

Title: Panama Papers, Money Laundering, and Real Estate

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Created 2021-10-03 06:49:17 UTC

Permalink: /r/ratioatblessons/comments/q0cilj/panama_papers_money_laundering_and_real_estate/

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I just started delving into the Panama Papers, and I started where one usually starts their rabbit hole: Wikipedia. I hadn't made this strange connection regarding the real estate practices occurring in my area and the potential for money-laundering being involved.

From Wikipedia:

"Money-laundering affects the first world as well, since a favored [shell company](https://en.wikipedia.org/wiki/Shell_company) investment is [real estate](https://en.wikipedia.org/wiki/Real_estate) in Europe and North America. London, Miami, New York, Paris, Vancouver and San Francisco have all been affected. The practice of parking [assets](<https://en.wikipedia.org/wiki/Asset>) in luxury real estate has been frequently cited as fueling skyrocketing housing prices in Miami,[^[49]](https://en.wikipedia.org/wiki/Panama_Papers#cite_note-50)[^[50]](https://en.wikipedia.org/wiki/Panama_Papers#cite_note-51)[^[51]](https://en.wikipedia.org/wiki/Panama_Papers#cite_note-52) where the Miami Association of Realtors said that cash sales accounted for 90% of new home sales in 2015.[^[52]](https://en.wikipedia.org/wiki/Panama_Papers#cite_note-53) "There is a huge amount of dirty money flowing into Miami that's disguised as investment," according to former congressional investigator [Jack Blum](https://en.wikipedia.org/wiki/Jack_Blum).[^[53]](https://en.wikipedia.org/wiki/Panama_Papers#cite_note-NationMiami-54) In Miami, 76% of condo owners pay cash, a practice considered a red flag for money-laundering.[^[53]](https://en.wikipedia.org/wiki/Panama_Papers#cite_note-NationMiami-54) "

As far as I have been taught, if interest rates are 6% or lower, it makes sense to finance a purchase because your money would be better placed in an index fund earning 7% or higher yield. Right now interest rates are at historic lows and the market has been charging full steam ahead since the big COVID dip in March of 2020. The best current 15 year interest rate in my area is 1.75%. According to Marketwatch, the return from March 2020 to August 2021 was roughly 99% above the lows. What gives?