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**3 Questions for... Frank Reuther, Partner at Drees & Sommer SE**

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**Easing Tensions on the Bavarian Housing Market**



Frank Reuther,  
Partner at Drees & Sommer SE

***‘The challenges in the real estate sector are steadily increasing, especially in residential construction. It requires creativity with regard to new solutions, including mobility aspects.’ “***

**1. Munich is one of Germany's most expensive cities when it comes to housing. Even smaller cities are following the same line. How high is housing demand in the German federal state of Bavaria and why is only such a small part of it covered at present?**

Bavaria would need around 70,000 new apartments per year, according to the Bavarian State Ministry of Housing, Building and Transport. By way of comparison, the online real estate marketplace Immobilien Scout 24 currently just offers about 7,000 apartments in Bavaria. Only one tenth of demand is met; this is a problem that cannot be resolved quickly. Low-cost housing is scarce, especially in urban areas such as Munich, Nuremberg or Ingolstadt. Jobs, better infrastructure and attractive leisure facilities are drawing more and more people into cities. Construction activity is lagging far behind and rents continue to rise. We need to renovate aging properties if we wish to meet demand for housing in the long term. Yet even they are limited. So the way forward is to construct new buildings. Too few skilled workers, increased living space required per person, the economic boom, growing complexity of construction work, rising land prices and regulatory hurdles: the list of challenges is long at the moment. When new housing is built, it is mainly in the high-price segment. In rural areas, on the other hand, municipalities and administrative districts are struggling with the vacancy rates of houses in need of renovation. When people move to the countryside, however, this results in endless flows of commuters, clogging the roads and polluting the air. We must also bear this in mind when planning our cities and towns of the future.

**2. What reasonable steps can be taken to prevent real estate prices in Bavaria from continuing to soar unchecked?**

Where there is still free space, more areas must be designated as building zones. Nevertheless, we must avoid building on the last greenfield site to create new urban districts. In cities, we must therefore increase the density of use and build higher where possible, as well as integrating green roofs, urban or vertical farming. The basic requirement for making construction cheaper again is to make planning more reliable through stable construction costs, transparency and open communication. More workers with the appropriate skills, a well-organized building site using digital and industrial processes in new construction, such as Building Information Modeling and Lean Construction: all these hold out the promise of improvement. This can enable planning and construction processes to be made faster and more efficient. It often helps to adopt a creative approach. Old hotels, former military sites, discounter roofs or new forms of housing, such as urban tiny houses, offer undreamt-of potential for providing living space. In the long run, however, we have no chance if we do not improve the links to the surrounding area. This means providing short travel routes for commuters, while making the infrastructure and housing in rural areas more attractive. For example, Drees & Sommer has prepared a [Mobility Study for the Metropolitan Region of Munich](#), with the aim of combining and promoting a range of mobility strategies that already exist in Bavaria.

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**3. New buildings are often only constructed in the luxury segment. Does this not then mean that poorer social groups and the middle class are being left behind?**

Investors are naturally often interested in large-scale projects in the high-price segment. For all social groups to find housing on an equal footing, we must all work together – politicians, public bodies, housing associations and the construction industry. For example, this issue has been addressed by the Wohnen für Alle (housing for all) project run by the municipal housing association GWG Städtische Wohnungsgesellschaft München in Munich. GWG, together with Drees & Sommer as project manager, built 255 residential units, divided into six buildings, in record construction time. The three largely identical projects in social housing construction are based on a research study and are spread across the greater Munich area. Just ten months after the start of construction, people could already move into the first apartments, as it was possible for results and experience to be transferred across projects. To save as much time as possible during the construction phase, we used the [Lean Construction](#) method, which transfers the lean production model from the automotive industry to construction. Both public-sector and private property developers are aware of the challenges. We now urgently need to implement further specific solutions similar to this project.

**Curriculum Vitae, Frank Reuther, Partner at Drees & Sommer SE**

Frank Reuther is a partner at Drees & Sommer SE at its Munich location. His areas of expertise include project management, project initiation, multinational projects, especially in the healthcare and automotive industries. He studied civil engineering at the University of Applied Sciences in Kaiserslautern, Germany. After initial experience as a project manager at a large construction company, he joined Drees & Sommer in Munich in 1990. He successfully set up the locations in Luxembourg and Belgium for the international project management and consulting company.