MIETPREISBREMSE
RENTAL PRICE BRAKE IN GERMANY
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FIG WORKING WEEK
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CONTENT

→ The Demographic and Social Change in Germany
→ The German Housing Market
→ Regulatory Instruments
→ Mietpreisbremse (Rental Price Brake)
→ Conclusions
THE DEMOGRAPHIC CHANGE IN GERMANY

• Less, older, more diverse
  → shrinking population due to declining birth rate
  → movement of the demographic pyramid due to increasing life expectancy and declining birth rate
  → increasing internationalization of the German population

Demographic change is spatially heterogeneous!
THE SOCIAL CHANGE IN GERMANY

• Singularization
  → Household size: 2.02 persons

• Pluralization
  → Half of the population commutes to work into an other municipality (secondary residence)

• Aging
  → Vacancy augments due to improved medical expectancy

• Impoverishment
  → Increasing employment in the low-pay sector, rising unemployment rate

• Increasing level of education
  → Expansion of education, growing amount of students

• Heterogenization
  → Globalization and international migration

• Segregation & Gentrification
  → Displacement of people from a neighborhood

THE GERMAN HOUSING MARKET

→ Home ownership rate in Germany 45.8 %
→ Regional differences → growing and shrinking regions/ cities
→ Growth leads to housing shortage and increasing rents
FACTORS INFLUENCING THE RENTAL PRICE

REGULATORY INSTRUMENTS

- Municipality Level
  - Land use planning (Federal Building Code)
  - Preparatory and the binding land use plan
  - Urban contracts between municipality and investors to transfer costs
  - Local housing support programs
REGULATORY INSTRUMENTS

• Federal Level & State Level
  → Federal states have responsibility for social housing
  → Funds provided by the government (518 Mio. € per year to 2019)
  → MIETPREISBREMSE (rental price brake)

MIETPREISBREMSE (RENTAL PRICE BRAKE)

→ Statutory Regulations
  1. rents rise significantly stronger than the national average,
  2. the average rent burden of households exceeds the national average significantly,
  3. the resident population grows but the required living space is not created by construction activity so far, or
  4. low vacancy in large demand.
CONCLUSIONS

Goal: Elimination of existing housing shortage and affordable housing for all groups

Necessary building options need time and investments for realization

Mietpreisbremse → regulatory instrument
→ short term instrument until construction activities show impacts

Mix of instruments is needed (subsidy programs, urban contracts, etc.)
AFFORDABLE HOUSING?

...AND IT'S ONLY $500 PER MONTH

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