

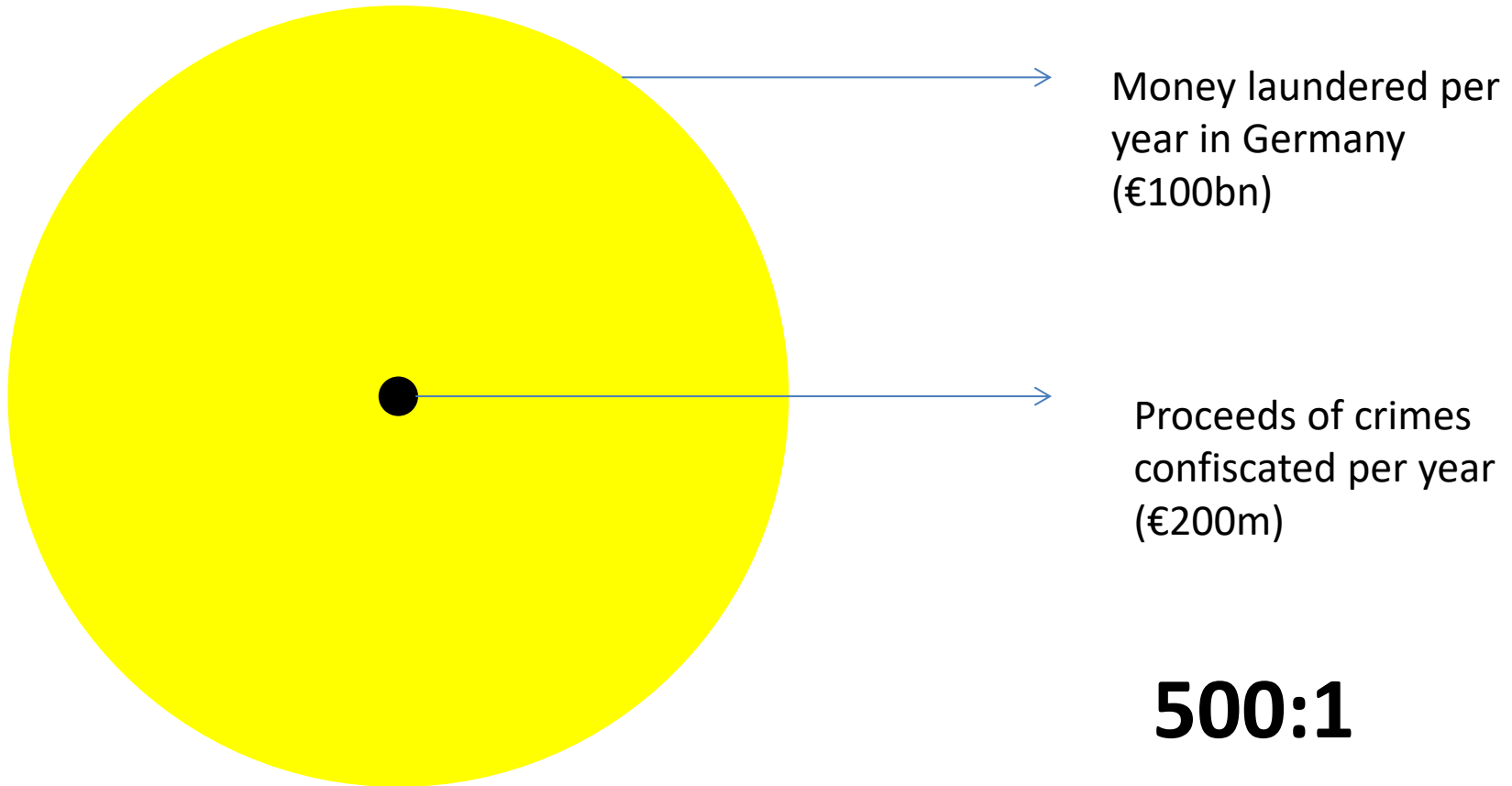
# Public Hearing on the „Impact of tax evasion and money laundering on local real estate markets, in particular in European cities“

Monday, 5 February 2019

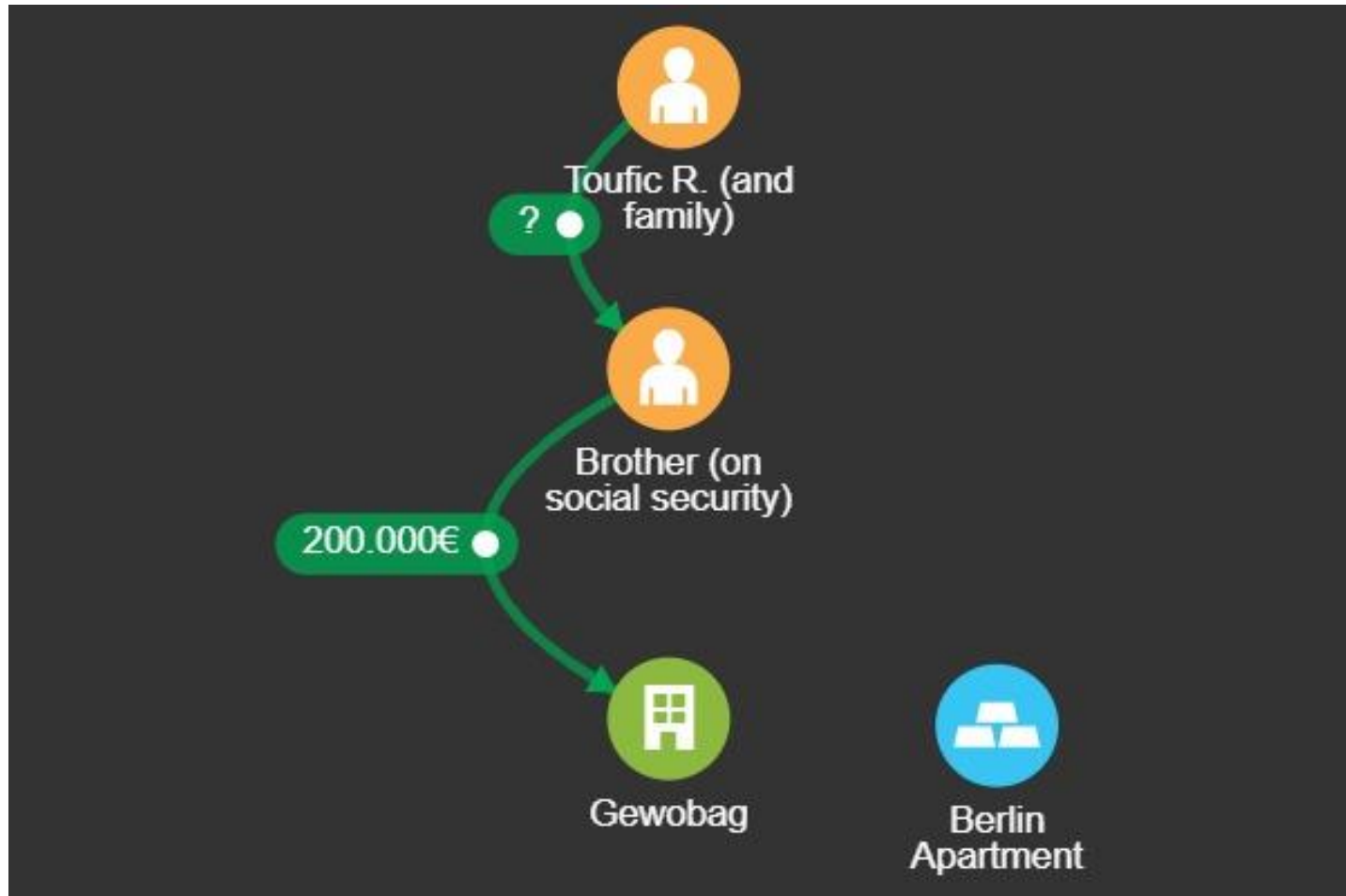
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# Recovering the proceeds of crime



# „Vermögensabschöpfung“ (Berlin, 2015?)



# Biens mal acquis (France, 2004)



# Kleptocracy Initiative (US, 2012)



# London real estate market

According to TI UK, 2015 + 2016 + 2017:

- More than 15.000 London real estate titles owned by BVI companies
- Overseas buyers drive up prices, distort building activity towards luxury, leaving houses empty or underused, destroying communities

According to LSE, 2017 (Overseas investors in Londons new-build residential market):

- 70% for letting, 30% for family/holidays
- Very few empty apartments
- Up to 50% overseas buyers, mainly from China, Pacific Asia and Middle East

# Observations from Berlin

- (Real estate is sometimes used for laundering cash) but it is mainly used as a high-value consumption good or as an investment for dirty money.
- (Money-laundering distorts the market for luxury apartments) but it mainly impacts citizens by driving market prices for investment properties.
- (Dirty real estate is sometimes left empty) but most dirty real estate is rented.
- (Real estate agents sometimes help with money-laundering) but in many big and dirty deals they are not involved

# Golden Visas increase real estate prices in Cyprus, Malta, Greece, Spain and Portugal

**The residential real estate market has completed its downward adjustment and is in a modest recovery.** Housing sale contracts were up by double-digit percentage in 2017. A number of government incentives, such as lower property transfer fees, capital gains tax exemption, abolishing the immovable property tax, and a **citizenship scheme based on property acquisition, have contributed to the recovery.** Eurostat and Central Bank of Cyprus indicators show that house prices have started to rise since the end of 2016.

*Source: 2018 European Semester: Country Report - Cyprus*