

Buying A Tenanted Apartment in Berlin - What You Need To Know

How long will I have to wait before the tenant moves out?

It depends on the rental contract, which can vary depending on a few different factors. In most cases, tenanted apartments should not be bought by people who would like to live in them themselves straight after the purchase. If you buy a tenanted apartment always check the rental contract. Is it a long or short term rental contract? If it's a short term rental contract you'll have a precise date when you can use your apartment yourself. If it's a long term contract you need to check when the tenant has moved into the apartment and signed the contract. This has to be matched with the date of the so called "Teilungserklärung", i.e. the date when the apartment has been converted into a freehold apartment within the building. If the tenant has moved into the apartment before the "Teilungserklärung", the tenant is protected, which enables them to stay for 10 years. If you buy tenanted property, you can also usually expect a significant discount on the purchase price.

Our advice: Please ask the agent about this and hire a good lawyer to check the contracts for you.

What kind of protection do tenants have in Germany?

German tenants have various kinds of protection. It depends on the duration of the tenancy, the location of the property and the age and health of the tenants. In some areas of Berlin, especially Kreuzberg and Friedrichshain, the local authorities are not granting permission to developers to turn multi-apartment buildings into single freehold building (we call this "Milieuschutz"). There are also rules that prevent apartment owners from increasing rents over a certain limit, which we call "Mietpreisbremse". However, this law is under political and legal pressure, as landlords have won in several court cases. As a rule of thumb, the right of the tenant of "living" is valued above the right of the landlord of ownership. Only if the landlord compensates the tenant to move out of the property he can expect to vacate the apartment. Currently the only legal way of taking a tenant out of the apartment without compensation is the right of self-usage. However, this must be the truth - some landlords will claim self-usage then not live in the apartment, but this is not allowed.

Our advice: Please be honest and direct with your agent about what your plans are. Also speak to the tenant before you decide to buy a tenanted apartment and always be fair to your tenant. Please also budget enough time and money for managing your tenant professionally, and again, seek legal advice.

What happens if the tenant refuses to move out?

Tenants will not normally refuse to move out if the process is done properly and according to the law - it is our job to help you come to a compromise. In very rare cases you will have to take the tenant to court. In the unlikely event that you do, in over 75% of the cases the court

will force the tenant and the landlord to agree on a compromise. If you don't, the court will decide. If the landlord wins, the tenant has to move out and a bailiff will vacate the apartment within a few months after the court rules. If the tenant wins then the landlord has to cover all costs of the legal process and wait until the tenant has moved out on his own terms.

Our Advice: Please speak to your agent and your lawyer before the purchase, be clear in your communication and honest with your tenant from day one. This will avoid future problems for all parties involved.

What are the main advantages of buying a tenanted property?

If you buy a tenanted apartment, the purchase price will be significantly cheaper than vacant apartments in exactly the same location and of the same standard (furnishings etc). In the long run, a key advantage is that the property will achieve a higher capital growth than that of a vacant apartment. The day your tenant moves out and your apartment becomes vacant, the value of the apartment could increase by an estimated 30%.

Is buying a tenanted property really as complicated as it sounds? Why should I consider it?

Buying a tenanted property is relatively easy. In fact, it is often much cheaper and better to buy a tenanted apartment if it suits you. In addition, tenanted apartments come onto the market much more often than vacant apartments, so the choice you have is much greater.

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10 Facts to check before buying a tenanted apartment

1. When did the status of the apartment change to freehold?
2. When did the tenant moved in?
3. When does the 10 year protection time for the tenant expire?
4. If you hand in a notice for the tenant, how long do you have to wait before you can move in?
5. How much net rent is the tenant currently paying? (this is cold rent, without utilities)
6. What condition is the apartment in / how can you modernise it?
7. How much rent per sqm can you charge, according to the 'Mietpreisspiegel' (local capped rental income law)?
8. What is the condition of the entire building and is the modernisation planned or in progress?
9. By how much can you increase the rent for the current tenant?
10. Is the tenant able to vacate the apartment (age, mental and physical condition, is the tenant employed etc.)