

Executive Summary

Policy approaches to speed up and simplify
commercial building permit procedures

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Executive summary

Many companies perceive lengthy and complex building permit procedures as a significant burden and an obstacle to investment. Based on interviews with municipal building authorities, enterprises, and other stakeholders, we examine the impact of these burdens, identify influencing factors, and highlight opportunities for simplifying and accelerating building permit procedures.

Mittelstand enterprises are particularly affected

The bureaucratic burdens in the building permit process are, in some respects, different in nature and, in some cases, have significantly more far-reaching consequences than those associated with the “conventional” implementation of legal regulations. A key characteristic and primary source of strain are delays and uncertainties regarding the length of the process, which can greatly increase not only the time requirements and financial costs but also the psychological costs. Smaller companies are particularly hard hit, as they not only have less experience and fewer qualified staff but also smaller financial “cost buffers.” This makes it all the more important for them to select competent external service providers who often take over the handling of these procedures on their behalf to a large extent.

Lengthy building permit procedures act as a barrier to investment

The high complexity of building permit procedures, combined with their unpredictable duration, leads to higher costs and greater uncertainty in investment projects. This negatively impacts companies’ investment decisions. Companies tend to shift investments to other regions or even abroad. Sometimes the investment is cancelled entirely or postponed—especially among SMEs.

The duration of building permit procedures depends on a variety of factors

The legal framework plays a major role in determining the length of building permit procedures, and it is viewed critically by both the business community and administrative authorities due to the diverse, complex, and frequently changing regulations. However, the specific implementation of these regulations by the competent local authorities is also crucial. For example, if building departments are well-staffed and foster an explicit “enabling culture”, the procedures tend to proceed significantly faster. In addition, the specific design of the construction project and the cooperation of the applicants are also relevant. Consequently,

the duration and complexity of building permit procedures vary widely. There is *no single typical* duration or level of complexity for these procedures.

Greater consistency and simplification of the legal framework

The federal and state governments should—as far as practicable—enact legal regulations that are as simple, transparent, and enduring as possible. In particular, building codes should be limited to their actual purpose—the construction of safe buildings. In fact, considerations unrelated to the matter at hand are increasingly finding their way into building codes, which significantly increases both their complexity and the frequency of changes. This places an excessive burden not only on businesses but also, to an increasing extent, on the building authorities themselves.

Local governments should foster an "enabling culture"

Of central importance for reducing bureaucracy is the establishment of an “enabling culture” among all stakeholders. This includes the provision of good information and advisory services by the authorities—pre-application conferences for building permits are particularly worth mentioning here. However, this can only be successfully implemented if such a culture is initiated and exemplified by top management. Employees should be encouraged to exercise their discretion and then defended against potential external objections. In addition, a sufficient number of well-qualified staff is required on the part of the authorities. In the long term, staffing pressures can be at least partially alleviated through digitalization, including the use of AI and greater centralization. Digital building files, in particular, prove to be valuable here. They eliminate long mailing times, provide transparency regarding the status of proceedings, and enable all parties involved to work on the same documents simultaneously.

Sharing experiences among municipalities can spread benefits “across the board”

A cost-effective and (potentially) highly effective tool can be the regular exchange of experiences among building departments at the operational level. The enabling culture already practiced by some municipalities could, in this way, inspire other municipalities to follow suit; any existing reservations or specific implementation issues can be addressed directly and on an “equal footing.”