

WWZ Research Seminar

Faculty of Business and Economics, University of Basel

Tuesday, May 25, 2021, 12:30, ZOOM

Dr. Jakob Miethe,
Ludwig-Maximilians-Universität München

"Offshore real estate investment. Economic incentives,
secrecy motives, and ultimate ownership"
(with Niels Johannesen and Daniel Weishaar)

Abstract

More than 90% of commercially owned foreign real estate in England is held through secrecy jurisdictions. This study combines high quality administrative land register data with leak data on foreign ownership to establish new facts about the motives and ultimate owners behind these investments. In a first step, we exploit tax policy changes and transparency shocks and show that both tax avoidance and secrecy are important motives of foreign real estate investors. By tracking the final investment of an international investor, namely the real estate asset, we can show how asset flows between different foreign countries react. In a second step, we link these data to leaked corporate records. This allows us to trace ownership, usually hidden by corporate structures in secrecy jurisdictions, from the land plot through to the ultimate beneficiary. Results indicate that a significant share of ultimate beneficiaries are UK citizens. The study thus furthers our understanding of international capital flows and has implications for evaluating price developments in real estate markets.

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