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## Money laundering and affordable housing - what's the link?

### Impact of money laundering on housing prices across the EU

In past years, there has been a massive increase of housing prices in big cities around Europe, such as Amsterdam, Barcelona, Berlin, London or Prague. Rising real estate prices have been a driving force pushing people to vacate the city centres and best districts.

This leads to a situation where not only can people with lower incomes simply not afford to live in certain cities anymore but also that some strategically important professions such as teachers, nurses, drivers or police officers - whose presence is highly necessary in these areas - are pushed away as well.

Although there are many factors contributing to rising house prices, including growing shared economies, the role played by money laundering should not be underestimated. It is for these reasons that the Greens/EFA group welcomed a hearing of the TAX 3 Special Committee on the [Impact of tax evasion and money laundering on local real estate markets](#), which took place in the European parliament this week.

As mentioned during the hearing by German expert Christoph Trautvetter from Netzwerk Steuergerechtigkeit, the statistics concerning the scale of money laundering in Europe are imperfect. However, one estimate shows that €100bn is laundered every year, in Germany alone, and real estate markets make up part of it.

According to Mr. Trautvetter, real estate in Europe is sometimes used to launder cash, but mostly is it used as a high-value consumption good or as an investment for dirty money. This indeed is a factor that drives property prices up, and ordinary citizens sorely feel its consequences.

Moreover, golden visa programs operated by some EU countries such as Cyprus, Malta, Spain or Portugal, for example, have also played an important role in the increase of real estate prices. The key issue remains the lack of transparency in the real estate market, as well as questionable compliance by some real estate market actors concerning their anti-money-laundering duties such as reporting suspicious transactions.

The debate in TAX3 committee produced some helpful recommendations. For example, the EU needs to follow-up on the transposition of the fourth and the fifth anti-money laundering directive (AMLD 4 and AMLD 5) and make sure that the registers of beneficial owners are fully functional and properly implemented so that they can be used to tackle money-laundering in an effective manner.

Transparency in the real estate market could also increase by setting up public registers of real estate and

property ownership in all EU member states, which is not always the case. Indeed, the risk of golden visa programs is obvious and an ultimate phase-out from it is highly needed.

It is important to raise awareness about the fact that the fight against tax evasion and money laundering is directly connected to the wellbeing of our societies. Unfortunately, the money-laundering and its impact on the real estate markets is a good example.

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