

Homes Incorporated: Offshore Ownership of Real Estate in the U.K.

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Abstract

More than 90% of real estate held from abroad in England is owned via secrecy jurisdictions. This study sheds light on the motives of these investment and analyzes their impact on house prices. We combine high quality administrative land register data with leak data on foreign ownership of shell companies. 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. Finally, we provide evidence of a significant price effect of offshore capital in the host economy by exploiting variation in the geographic target of offshore real estate investments.