental market supply side structure



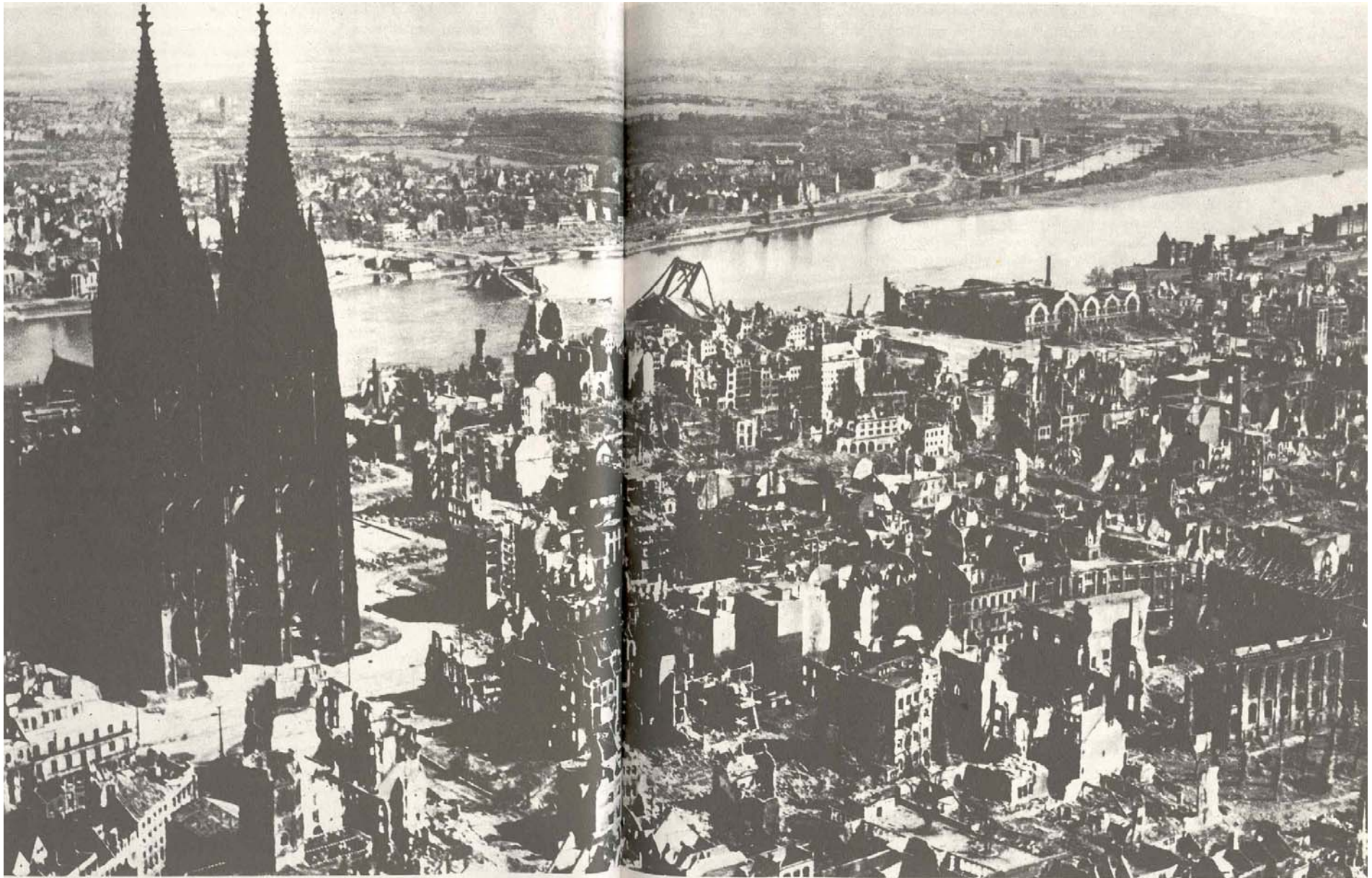


Heimatvertriebene aus Polen treffen im Grenzbahnhof Bebra ein.

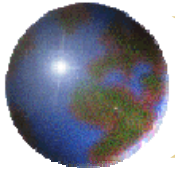
FLASHBACK TO THE ZERO HOUR

German PRS



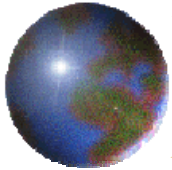


Köln 1945: Die am stärksten zerstörte Großstadt in Deutschland



Durch menschenleere Trümmerstraßen rollten die amerikanischen Armeefahrzeuge. Wie ausgestorben wirkten die Städte. Das Bild zeigt die Theatinerstraße in München mit den Türmen des Domes im Hintergrund.



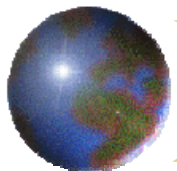


Dok. 1 Kriegszerstörungen in den deutschen Städten

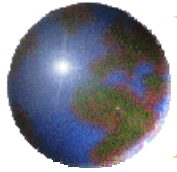


Kofner

(aus: Deutschland unter den Besatzungsmächten 1945–1949, hg. von Hans Dollinger, München 1967, S. 28)

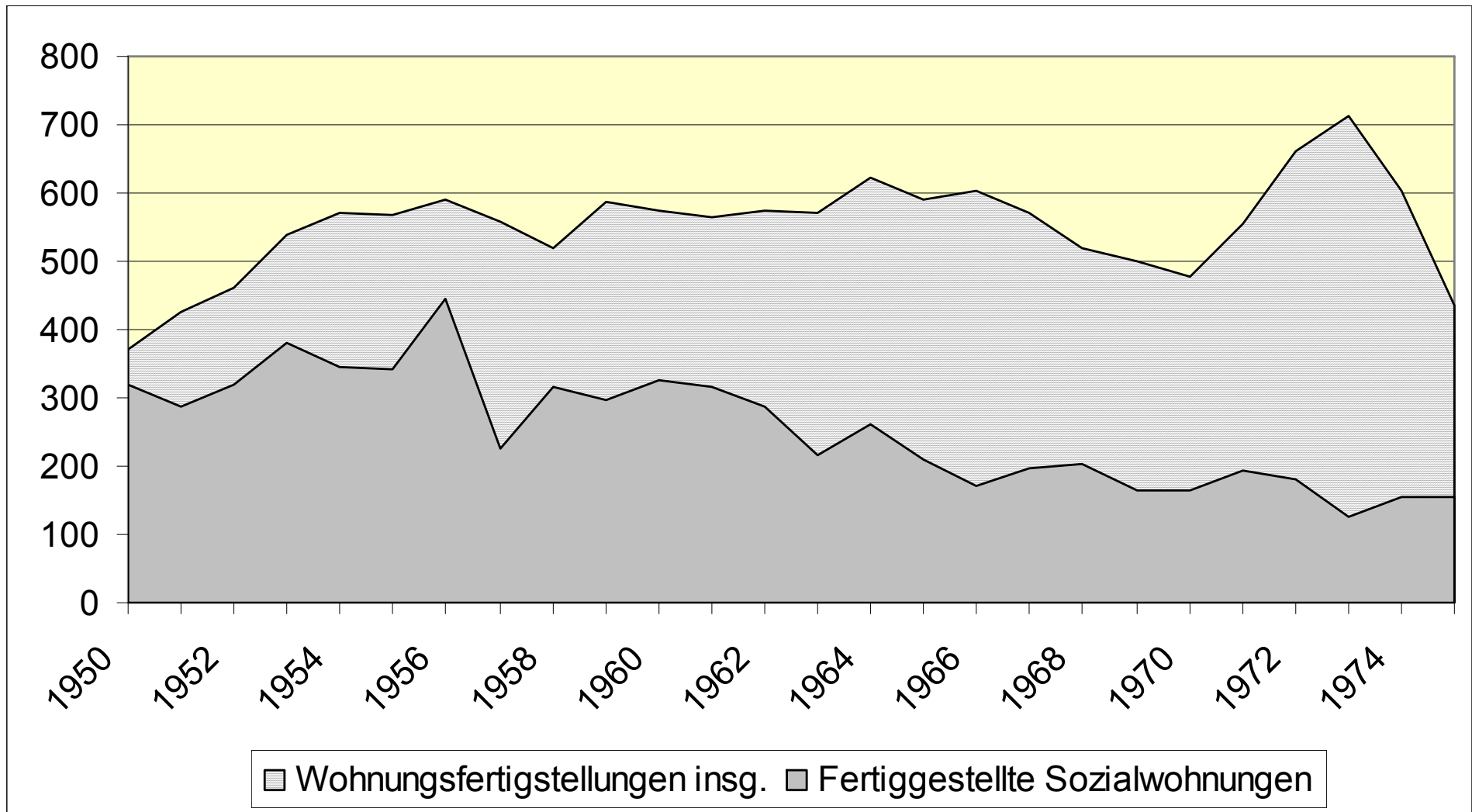
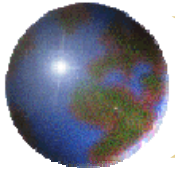


State	Usable housing space in Summer 1948 (per cent of 1939)	Resident population in Summer 1948 (per cent of 1939)
Schleswig-Holstein	89	174
Bayern	87	132
Niedersachsen	87	151
Hessen	82	122
Württemberg-Baden	78	120
Nordrhein-Westfalen	70	106
Bremen	58	94
Hamburg	50	88



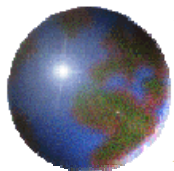
Housing shortfall in 1949

- ⚙ 2,2 Mio. dwellings due to destruction (20,3 of the housing stock of 1939)
- ⚙ 3,0 Mio. dwellings due to increase in population between 1940 and 1948 (about 1/3 of the remaining housing stock)
- ⚙ Another 2 to 2,5 Mio. dwellings shop-worn or fairly serious damaged

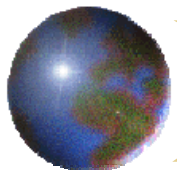


total dwellings completed per year

social dwellings completed



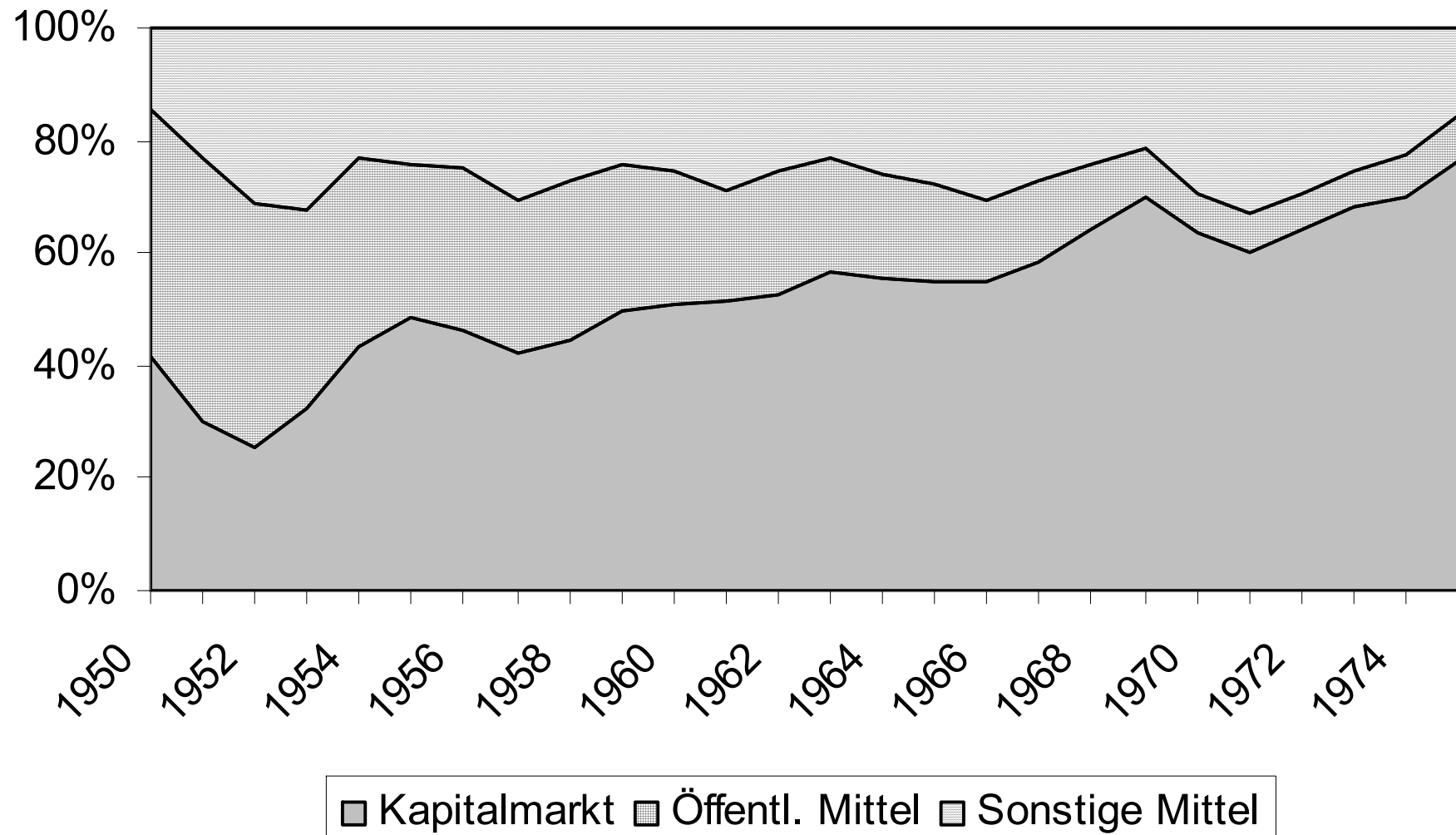
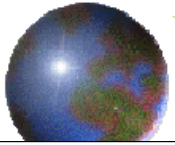
	West		East	
year	Completions in Tsd. Dwellings	per 1.000 Inhabitants	Completions in Tsd. Dwellings	per 1.000 Inhabitants
1951-1960	5.400	10,22	526	2,98
1961-1970	5.599	9,58	764	4,47
1971-1980	4.887	7,93	1.030	6,12
1981-1990	2.937	4,77	1.075	6,47



Anlage 2 Dwellings completed in Western and Eastern Germany

year	dwellings completed			
	in residential and non-residential buildings	thereof in newly constructed residential buildings		
		total	dwellings in buildings with	
			1 or 2	3 or more
			dwellings	
Deutschland				
1996	559.488	485.249	185.802	296.447
1997	578.179	501.120	211.128	290.064
1998	500.690	432.237	220.611	211.626
1999	472.638	406.567	237.331	169.236
2000	423.044	368.531	229.715	138.816
2001	326.187	285.925	185.372	100.553
2002	289.590	253.700	172.874	80.826
2003	268.103	236.088	165.162	70.926
2004	278.008	247.795	177.204	70.591
2005	238.977	210.752	149.069	61.683
2006	248.435	219.777	149.463	70.314

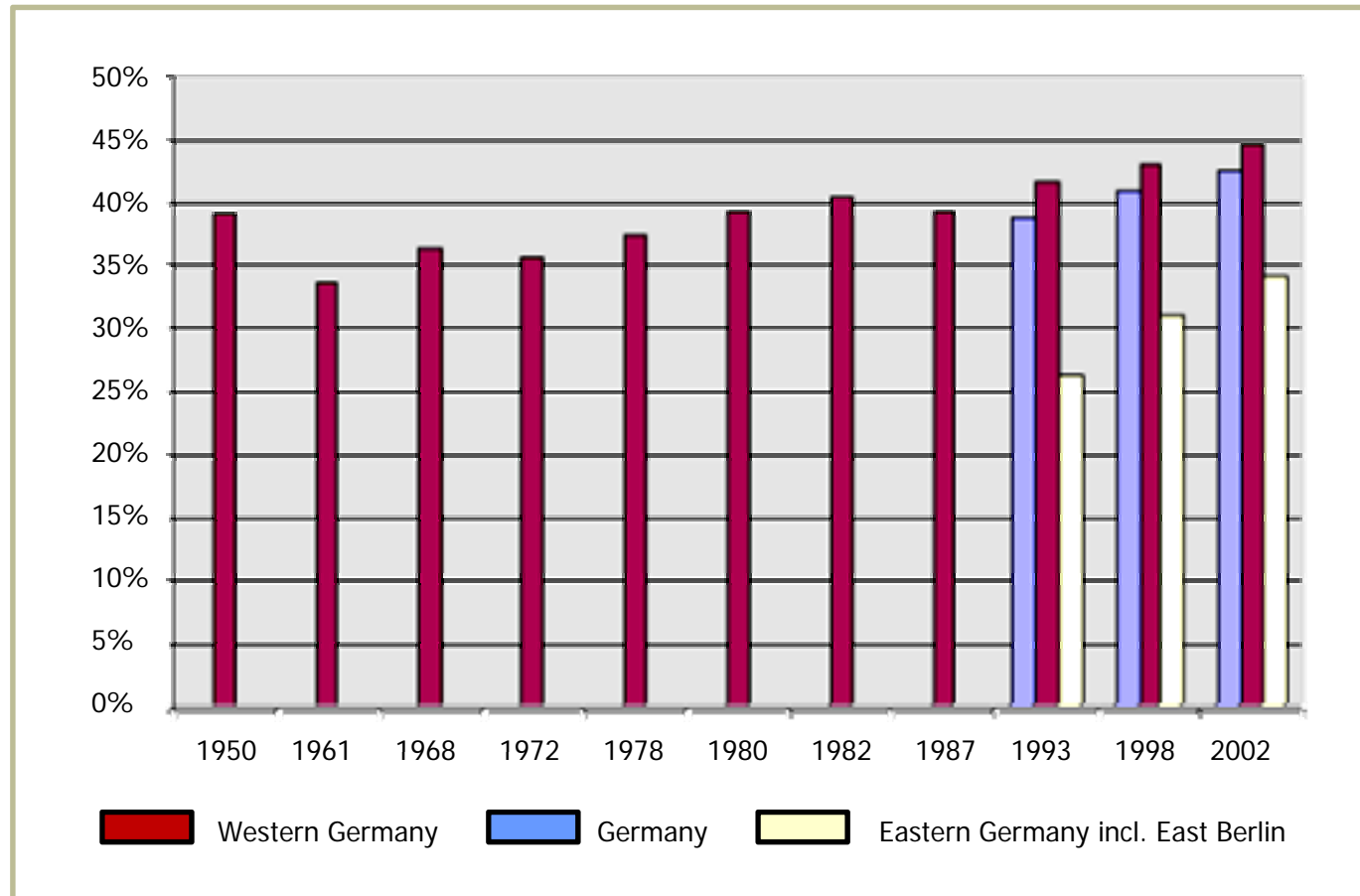
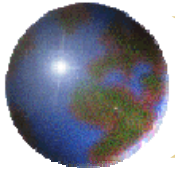
Downward trend in new construction since 1997, esp. in multi family buildings



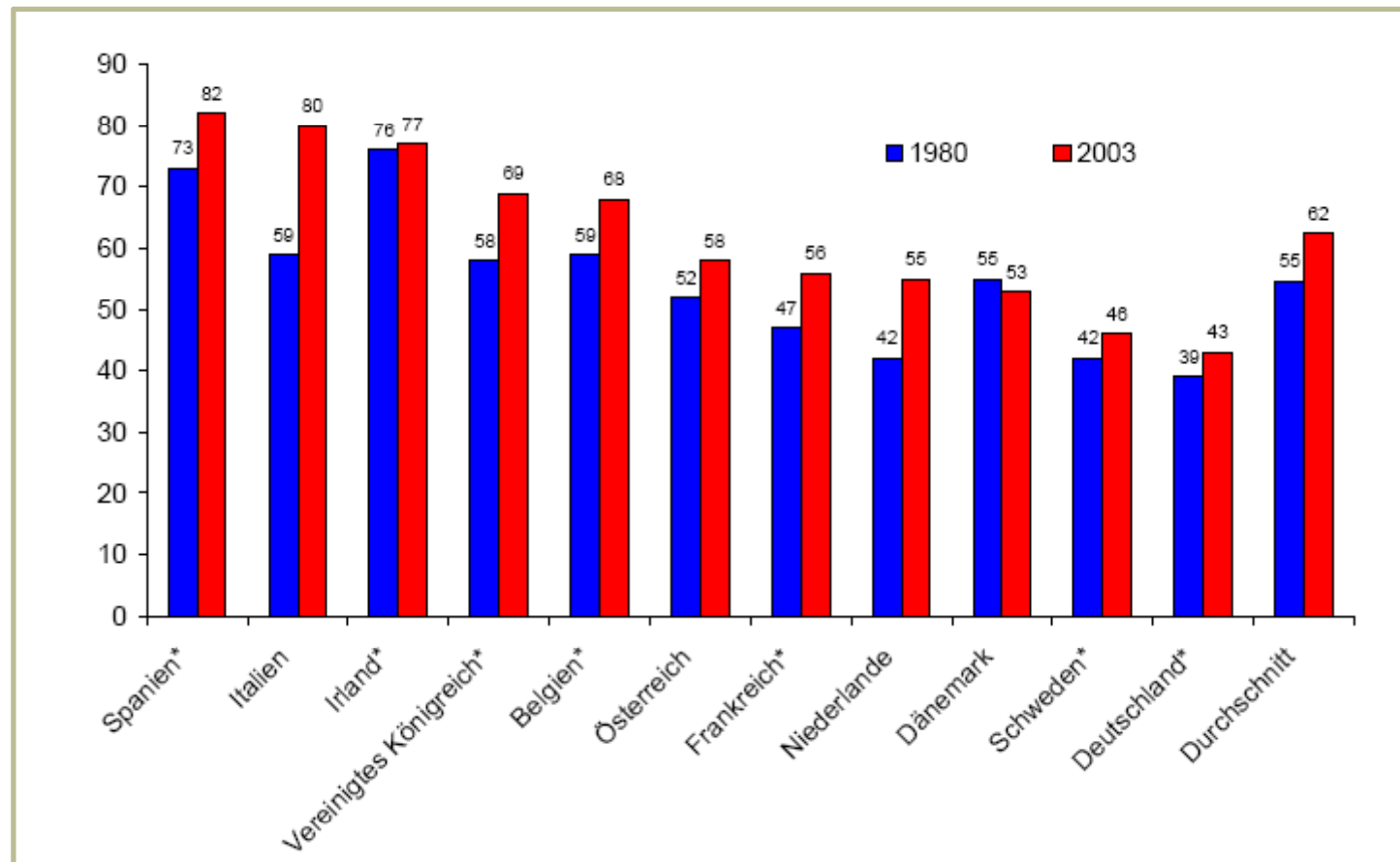
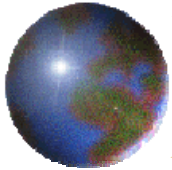
Capital market

Public finance

Other funding



Development of the homeownership rate (Source: Statistisches Jahrbuch 2005)



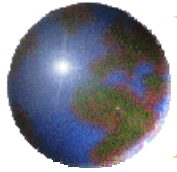
Homeownership rates in chosen EU countries

SP: 1981; IR: 2002; UK: 1981, 2001; B: 1981, 2002; F: 1978; 2002; SE: 2001;

D: 1980 nur Westdeutschland, 2002.

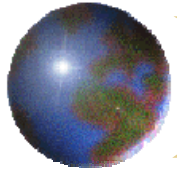
Sources: National Board of Housing et al., 2005; European Mortgage Federation, 2005; IW

Köln



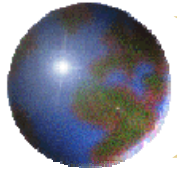
Sub-markets

- ⚙ Criteria for the definition of housing submarkets:
 - ongoing tenancies and newly concluded rental agreements: different legal treatment
 - housing quality, esp. location („Wohnwertmerkmale“ enumerated in § 558 of the German Civil Code)
 - regional submarkets (Munich vs. Görlitz)
 - Social housing „market“ with special rent and eligibility limits (< 1,7 Mio. dwellings) and general housing market



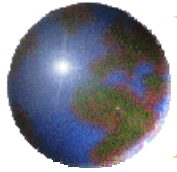
Distinctive characteristics of the German PRS

- outstanding relative size of the PRS: 76,7 per cent of the rental, 46,8 per cent of the total housing market
- sector dominated by small private landlords (enjoying good reputation)
- broad range of target groups served:
PRS → cornerstone of housing provision
- low degree of capital market-orientation
- low level of state interference
 - minor role of nonprofit providers
 - no more public interest housing
 - social housing in secular decline
 - relatively market-oriented rental laws
 - relatively low level of subsidies
- no cultural fixation on homeownership



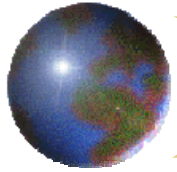
The supply side

- ⊕ Homeownership rate rising slowly (> 40 per cent)
- ⊕ Share of public suppliers falling slowly
- ⊕ Share of private landlords including institutional suppliers still rising



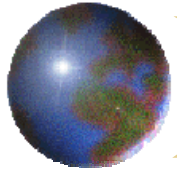
Landlord characteristics

- ⊕ Small private landlords
- ⊕ Private companies
- ⊕ Financial investors
- ⊕ Public landlords
- ⊕ Cooperatives

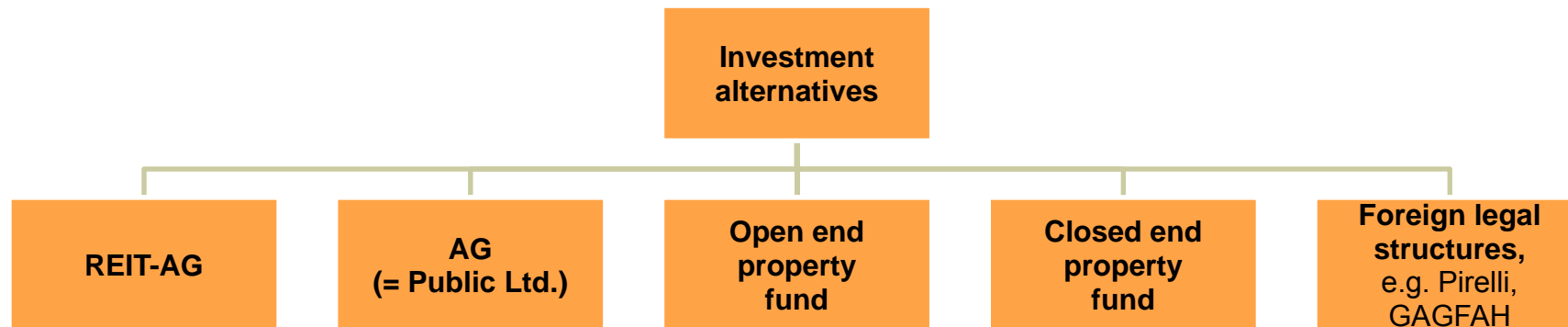


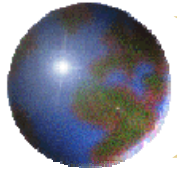
(Small) private landlords

- ⊕ large market share due to past tax advantages
- ⊕ Small business, lack of professionalism, rent levels often below legal limits



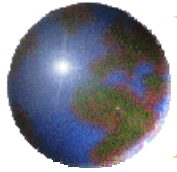
Indirect investment in German residential real estate





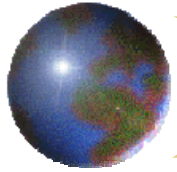
Financial investors

- ⚙️ Privatisation has almost come to a halt
 - Political risks
 - Availability of debt capital
 - Other investments of financial investors suffering from the crisis
- ⚙️ yield pressure on existing engagements in German housing
 - liquidation of investments (Blackstone and Cerberus) or
 - increase profitability (Fortress)



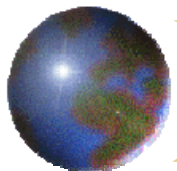
Public landlords

- chiefly municipal housing organisations with statutory territorial restraint
- no specific legal form (usually GmbH = Ltd.)
- subject to the same tax and rental laws like their private competitors
- historically social housing provider role (West)
- business mission ambiguous between public interest (= social return) and profit maximization: Do they belong to the PRS?
- no access to equity capital → restrained in new developments
- privatisation pressure waned
- merger activity still limited (zones of influence)



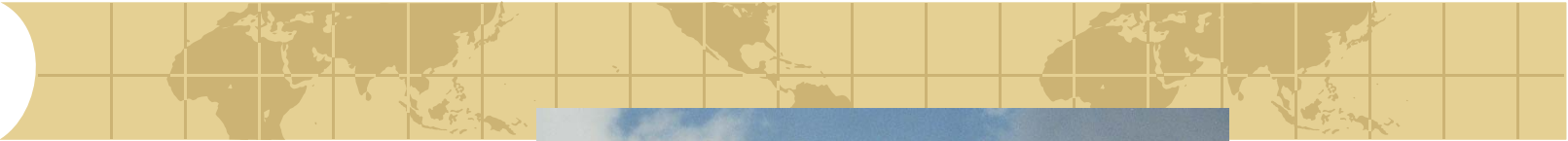
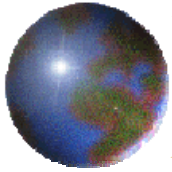
Cooperatives

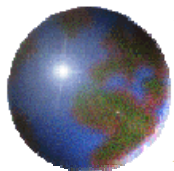
- ⊕ different roots East / West
- ⊕ limited engagement in new development
- ⊕ disproportionate number of older tenants
- ⊕ difficult generation change
- ⊕ static role in the housing market
- ⊕ A model for the future?

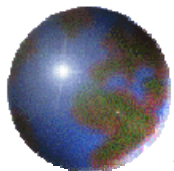


Supply side subsidies

- ⊕ no general tax subsidies: linear depreciation (2 resp. 2,5 per cent for older buildings (but degressive depreciation for new development was the rule until 2005)
- ⊕ extra depreciation according to in § 7h resp. 7i of the German income tax law for monuments and buildings covered by redevelopment or preservation statutes
 - Year 1-8: 9 per cent
 - Year 9-12: 4 per cent
- Capital gains taxation in favour of private holding
- ⊕ KfW-programmes: residential property modernisation and CO₂ saving
- ⊕ BAFA-subsidies for investment in renewable energies
- ⊕ State supply side subsidies
- ⊕ Federal supply side subsidies
 - Programme „Städtebauliche Erneuerung“
 - Programme „Städtebaulicher Denkmalschutz“
 - Programme „Soziale Stadt“
 - Programme „Stadtumbau Ost“

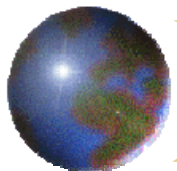






period	Depreciation rate
1951-1960	year 1-2: 10,0 per cent year 3-12: 3,0 per cent
1961-1964	year 1-2: 7,5 per cent year 3-10: 4,0 per cent
1964-1972	year 1-12: 3,5 per cent year 13-32: 2,0 per cent year 33-50: 1,0 per cent
1973	withdrawn
1977	re-introduced
1981-	year 1-8: 5,0 per cent year 9-14: 2,5 per cent year 15-50: 1,25 per cent
-1995	year 1-4: 7,0 per cent year 5-10: 5,0 per cent year 11-16: 2,0 per cent year 17-40: 1,25 per cent
1996-2003	year 1-8: 5,0 per cent year 9-14: 2,5 per cent year 15-50: 1,25 per cent
2004-2005	year 1-10: 4,0 per cent year 11-18: 2,5 per cent year 19-50: 1,25 per cent
2006-	withdrawn

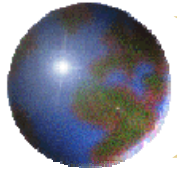
Development of the depreciation rates
for new residential developments in Germany



Potential subsidies for Saxony in 2007

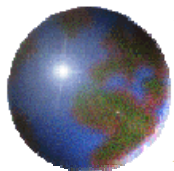
Programme	subsidies 2007, 1.000 Euro
Städtebauliche Erneuerung	72.321
Städtebaulicher Denkmalschutz	67.803
Stadtumbau Ost	99.255
Soziale Stadt	18.012
total	257.391

€ 110 per dwelling
€ 60 per capita



Private owners in Brandenburg: Finance and impediments to invest

- ⊕ Subsidies: level of awareness:
 - ▣ tax subsidies: 82 %
 - ▣ KfW-programmes: 75 %
 - ▣ urban redevelopment programmes: 50 %
 - ▣ state supply side subsidies: 50 %
- ⊕ Main investment impediments:
 - ▣ lack of equity capital: 46%
 - ▣ rental housing market situation: 33 %



KfW CO₂ programme

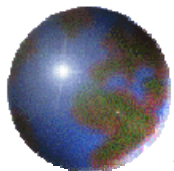


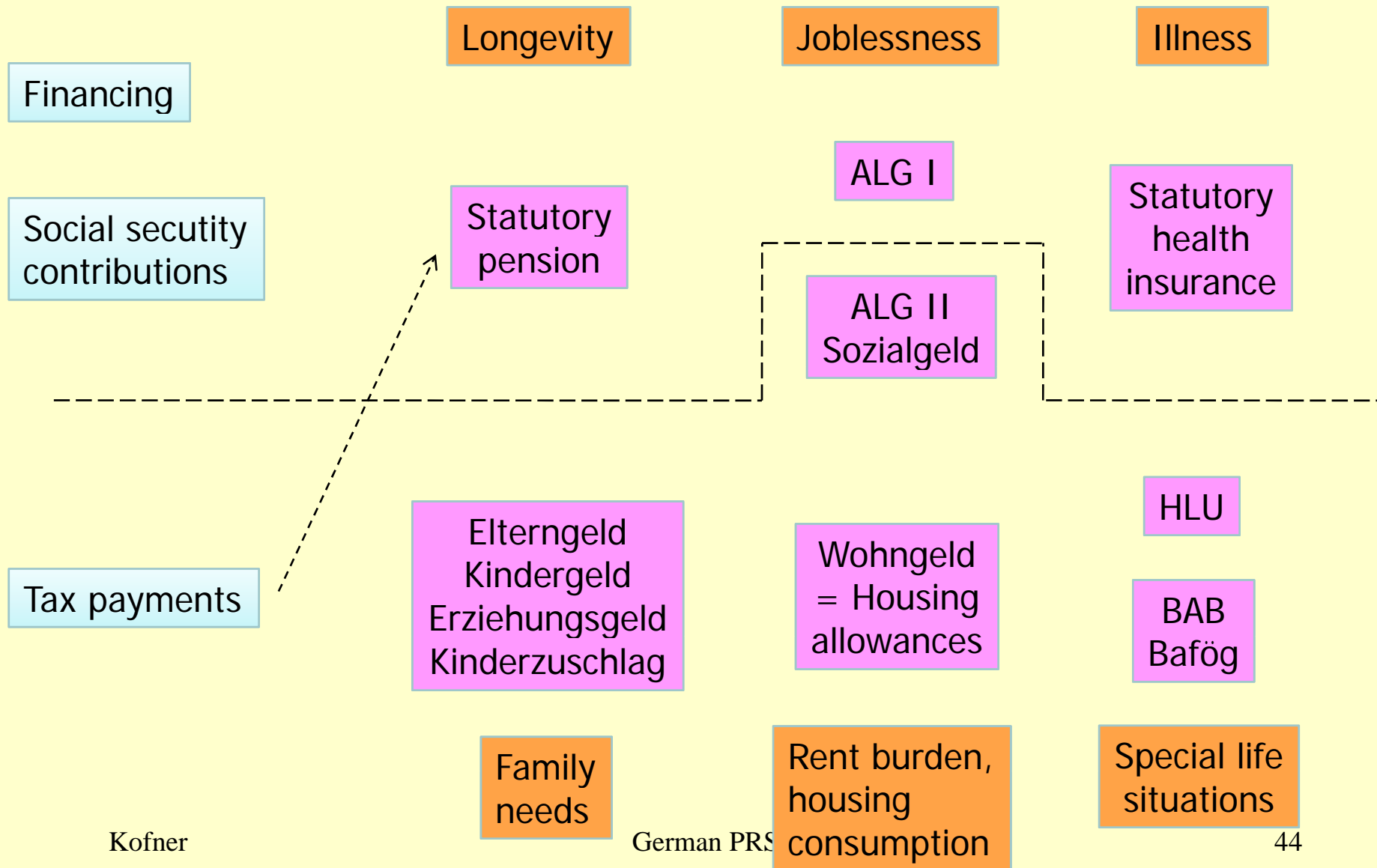
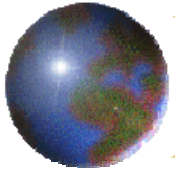
Ab **2,85** %*

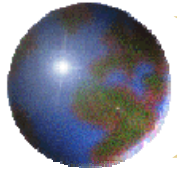
Topkonditionen für umweltgerechte Immobilien.

* Nominalzins p. a. für 10 Jahre fest, höchstens 3 tilgungsfreie Anlaufjahre bei einer gesamten Darlehenslaufzeit von 20 Jahren: Anfänglicher effektiver Jahreszins von 2,88 % gilt für Darlehen der KfW aus dem Programm Nr. 130 Stand 30.05.2008

- intensely subsidised programme with cheap rates **for 10 years**
- hard to fulfil the programme qualifications
- only **bundles of measures** with a remarkable effect on the carbon footprint
- **"Mortgage Principal Assistance"** (remission of 5 per cent of the initial debt) if energetic standard of a new building is reached
- **cost limit** of € 50.000 per dwelling

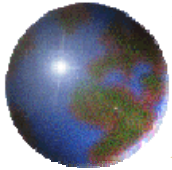




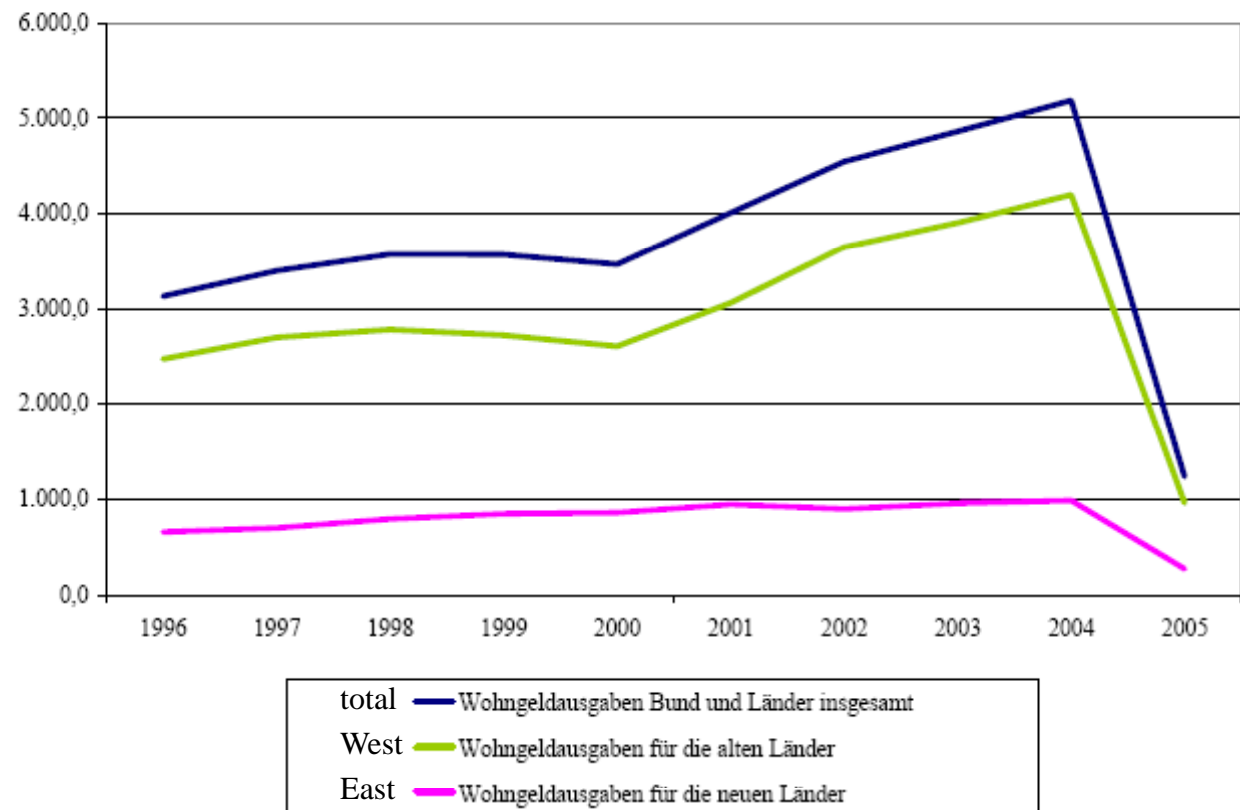


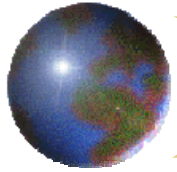
Wohngeld

- Factors determining how much Wohngeld a household could claim for:
 - number of family members in the household
 - total annual family income
 - amount of rent or mortgage payment that qualifies for support
- Legal claim irrespective of the status of the dwelling
- Income ceilings and rent ceilings depending on household size and local rent level
- Lump sum subsidy for heating costs (50 Cent / m²)
- „Lastenzuschuß“ for homeowners



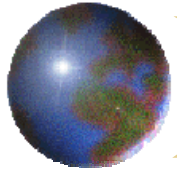
Expenditure for Wohngeld since 1996 – Germany as a whole





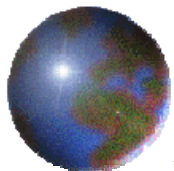
ALG II = Unemployment benefit stage two

- Access: able to work and insufficient income
- to cover socio-cultural basic needs
- Housing costs fully covered, but only for an „adequate“ home (subject to size and rent ceilings)
- Problems:
 - Heating costs: lump sums
 - Lack of small dwellings
 - Social segregation
 - Homeowners: heating costs for extra space, principal, same size and rent ceilings, modernisation, maintenance



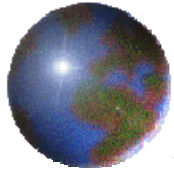
Tenants

- German PRS not focused on special target groups
- serves a rather broad range of market segments in terms of quality and size
- No small number of Germans deliberately choose to be tenants for their whole life although they could afford a home of their own.
- No “residual sector”, but a cornerstone of housing provision for all parts of the population.
- decisive for the stability and sustainability of the financial sector



Total number of households arranged according to household size

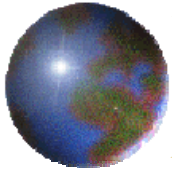
Jahr	Insgesamt 1 000	davon (%)				
		Einpersen- haushalte	2-Personen- haushalte	3-Personen- haushalte	4-Personen- haushalte	Haushalte mit 5 und mehr Personen
2007	39 722	38,7	34,0	13,4	10,3	3,7
2006	39 766	38,8	33,6	13,5	10,3	3,7
2005	39 178	37,5	33,9	14,0	10,8	3,9
2004	39 122	37,2	34,1	13,8	10,8	4,1
2003	38 944	37,0	33,8	14,0	11,0	4,2
2002	38 720	36,7	33,7	14,2	11,1	4,2
2001	38 456	36,6	33,6	14,3	11,3	4,3
2000	38 124	36,1	33,4	14,7	11,5	4,4

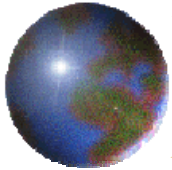


Housing need

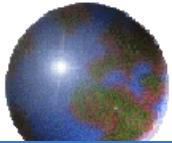


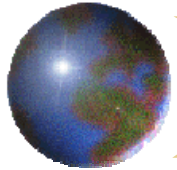
- Number of households expected to rise until 2025
- Currently housing deficits in certain metropolitan areas
- But also regions with considerable vacancies
- Demographic housing need at least 200.000 units per year plus 175.000 units because of the aging housing stock (Source: Pestel Institut 2009)



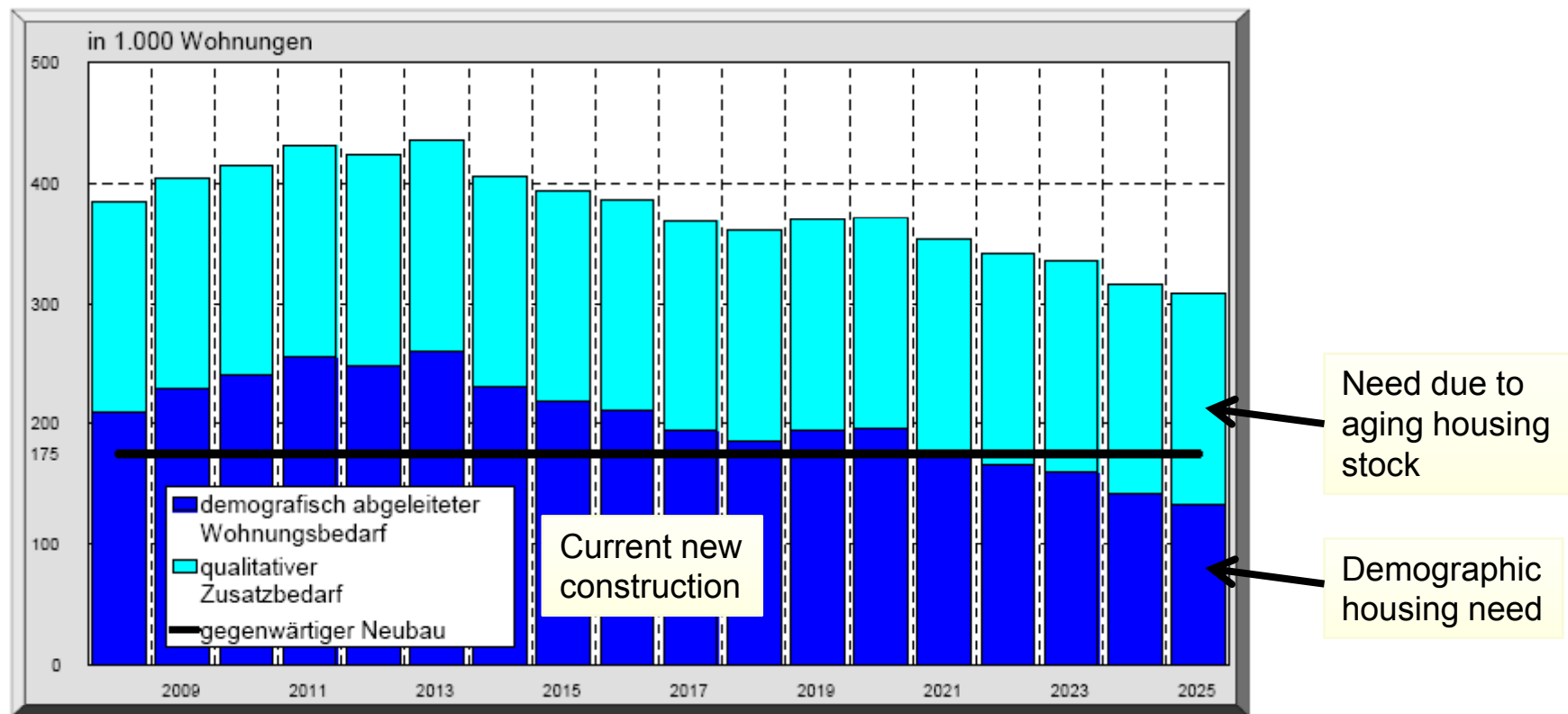




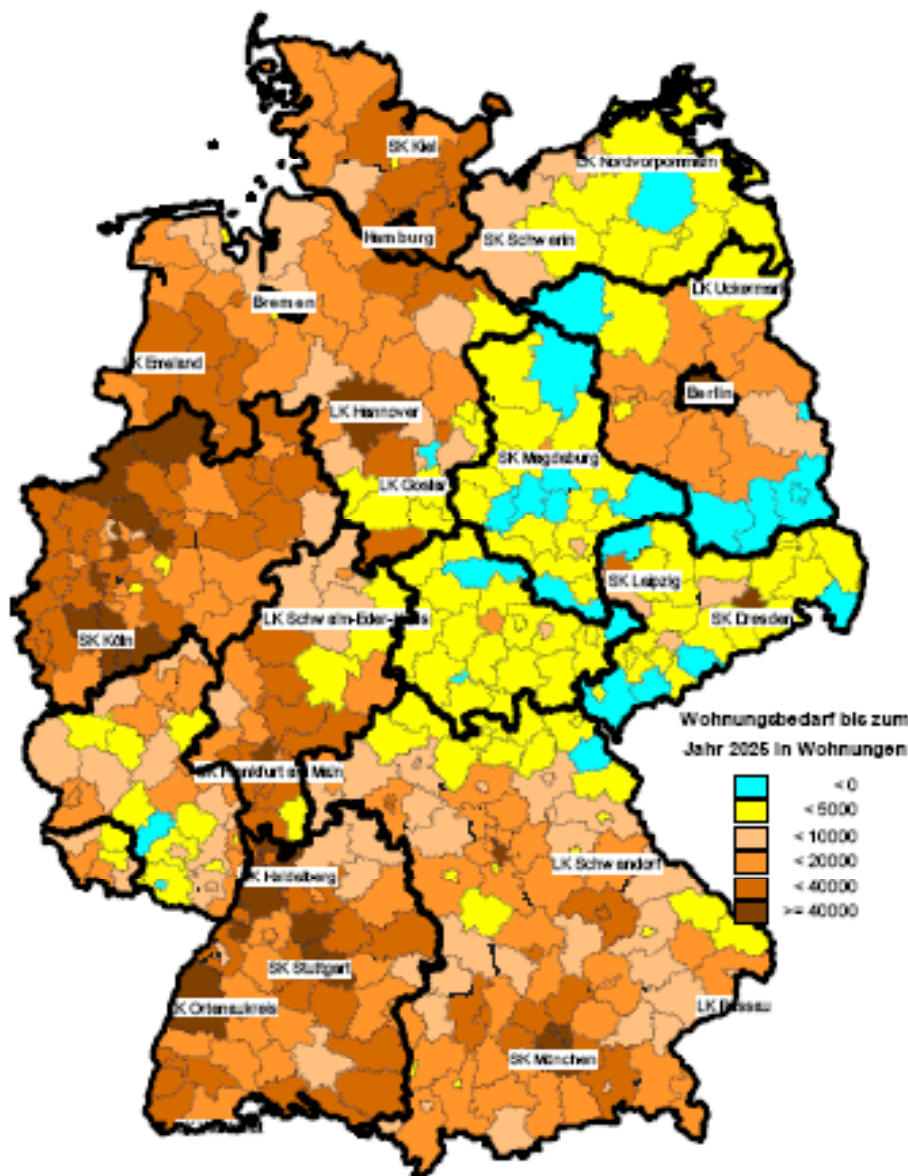
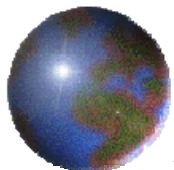




Housing need until 2025 with a net immigration of 100.000 persons per year



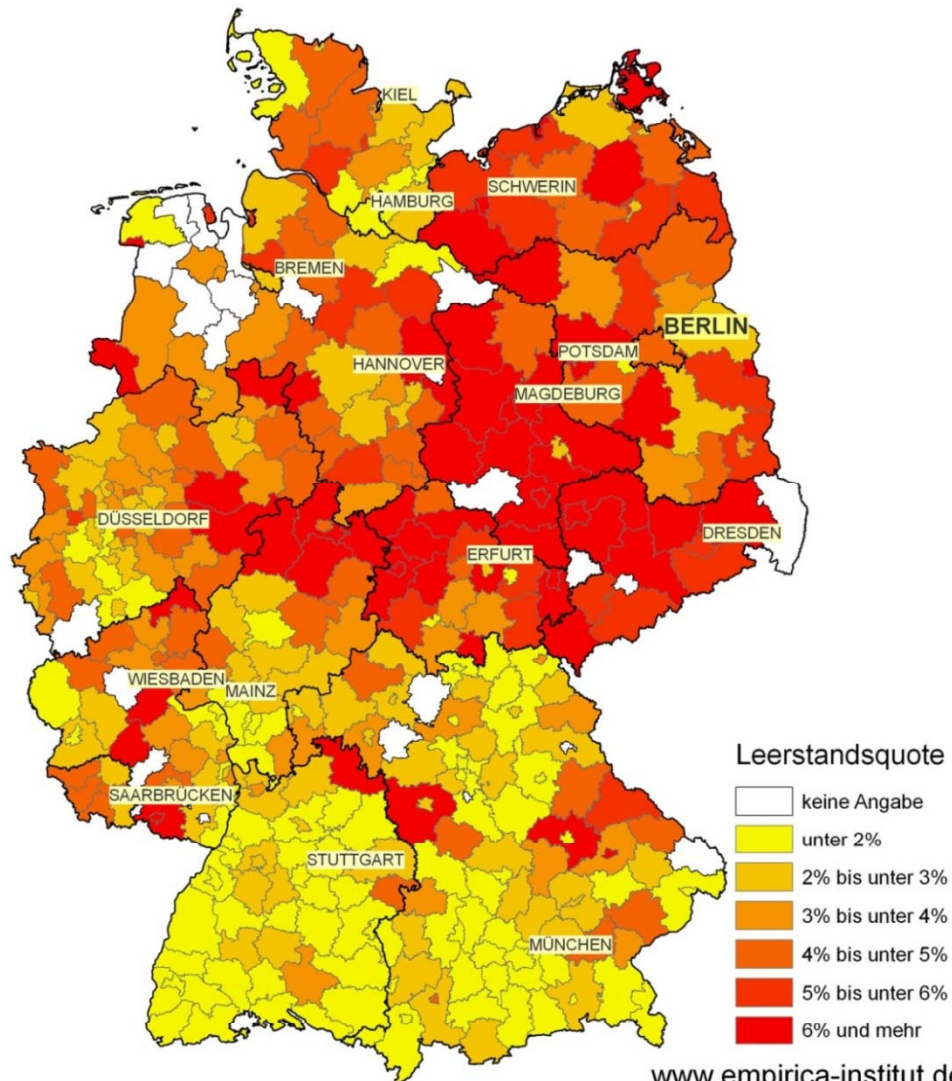
Source: Pestel Institut 2009, p.10



Housing need until 2025
with a net immigration
of 100.000 persons per year

Techem-empirica-Leerstandsindex 2007

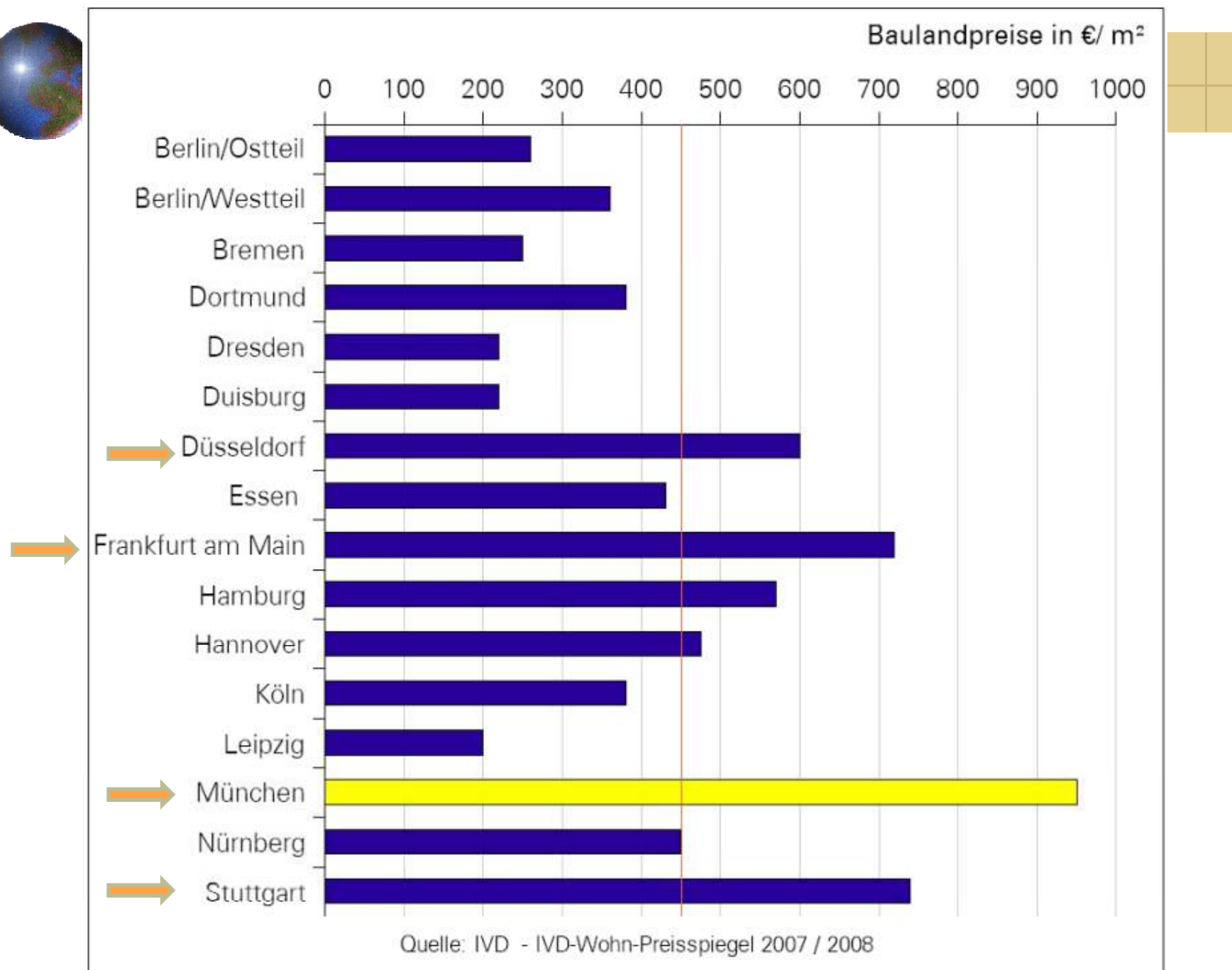
Leerstandsquote von Geschosswohnungen (Kreisgrenzen)



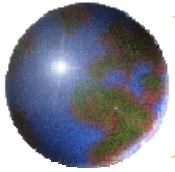
Vacancy rates in 2007
source: Techem / empirica

www.empirica-institut.de

PRS



Prices for housing land for multi-family houses



The regulatory framework is uniform and relatively stable over time since 1971: reliability for investors

Relevant regulation

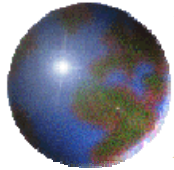
- In **case of letting** landlords can demand a rent up to 50 / 20 per cent above the (market-oriented) local reference rent.
- in an **ongoing rental contract** local reference rent as a strict upper limit
- additional **rent cap** of 20 per cent in three years
- Rent increase **in case of modernisation**:
 - modernisation costs per dwelling times 11 per cent per year (share in the costs)
 - payable until the landlord raises the rent referring to the local reference rent next time
 - in case of termination of the tenancy no share in the cost from subsequent tenant (→ local reference rent plus 50 / 20 per cent)



Baualter Ausstattung		Wohnungen von unter ... bis ... m ² Wohnfläche			
		bis 40	über 40 bis 60	über 60 bis 90	über 90
		A	B	C	D
bis 1948 schlecht teil ausgestattet voll ausgestattet - unsaniert voll ausgestattet - teilsaniert voll ausgestattet - vollsaniert	1	4,64 3,36 - 6,62	4,68 3,54 - 6,19	4,51 3,57 - 6,02	4,87 * 3,68 - 5,50
	2	5,88 4,69 - 7,20	5,69 4,56 - 7,00	5,51 4,15 - 6,81	4,85 3,82 - 6,20
	3	5,71 * 5,24 - 7,12	5,77 4,97 - 8,00	5,34 4,50 - 6,97	5,16 3,55 - 6,37
	4	7,61 5,80 - 11,09	7,83 5,87 - 10,00	7,61 6,11 - 10,04	7,39 5,42 - 12,47
	5	11,49 9,64 - 17,50	12,00 8,53 - 16,00	11,59 6,95 - 16,00	10,00 6,01 - 14,00
1949 bis 1970 teil ausgestattet voll ausgestattet - unsaniert voll ausgestattet - teilsaniert voll ausgestattet - vollsaniert	6	6,99 6,33 - 7,61	6,06 5,49 - 6,85	5,92 5,36 - 6,60	5,95 * 4,20 - 7,14
	7	6,26 5,84 - 7,50	7,02 6,35 - 7,55	6,81 5,65 - 7,93	5,56 * 5,49 - 7,58
	8	7,48 6,74 - 8,53	7,06 6,26 - 8,25	7,00 6,20 - 7,97	7,12 5,56 - 9,48
	9	9,67 6,87 - 11,34	9,48 6,48 - 10,69	9,00 8,06 - 9,92	9,30 * 8,70 - 9,84
1971 bis 1990 teil ausgestattet voll ausgestattet - unsaniert voll ausgestattet - teilsaniert voll ausgestattet - vollsaniert	10	6,72 6,36 - 7,50	6,49 5,98 - 7,40	6,27 5,84 - 6,72	
	11	6,35 5,78 - 7,71	5,80 5,40 - 7,10	6,26 5,42 - 7,13	6,36 5,78 - 6,75
	12	7,04 5,79 - 9,70	6,65 5,77 - 7,70	6,52 5,77 - 8,27	6,30 5,79 - 7,20
	13	10,20 6,98 - 13,16	8,97 6,41 - 10,76	9,60 7,84 - 10,77	8,61 * 6,17 - 10,84
1991 bis 1999 voll ausgestattet	14	14,00 7,39 - 16,50	11,46 7,39 - 15,00	12,00 7,39 - 15,00	12,40 12,00 - 15,30

Local reference rent

- basically empirically determined
- enumeration of factors contributing to rent price formation („Wohnwertmerkmale“)
- market-oriented: no short-term windfall gains
- role of rent indices („Mietspiegel“)



Long term Rent development in Western Germany

Year CPI average growth rate average rent average growth rate real growth

Jahr	Preis-index ¹	Durchschnittl. Zuwachs	Durchschnittl. Miete DM ²	Durchschnittl. Zuwachs	reale Zunahme der Mieten
1972	44,9		2,98		
1973	48,1		3,17		
1974	51,4		3,37		
1975	54,5		3,59		
1976	56,8		3,82		
1977	58,9		4,06		
1978	60,5	5,10%	4,32	6,38%	1,29%
1979	63,0		4,58		
1980	66,4		4,87		
1981	70,6		5,16		
1982	74,3	5,27%	5,48	6,13%	0,86%
1983	76,7		5,73		
1984	78,6		6,00		
1985	80,2		6,28		
1986	80,1		6,57		
1987	80,3	1,57%	6,87	4,62%	3,06%

Year CPI average growth rate average rent average growth rate real growth

Jahr	Preis-index ¹	Durchschnittl. Zuwachs	Durchschnittl. Miete DM ²	Durchschnittl. Zuwachs	reale Zunahme der Mieten
1988	81,3		7,26		
1989	83,6		7,66		
1990	85,8		8,09		
1991	89,0		8,55		
1992	92,5		9,02		
1993	95,8	2,99%	9,53	5,61%	2,62%
1994	98,4		9,86		
1995	100,0		10,19		
1996	101,3		10,54		
1997	103,2		10,91		
1998	104,1	1,68%	11,28	3,43%	1,75%
1999	104,8		11,43		
2000	106,3		11,59		
2001	108,4		11,75		
2002	109,9	1,36%	11,91	1,37%	0,00%
1972-2002		3,03%		4,73%	1,70%

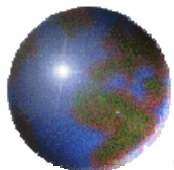
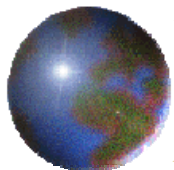


Tabelle 2 Development of rents and consumer prices in Germany

Jahr	Net rents excl. service charges		Consumer price index	
	Index 2000 = 100	Year on year growth rate Per cent	Index 2000 = 100	Year on year growth rate Per cent
2000	100,0	1,2	100,0	1,5
2001	101,1	1,1	102,0	2,0
2002	102,5	1,4	103,4	1,4
2003	103,6	1,0	104,5	1,0
2004	104,5	0,9	106,2	1,7
2005	105,4	0,9	108,3	2,0
2006	106,5	1,0	110,0	1,7

Quelle: Statistisches Bundesamt, Verbraucherpreisindex für Deutschland



Benchmarks in ongoing tenancies December 2006

	Per square meter	per dwelling (70 m ²)	share of gross rent incl. heating costs
	Euro		Prozent
Net rent excl. service charges	4,84	339	66
+ „cold“ service charges	1,41	99	19
= gross „cold“ rent	6,25	438	85
+ heating costs	1,07	75	15
= gross rent incl. heating costs	➡ 7,32	513	100
For information only service charges total	➡ 2,48	174	➡ 34

Quellen: SOEP, Deutscher Mieterbund, Berechnungen des BBR

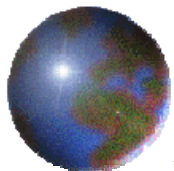


Tabelle 4 Development of rents ongoing tenancies / first occupancy

<div> <div>Building type</div> <div>Quality</div> <div>Jahr</div> </div>	Old building		New building		First occupancy	
	medium	good	medium	good	medium	good
	Year on year growth rate per cent					
2003	0,6	2,6	1,1	-0,2	-0,6	-0,5
2004	1,0	0,3	0,0	-0,3	1,0	0,9
2005	1,9	1,9	1,9	2,9	0,4	0,8
2006	1,5	1,5	0,2	0,1	0,1	0,1

Quelle: IVD-Wohnimmobilienpreisspiegel, Berechnungen des BBR

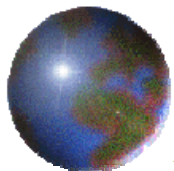


Tabelle 5 Rents in ongoing tenancies / first occupancy 2006

<div> <div>Building finished</div> <div>Quality</div> </div>	till 1948		as of 1948		2006	
	medium	good	medium	good	medium	good
Community size	Net rent excl. service charges Euro per square meter					
bis unter 100.000 Einw.	4,50	5,40	4,80	5,50	5,80	6,50
100.000 bis unter 500.000 Einw.	4,90	5,80	5,50	6,20	6,50	7,25
500.000 und mehr Einw.	5,00	7,50	5,70	7,60	6,60	7,90
Insgesamt	4,85	6,30	5,50	6,60	6,40	7,20

Quelle:IVD-Immobilienpiegel

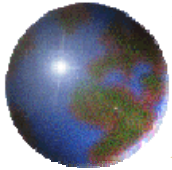
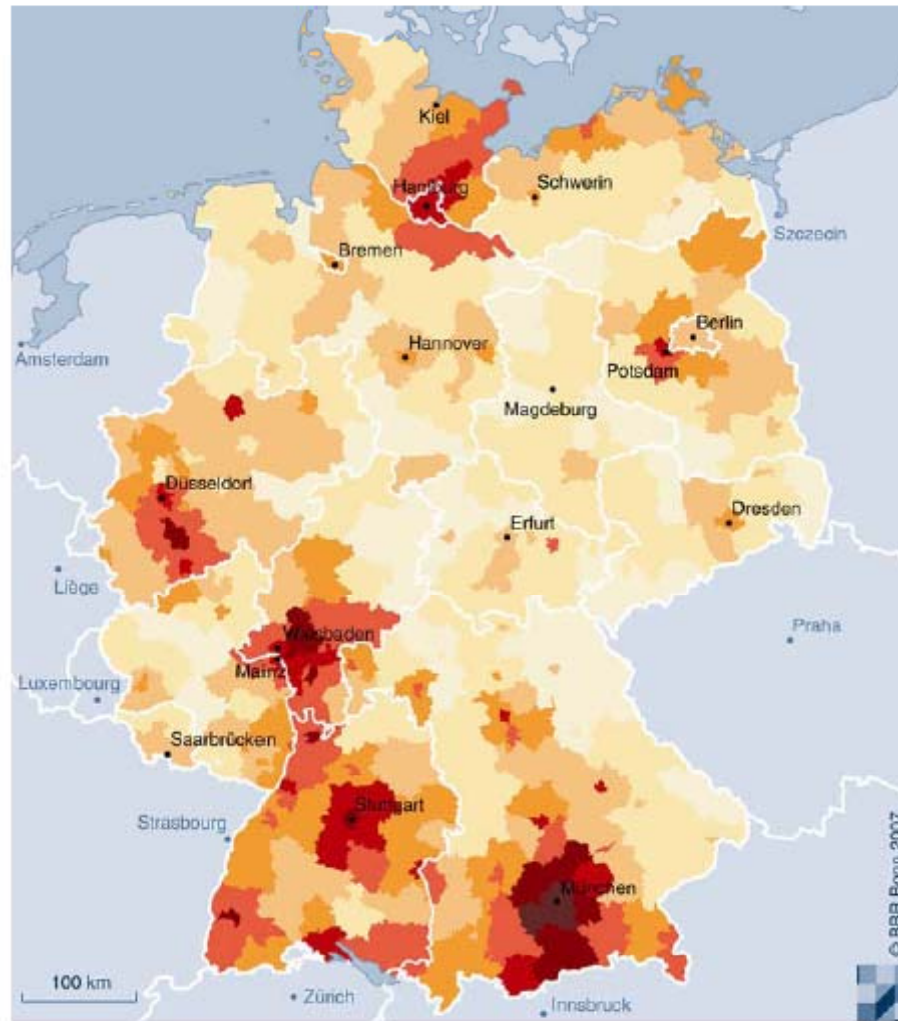


Abbildung 2 Neu- und Wiedervermietungsieten 2006



Neu- und Wiedervermietungsieten (Angebotsmieten) 2006 in Euro je m²

bis unter 4,5	6,0 bis unter 7,0
4,5 bis unter 5,0	7,0 bis unter 8,0
5,0 bis unter 5,5	8,0 bis unter 9,0
5,5 bis unter 6,0	9,0 und mehr

Kreise, Stand 31.12.2005 (modifiziert)

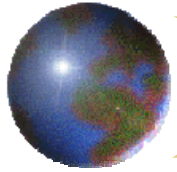
Quelle: BBR-Wohnungsmarktbeobachtungssystem
Datengrundlage: IDN Immodaten GmbH

Rent level in 2006 by region:
metropolitan regions as growth
poles

Anmerkungen:

In Brandenburg innere Differenzierung der Kreise
nach engerem Verflechtungsraum und äußerem
Entwicklungsraum.
Regionalkreis Hannover differenziert nach Stadt
Hannover und ehemaligem Umlandkreis Hannover.

Neu- und Wiedervermietungsieten
(Angebotsmieten) 2006 in Euro je m²



Affordability

- ⊗ Rental burden: 25,5 per cent of income in 2005
- ⊗ Depends on consumption level in terms of quality and quantity
- ⊗ Also on household size
- ⊗ Engel-Schwabesches Gesetz still valid

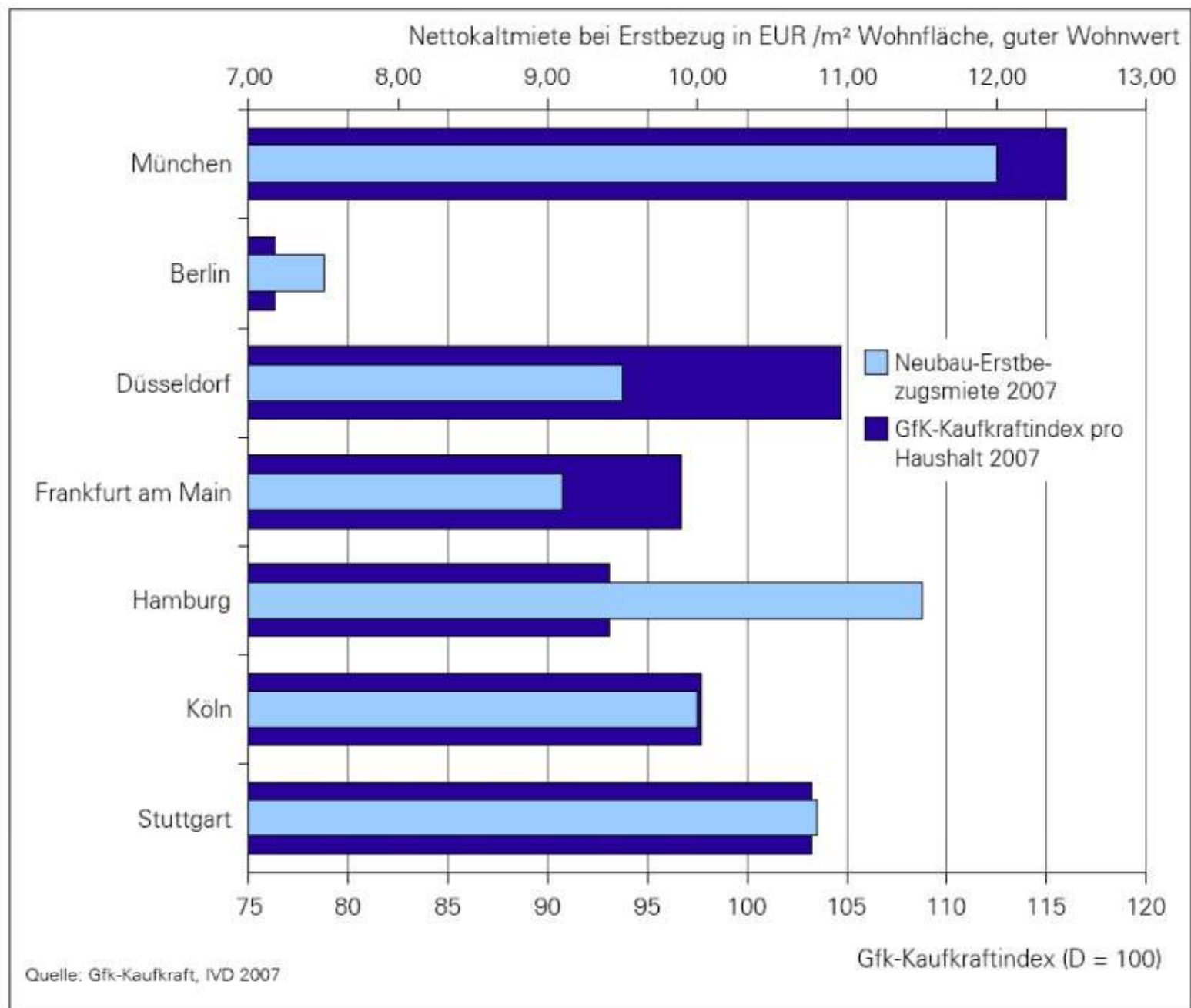
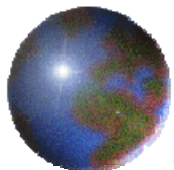


Abbildung 29: Vergleich Erstbezugsmieten und GfK-Kaufkraftindex im Städtevergleich



Anlage 6 Mietbelastung der Hauptmieterhaushalte nach Haushaltsmerkmalen in Prozent

Feature	Germany	West	East
Insgesamt	25,5	25,8	24,3
Household size			
1 Person	28,5	28,7	27,7
2 Personen	22,5	22,8	21,5
3 Personen	23,4	24,0	21,3
4 und mehr Personen	23,2	23,5	21,7
Number of children			
1 Kind	24,9	25,0	24,6
2 Kinder	24,5	24,5	24,5
3 und mehr Kinder	26,4	26,4	26,4
ohne Kinder	25,6	26,0	24,2
Household net income			
bis unter 900 Euro	39,8	41,1	36,7
900 bis unter 1.300 Euro	31,3	32,5	27,8
1.300 bis unter 2.000 Euro	25,4	26,1	23,0
2.000 bis unter 3.200 Euro	20,3	20,9	17,6
über 3.200 Euro	15,1	15,4	13,1
Employment situation			
Erwerbstätige	23,5	23,8	22,3
Erwerbslose	33,4	34,1	31,8
Rentner	26,6	27,8	23,6
Year moved in			
vor 1981	24,4	25,5	21,1
1981 bis 1990	24,2	24,8	21,6
1991 bis 2003	25,4	25,5	24,8
2004 und später	27,5	27,4	27,7

Quelle: SOEP 2005

Rent burden of
main tenant
households per cent

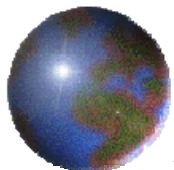
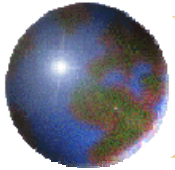


Tabelle 11 Rent burden before and after Wohngeld

Household size –	2002		2003		2004		2005	
	Rent burden		Rent burden		Rent burden		Rent burden	
	vor Wohngeld	nach Wohngeld	vor Wohngeld	nach Wohngeld	vor Wohngeld	nach Wohngeld	vor Wohngeld	nach Wohngeld
Deutschland insgesamt								
1	46,1	34,3	48,3	35,3	49,3	35,9	45,6	37,4
2	40,6	29,3	41,6	29,1	42,2	29,5	40,3	31,1
3	37,0	24,8	37,7	25,2	38,0	25,5	37,2	26,5
4	32,8	20,9	33,4	21,3	33,9	21,0	31,7	22,0
5	31,4	18,9	31,9	19,1	32,4	19,0	29,7	20,0
6 und mehr	30,7	16,4	31,3	16,5	31,3	16,5	28,4	17,4
Insgesamt	41,2	29,3	42,9	30,1	43,8	30,7	40,6	31,6



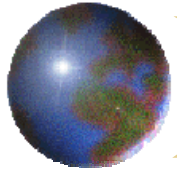
- Subsidies for homeownership on low level
 - Eigenheimzulage cancelled
 - no tax subsidies: consumption good
 - subsidies focussed on energy savings and provision for retirement (as part of pension plan subsidies)

- Social housing in constant descent

- The stage is set for an even more important role of private rental housing.
- Subsidies for rental housing negligible
 - energy savings
 - modernisation
 - no general tax subsidies (linear depreciation)

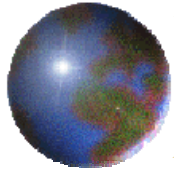
- rent caps burden some only in the short run → "Vergleichsmiete" is market-oriented

- Public housing in constant descent
 - privatisations
 - little new developments due to financial restrictions



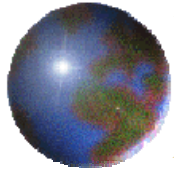
Policy and theory trends

- ⊕ Privatisation and social return
- ⊕ The role of REITs
- ⊕ Subsidies for homeownership
- ⊕ Difference between housing need and number of completions
- ⊕ Vacancies and housing shortages
- ⊕ ...



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