

The German Real Estate Transfer Tax: Effects on Liquidity and Timing on the Market for Residential Housing

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Paper Abstract: This paper uses recent data for single-family home transactions to study the effects of the German land transfer tax. Our goal is to separate the short-term anticipatory effect from the long-term effect on real estate transactions. The data indicate that an increase in the transfer tax is negatively correlated with the number of transactions that take place on the market for single-family homes. We estimate that a one percentage point higher transfer tax goes along with massive anticipation effects as well about 6% fewer transactions in the long run.