

Summary

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“Open-End Real Estate Funds in Germany - Genesis and Crisis“

Open-end real estate funds are of particular importance in the German bank-dominated financial system. However, recently the German open-end fund industry came under severe distress which triggered a broad discussion of required regulatory interventions. This paper gives a detailed description of the institutional structure of these funds and of the events that led to the crisis. Furthermore, it applies recent banking theory to open-end real estate funds in order to understand why the open-end fund structure was so prevalent in Germany. Based on these theoretical insights we evaluate the various policy recommendations that have been raised. (JEL G14, G21, G23)