

Zeitwohnen Update

The Long-Term Flexible Housing Newsletter



Jan Hase

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Dear Readers, Dear Friends of Zeitwohnen,

At first glance, the discussion about the furnishing surcharge seems technical. It involves current market values, percentage limits, and documentation requirements. In fact, there is a fundamental question underlying it all: Should furnished housing merely provide basic furnishings, or should it offer people a temporary home for a limited period of time? A fully furnished apartment consists of far more than just a bed and a table. It enables residents to settle in and immediately manage and shape their daily lives.

Furnished housing thus fulfills an important function in a mobile society. At the same time, the shared use of high-quality furnishings can conserve resources and avoid the need for new purchases. Greater transparency regarding furnishing surcharges can therefore only be welcomed. Rigid price caps, on the other hand, are problematic, as they hinder investment in durable, high quality furnishings and create incentives for simple solutions. This newsletter examines various aspects of furnishing and its pricing, such as sustainability, quality of living, and the effect of regulation on supply.

Yours sincerely,

Jan Hase

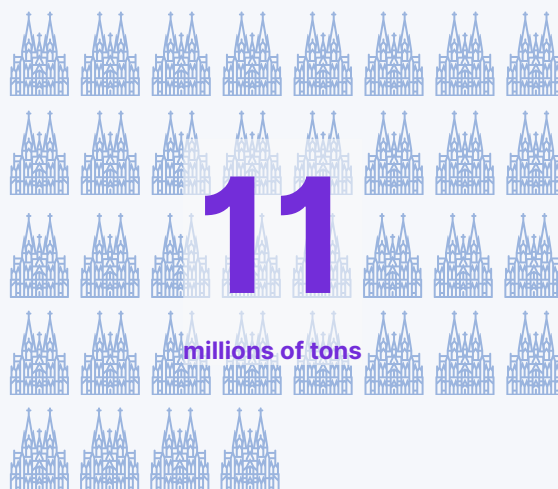
Housing Market and Temporary Rentals

Democratization of housing sustainably eases pressure on conventional housing markets



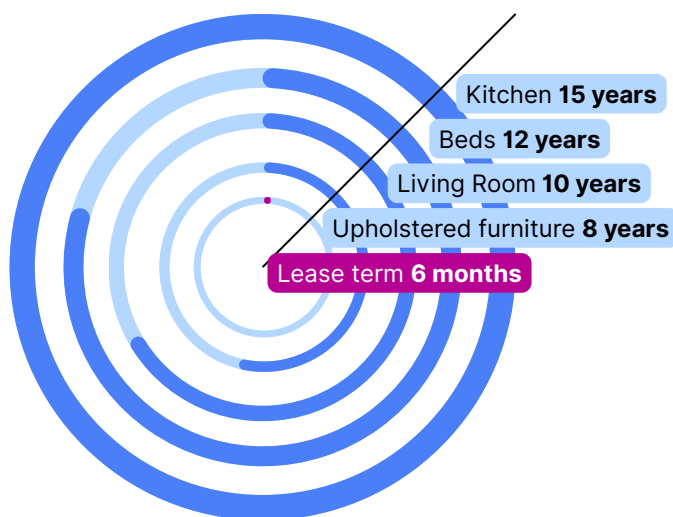
Reuse instead of new purchases

Every year, 10.78 million metric tons of furniture waste are generated in Europe. About 80 to 90 percent is incinerated or landfilled, while only about 10 percent is recycled. At the same time, furniture is designed to last for many years, whereas long-term flexible housing stays often last only a few months. High-quality furnishings can therefore be used by many people in succession, rather than requiring the purchase of new furniture for every temporary stay. The debate over the furniture surcharge thus concerns not only rent prices but also the quality and sustainability of furnished housing. If investments in durable, high-quality furnishings are made more difficult, this creates incentives to opt for the cheapest possible furnishings. A sound regulatory framework should therefore promote transparency without compromising on quality and sustainability.



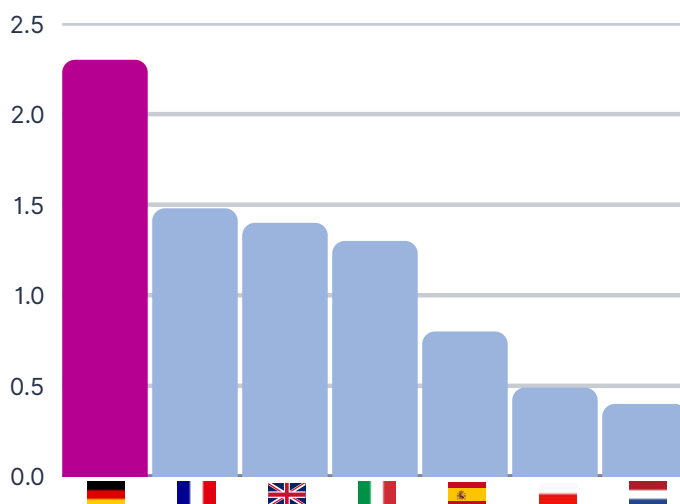
Total weight of annual furniture waste in Europe

Every year, 10.78 million metric tons of furniture are thrown away in Europe. This is roughly 36 times the weight of Cologne Cathedral (approximately 300,000 metric tons, including the foundation).



Lifespan of Selected Furniture Compared to the Average Length of Residence

Comparison of the average rental period for Wunderflats with the statistical useful life of furniture in German households.



Furniture waste by EU Member State

EU member states with the largest share of furniture waste, in millions of metric tons. At the time of the survey in 2017, the United Kingdom was still part of the EU.

Sources: European Environmental Bureau (EEB), Association of the German Furniture Industry (VDM), Wunderflats.

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More than just furniture: Why we should rethink the regulation of furnished housing

Furnished housing is designed for people who live and work in a particular place for a limited period of time. This includes students, researchers, project staff, commuters, and international professionals. For them, the priority is not finding a permanent home but being able to move in immediately and settle into everyday life from the moment they arrive. Against this backdrop, it is understandable that policymakers are paying closer attention to pricing in the furnished housing sector.

The planned requirement to disclose furnishing surcharges separately is therefore an important step in the right direction. It increases transparency, improves the comparability of offers, and enables prospective tenants to better understand which share of the total rent relates to the apartment itself and which share reflects the furnishings provided. Clear disclosure of the furnishing surcharge therefore strengthens informed decision-making for tenants while creating transparent and comprehensible price signals in the market.

However, the draft legislation ("Act Amending the Law on Residential and Commercial Rental") also proposes two different models for limiting furnishing surcharges: either a flat-rate surcharge of ten percent of the net rent excluding utilities or, alternatively, a surcharge of one percent of the current value of the furnishings per month. It is open to question whether either approach adequately reflects the wide range of furnishing standards found in furnished apartments. A bed, desk, refrigerator, or washing machine are required regardless of an apartment's size or location. The cost of providing a fully furnished apartment is therefore only loosely connected to the net rent excluding utilities. At the same time, furnished apartments differ considerably in the scope of their furnishings, the quality and extent of the furnishings provided, and the investment required. These differences affect not only the quality and convenience of everyday living but also the service life of the furnishings themselves.



Let's do the math: How much does a temporary home cost?

When people think of a furnished apartment, many first think of a bed, a table, and a sofa. In reality, however, a fully furnished apartment includes much more. In addition to furniture, furnishings also include the kitchen, household appliances, linens, lighting, and numerous everyday items.

For a fully furnished two-room apartment that allows you to move in immediately without having to make any additional purchases, the costs might break down as follows:

- Kitchen, including appliances: approx. 9,000 EUR
- Living room: approx. 3,500 EUR
- Bedroom, including bed and mattress: approx. 2,500 EUR
- Household appliances: approx. 1,000 EUR
- Dishes, silverware, and cooking utensils: approx. 400 EUR
- Separate workspace: approx. 7,500 EUR
- Home textiles and lighting: approx. 2,000 EUR
- Other furnishings: approx. 850 EUR

This brings the total cost to approximately 20,000 EUR. It's not just about functionality, but also about living comfort. Is there a dishwasher, or does everything have to be washed by hand? Is a dryer available? Details like these shape everyday life and turn a temporary living space into a home.

At the same time, the breakdown illustrates just how varied furnished living spaces can be in practice and why blanket regulations can only partially account for the differences in scope, amenities, and investment costs associated with furnishing an apartment.

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Durable furniture and high-quality, robust household appliances require a large upfront investment, which cannot be properly reflected by a surcharge of only one percent of the current value. Regulation also shapes which types of furnished housing remain economically viable. The proposed 1%-rule is intended to simplify the calculation of furnishing surcharges and make them easier to understand. At the same time, however, it raises the question of whether a uniform cap can adequately reflect the real differences between furnished apartments. Furnished housing varies not only in size and location but also in the quality, scope, and value of the furnishings provided. An apartment with a fully equipped kitchen, durable furniture, and comprehensive furnishings involves different investment and lifecycle costs than one offering only basic furnishings. If these differences are only partially reflected in the economic framework, the incentive to invest in quality is reduced.

Another challenge is that furnished housing cannot easily be reduced to rigid categories. Furnishings extend far beyond a few individual pieces of furniture. They include kitchens and household appliances, lighting, workspaces, crockery, cooking utensils, and many other items needed for everyday living. Both the scope and the quality of these furnishings can vary considerably. Uniform rules therefore reach their limits when fundamentally different housing offers are assessed using the same criteria. The implications extend well beyond pricing alone. Well-equipped apartments improve living quality and enable people to settle in immediately, even when staying only for a limited period.

Keeping in mind the 10.78 million tonnes of furniture waste generated across Europe each year, this connection becomes even more relevant. Durable furnishings that are used successively by many residents can help reduce both the need for new purchases and the volume of waste generated. If investment in durable, well-equipped apartments becomes less attractive, the result may be incentives to provide only the cheapest and shortest-lived furnishings instead. The challenge for policymakers is therefore to strengthen transparency and consumer protection without discouraging investment in durable, well-equipped furnished housing.

Political Recommendations

Enhance transparency, improve comparability.

The proposed requirement to disclose furnishing surcharges separately is a sensible step. Tenants should be able to understand which share of the total rent relates to the apartment itself and which share reflects the furnishings provided. Greater transparency improves the comparability of offers and supports informed decision-making.

Avoid rigid price limits.

A flat-rate cap on the furnishing allowance of one percent of the current value of the furnishings does not reflect the actual costs of furnishing. In addition to purchase costs, financing, maintenance, repairs, and replacements must also be taken into account. Thus, an allowance of at least two percent of the current value is necessary.

Limit bureaucratic red tape.

Determining and regularly updating current values of the furnishings and inventory can entail a significant administrative burden, particularly for private landlords. This burden is estimated at 50 to 80 working hours per year per furnished apartment. New regulations should be practical, provide legal certainty, and avoid additional bureaucracy.

Promote quality and sustainability.

Furnished housing can contribute to resource conservation when high-quality, durable furnishings are used by successive residents over many years. Regulation should therefore encourage investment in comprehensive, durable furnishings rather than creating incentives for the cheapest and shortest-lived furnishing solutions.

The Wunderflats Team

Shape the future of housing with us



Join us on the road to the future of housing

Wunderflats is a digital platform for flexible housing that brings together the demand and supply of landlords and tenants.

While vacation rentals take away housing space from cities, long-term flexible housing helps relieve the pressure on the traditional housing market. This is because specialists, project workers, and highly specialized experts often request apartments that are rented out temporarily in a manner that conforms to the intended use, but are not currently available to the permanent housing market.

At the same time, long-term flexible housing is still too little known in terms of its importance and the many opportunities it offers, among other things, for a fair housing market and its contribution to economic promotion by solving the shortage of skilled workers.

Therefore, it is necessary to create a framework that recognizes long-term flexible housing as a pillar of support and a solution to the problem.



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As a digital scale-up from the heart of Berlin, Wunderflats welcomes any dialogue on digital and housing policy issues.

