



## London's Fraudulent Property Market

Par [Graham Vanbergen](#)

Mondialisation.ca, 29 avril 2016

[TruePublica](#)

Région : [Europe](#)

Thème: [Global Economy](#), [Media](#)

[Disinformation](#)

*Yet another headline predicts continued froth and effervescence to Britain's property market for the year ahead, spurred on by reports of high employment, rising disposable incomes and persistently low interest rates.*

Standard & Poor's, the rating agency so deeply embedded in the financial industry and culpable in the catastrophic financial crisis that engulfed the global economy, predicts more of the same and the headline makers and click baiters agree.

"Number of British property millionaires rises by 200 a day as house prices soar."

"One in 65 UK adults now a millionaire."

"Booming house prices and stock market gains contribute to wealth as number of millionaires in UK rises by 200,000 in five years."

These contradictory and rather spurious newspaper headlines are not only misleading and bathed in exaggeration, but they also completely miss the point of reality.

The national love of property is exploited to the full as extensive publicity camouflages and obscures an international scandal of vast criminal activity sanctioned by a government that part finances this deception by co-opting an ever-burdened, unsuspecting and strained taxpayer.

The Independent newspaper reported last July that The City of London is the money-laundering centre of the world's drug trade, according to an internationally acclaimed crime expert. In addition, every notable financial expert now agrees that due to incredibly lax financial laws by the British government, the London property market is built largely on the laundered money of crime from all over the world involving hidden tax havens, most of which are British.<sup>1</sup>

Her Majesty's British Overseas Territories and Crown Dependencies make up around 25% of the world's tax havens, which are now blacklisted by the European Commission and now ranked as the most important player in the financial secrecy world.<sup>2</sup>

When it comes to these tax havens, the "financial secrecy index" shows Britain to be languishing at a mere number fifteen. But when the British Overseas Territory and Crown Dependency Network was assessed together, it is the number one tax haven network in the world by a very long margin.

A number of studies have estimated that up to \$32 trillion has gravitated in secret into offshore jurisdictions, much of it linked to tax evasion and avoidance activities.

The consequence is that money laundering in Britain is so widespread the authorities have been completely overwhelmed and lost control. Keith Bristow, Director-General of the UK's National Crime Agency said in January that the scale of crime and its subsequent money laundering operations was "a strategic threat" to the country's economy and reputation.

An investigation by Transparency International reported on the scale of the problem in the UK and it makes truly depressing reading for any law-abiding citizen. It found tens of thousands of London properties held by companies located in offshore locations. One has to wonder what government ministers think about a crime wave sweeping across its capital city involving terrorists, drug smugglers, thieves, gangsters and charlatans from all over the globe.

In another investigation conducted by Private Eye in 2008, over £70 billion worth of property was found to be located in just four British overseas tax havens according to the Land Registry data obtained through freedom of information requests.

A report by the EU-funded Organised Crime Portfolio published last year, documented how organised crime groups invest widely in real estate across Europe, particularly in the UK.<sup>3</sup>

So why is London so attractive to the world's criminals. As Tax Justice points out

"Firstly the London property market is liquid. If you want to quietly hold wealth and at some point convert your property into cash, London is an excellent place. There are vast amounts of transactions every year and it is easy to sell a home."

"London is also seen as a safe bet, with strong legal protections for private property. Buy a London home and you can be relatively sure that in 20 years time it will still be there. The government won't have appropriated your land. The last major land reform in England was well over 150 years ago, and that benefited the rich in any event."<sup>4</sup>

The reasons for property ownership in London are amplified when considering taxes in other jurisdictions as there are no other onerous or significant additional wealth, property or land taxes to consider. Therefore, Britain actually acts as a property owning tax haven. For instance, the cost of owning a £7 million property over a five-year period in New York would cost \$1.1million (approx. £775,000) in state property taxes. In the City of London, where the highest wages in the country are paid, council tax or property taxes are the third lowest in the country. The same £7 million house comes with a tax bill over five years at just £4,705. New York State also applies a sales tax. In the UK, offshore shell companies owning property effectively evade taxes and contribute nothing.

It is hardly surprising then that a rather conservative estimate puts empty homes in London at 22,000 units. Kensington and Chelsea have a continually shrinking residential population to the point that restaurants and bars are closing as they now have some of the highest empty homes ratios in the UK.

To reinforce the numbers, 116 local authorities saw an increase in empty homes, which makes up 36% of the 326 local authority areas in England last year. Britain is supposed to

be in the midst of a 'housing crisis' and yet boasts the highest number of privately owned vacant properties on record. Something is clearly not right.

It is not as if the enormous scale of criminal activity in the London property market goes unpublicised.

The FT headlined a few months ago that "Alarm bells ring as 'dirty cash' floods UK property market"

Its article quoted the Prime Minister:

"Mr. Cameron focused on the layers of secrecy that anonymous shell companies - predominantly incorporated in tax havens - provide to the owners of some 90,000 properties in England and Wales. 'We need to stop corrupt officials or organised criminals using anonymous shell companies to invest their ill-gotten gains in London property without being tracked down.'"

This observation by the FT and the Prime Minister is so off the mark that it sits in the realm of pure fantasy.

Back to the National Crime Agency (NCA) which replaced the Serious and Organised Crime Agency just two years ago. It estimated that "hundreds of billions of pounds are laundered through property each year" in the UK.<sup>5</sup>

Donald Toon of the NCA clearly stated he was alarmed by the number of homes registered to complex offshore corporations, which have been bought with laundered money. He also added that the inflows of illegal cash are big enough to be responsible for driving London property prices artificially high as a result of overseas criminals wishing to insulate and protect their assets in the UK, and what they are effectively doing is distorting the market.

To highlight the point, when Saadi Gaddafi, the playboy son of the late Libyan leader, had his £10 million Hampstead Garden Suburb mansion seized nearly four years ago in 2012, it emerged that the magnificent eight-bedroom home was bought in the name of a British Virgin Islands offshore company. Somehow, even a high profile target for the now defunct Serious and Organised Crime Agency strolled into the country with huge quantities of cash and bought a lavish London residence undetected.

In the meantime, the price range of the most increased category of property across the whole of the UK is in the £1 million to £2 million range - how is that possible given that the average price of a home is less than one tenth of that figure and that 95% of the population couldn't afford it.

One should not forget that at average prices, £10 billion buys 50,000 homes. Imagine how many homes can be bought with hundreds of billions of pounds. The market distortion it brings with it, as previously mentioned, is termed a 'housing crisis'. All that means is that normal people, pushed out by state sanctioned crime can't afford a home of their own.

If these statements by the authorities such as the NCA are even partly true, they are asserting that probably half a million properties including commercial land assets are being acquired each year by the perpetrators of money laundering or the villains trading in offshore tax evasion schemes.

According to HMRC there were approximately 1.1 million residential property transactions in 2015 across the UK. The hideous scale of criminality in the British property market starts to take shape.

But is the party over for now? In the end all asset priced bubbles in history have deflated. The British housing market has form.

From Market Oracle:

“So it is not just the world’s dubious billionaires and oligarchs who have been flooding London with their wealth for safety from corrupt regimes. Average UK house prices have now risen by 30% from the 2009 bear market low with London soaring 70% as it looks like we are witnessing the peak of the London property bubble mania. London over the next 3 years will probably turn out to be Britain’s worst performing region”.<sup>6</sup>

The UBS Global Real Estate Bubble Index (yes, there is even a ‘bubble index’) highlights that London and Hong Kong are the two worst investment opportunities in the world, opining that “London property is by far the most overvalued market in Europe, at risk of a bubble as a result of explosive price behaviour” and “It risks a substantial price correction.”<sup>7</sup>

Given the sheer quantity of cash invested in London property you would not think prices could ever fall. Lancaster University’s UK Housing Market Observatory is calculated scientifically and disagrees; it’s report says – “If London house prices keep growing at the current pace of 2.75% every quarter year, there will be a full-blown bubble in early 2017 – This will be followed by a sudden crash in prices.”

When the price correction comes, who will be the losers? Not billionaires with empty homes. Almost a quarter of new mortgage customers have debt that is four times more than income.

Peter Tutton, head of policy at StepChange Debt Charity, said: “One in five of our clients have mortgages and even a 1% rise in interest rates could push them into deficit on their household budgets, leaving them unable to pay their unsecured debts.”

And the cause of the great recession in 2008? Property related debt!

**Notes:**

<http://www.independent.co.uk/news/uk/home-news/london-property-boom-built-on-dirtymoney-10083527.html>

<https://www.rt.com/uk/268072-tax-avoidance-city-london/>

<http://www.ocportfolio.eu>

<http://www.taxjustice.net/>

<http://www.ft.com/intl/cms/s/0/48cdbfb6-45c9-11e5-af2f-4d6e0e5eda22.html>

<http://www.marketoracle.co.uk/Article53301.html>

[https://www.ubs.com/global/en/about\\_ubs/media/switzerland/releases/news-display-media-switzerland.html/en/2015/10/29/global-bubble-index.html](https://www.ubs.com/global/en/about_ubs/media/switzerland/releases/news-display-media-switzerland.html/en/2015/10/29/global-bubble-index.html)

*This article was written by TruePublica editor **Graham Vanbergen** and first published in [The European Financial Review](#) 28th April 2016.*

La source originale de cet article est [TruePublica](#)  
Copyright © [Graham Vanbergen](#), [TruePublica](#), 2016

---

Articles Par : [Graham Vanbergen](#)

**Avis de non-responsabilité** : Les opinions exprimées dans cet article n'engagent que le ou les auteurs. Le Centre de recherche sur la mondialisation se dégage de toute responsabilité concernant le contenu de cet article et ne sera pas tenu responsable pour des erreurs ou informations incorrectes ou inexacts.

Le Centre de recherche sur la mondialisation (CRM) accorde la permission de reproduire la version intégrale ou des extraits d'articles du site [Mondialisation.ca](#) sur des sites de médias alternatifs. La source de l'article, l'adresse url ainsi qu'un hyperlien vers l'article original du CRM doivent être indiqués. Une note de droit d'auteur (copyright) doit également être indiquée.

Pour publier des articles de [Mondialisation.ca](#) en format papier ou autre, y compris les sites Internet commerciaux, contactez: [media@globalresearch.ca](mailto:media@globalresearch.ca)

[Mondialisation.ca](#) contient du matériel protégé par le droit d'auteur, dont le détenteur n'a pas toujours autorisé l'utilisation. Nous mettons ce matériel à la disposition de nos lecteurs en vertu du principe "d'utilisation équitable", dans le but d'améliorer la compréhension des enjeux politiques, économiques et sociaux. Tout le matériel mis en ligne sur ce site est à but non lucratif. Il est mis à la disposition de tous ceux qui s'y intéressent dans le but de faire de la recherche ainsi qu'à des fins éducatives. Si vous désirez utiliser du matériel protégé par le droit d'auteur pour des raisons autres que "l'utilisation équitable", vous devez demander la permission au détenteur du droit d'auteur.

Contact média: [media@globalresearch.ca](mailto:media@globalresearch.ca)