

Preface

The origin of Real Estate Investment Trusts (REITs) has been coupled with providing a solution to financial distress. This is the case in the mature REIT markets of the USA and Australia. However REITs, as a whole, have proved resilient to financial crises and have in most countries become the industrial standard for indirect real estate investment with sometimes the option and in other cases the obligation of being listed. The history of REITs in Europe is rather recent, although public real estate has had different roots and traditions within European Countries.

Society in general, policy makers in particular as well as economists have in recent years started to cast more doubts on neoclassical assumptions like perfect markets and individuals behaving according to the idea of economic principles. Regulation of financial markets, banks and near-banks are again becoming fashionable as a response to the financial crisis from 2008. In Europe, Alternative Investment Fund Manager Directive (AIFMD) is one of the major regulations affecting substantial parts of real estate investment vehicles, but not REITs.

In highly developed countries, real estate reflects some 80–90 % of capital formation. As long as regulators and market participants remain in neoclassical thinking in which finance is irrelevant, no rules for the optimal construction of real estate investment vehicles can be delivered meaning that good and successful vehicles will only be developed by default. However, once we extend beyond neoclassical thinking, it becomes possible to deliver best practice for the construction of financial vehicles as well as for regulation of tax-transparent real estate investment vehicles.

This book starts with the economic basics on REITs, delivers an overview on the importance and history of REITs, describes and evaluates the mature REIT markets in the USA, Australia and Asia and concludes with country-based chapters on European REITs. The book has an antecessor. In the year 2008, we edited a book called *The Introduction of REITs in Europe – A Global Perspective*. The book you

have in your hands is based on this first book. We thank the publisher of this first book, Andreas Schiller, for facilitating us to publish this second book with Springer.

Weimar, Germany
Belfast, United Kingdom
October 2013

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Real Estate Investment Trusts in Europe

Evolution, Regulation, and Opportunities for Growth

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2013, XV, 236 p. 80 illus., 63 illus. in color., Hardcover

ISBN: 978-3-642-36855-4