



Germany - Institutional Framework

When considering an energy efficiency retrofit within your national housing market, a wide plethora of consideration needs to be made. Below, we list key findings to facilitate your analysis of the retrofit investment. More details and backgrounds can be found on the website www.rentalcal.eu.

Parameters for decision taking in Germany:

- The German rental building stock is divided between municipal, ecclesiastical and commercial housing companies and cooperatives. However, the largest share of rental dwelling units is owned by non-professional private landlords who only hold one or few apartments each. Those landlords manage their apartments quite differently than professional providers.
- As a consequence, the parameters which influence the decision making process of different actor types regarding investments into the energy performance of existing rental dwellings in Germany are to be identified in this report. Then, actual values or ranges of values are assigned to the parameters to quantify or describe the current situation under which German landlords operate.
- This will not only contribute to a better understanding of different investor types' approach to making investment decisions in energy efficiency refurbishments, but will also allow for comparative analyses of actor groups' characteristics in different European countries. Eventually, barriers and disincentives which impede investments in rental buildings' energy performance are analysed and promising approaches to mitigate them are juxtaposed.

Types of investors and stakeholders in Germany:

- Germany has one of the lowest homeownership-rates among Europe, while most of the rental dwellings are owned by non-professional private landlords. Most of these landlords possess only one or few dwellings each and derive the main share of their income from other sources than rental income, thus they are categorised as non-professional private landlords ("Amateurvermieter"). On the other hand, there are also private landlords who own much more dwelling units and derive large fractions of their income from rents. Usually, those landlords spend much time on managing their dwelling stock and have huge competences in doing so, thus they can be by no means considered as non-professionals.
- Besides private landlords, the largest shares of the residual German rental dwelling stock are owned by private or municipal housing companies and cooperatives. Other important holders of rental dwelling stocks are ecclesiastical housing companies and institutional investors.

Constellations for decision making in Germany:

- A large share of the rental dwellings in Germany are held in small-spatial ownership structures by landlords who don't have professional expertise in most of the aspects of an energy retrofit, the subsequent procedures and the calculation of the overall profitability.
- When it comes to constellations of decision taking, the largest barriers and disincentives which keep owners of rental residential properties in Germany from investments in the energetic quality of their properties originate from the fragmented ownership structure and the owner's motivations and their state of knowledge, capacities and competences.
- There are about fourteen million dwelling units in apartment buildings owned by non-professional owners, many of them owner-occupied (3.5 million), but even more (10.5 mio) for rent. Many of these dwelling units are parts of jointly owned condominium associations (Wohnungseigentümergeinschaft) where it is much more difficult to make a decision for an energy retrofit, as there needs to be consent regarding the measures, their financing and the distribution of costs between the different proprietors.