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Press Release

New Study: Berlin's plan to socialise 160,000 apartments is affordable

This text was translated from German by DeepL.

According to major Berlin housing companies, the socialisation of their housing stock would cost up to 29 billion euros. However, a new analysis by Mannheim-based economists Tom Krebs and Patrick Kaczmarczyk concludes that the compensation for transferring around 160,000 flats into public ownership would amount to between 7.5 and 15 billion euros – depending on rent levels and the return on equity. The study thus shows that socialisation can be a key element in securing affordable housing in a city like Berlin.

In order to overcome the crisis in Berlin's housing market, Die Linke, the Greens and the SPD in Berlin have called for the socialisation of housing in their exploratory paper dated 17 October 2026. This would affect between 150,000 and 160,000 flats owned by five major property groups, including Vonovia, Heimstaden and Covivio. The companies would be entitled to compensation for the transfer to public ownership. However, the amount of this compensation is particularly contentious. The parties have set a maximum compensation sum of 16 billion euros.

A new analysis by economists Prof. Tom Krebs, Ph.D., and Patrick Kaczmarczyk, Ph.D., from the University of Mannheim shows that this upper limit is realistic. According to their calculations, the compensation for around 160,000 flats ranges between 7.5 and 15 billion euros, depending on assumptions regarding rent levels and return on equity.

In the authors' view, the figure of 29 billion euros cited by the housing corporations can only be justified if rents rise significantly in future. In the case of Vonovia, they would have to increase by more than three per cent per year in real terms. With an inflation rate of two per cent, this would correspond to a nominal increase of over five per cent annually – and would further exacerbate the affordability crisis on the Berlin housing market.

"At its core, the dispute over compensation is also a dispute over how much rents in Berlin should rise in future," says Krebs. "The 29 billion euros cited by the major housing corporations is not a fair price – if affordability is the overriding priority. Our calculations show that socialisation can be a key component in alleviating the housing crisis in Berlin."

"Since 2020, the quality-adjusted rent premium for new tenancies offered by private housing companies has averaged around 40 per cent compared with those offered by state-owned housing associations. "This also has political consequences," adds Kaczmarczyk. "We

know from research that every additional euro of rent per square metre increases the likelihood of low-income tenants supporting the AfD by four percentage points. Rising rents can therefore also weaken the resilience of democracy. Greater public control of the housing market may therefore be advisable."

How is the compensation calculated?
For their analysis, the researchers use the income capitalisation model established in the financial sector. In the baseline scenario, this results in a compensation sum of 10.3 billion euros. Under this scenario, rents could be frozen in nominal terms for the first five years following nationalisation and thereafter rise only in line with inflation. Depending on assumptions regarding rents – between 6.50 and 8 euros per square metre – and the return on equity, the calculated compensation ranges between 7.5 and 15 billion euros. The upper limit of 16 billion euros cited by the political parties is thus slightly above the highest figure in the analysis.

Supplement to an earlier analysis
In a Policy Brief published in September 2026, the team of authors had already examined various models of socialisation and their economic foundations. The new analysis supplements this work by specifying the exact amount and finance for the compensation. For the first time, the authors also take into account potential risks for banks arising from a loan-financed acquisition of housing stock.

Link to the study: https://www.vwl.uni-mannheim.de/media/Lehrstuehle/vwl/Krebs/studie_vergesellschaftung_final_clean.pdf/flipbook

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