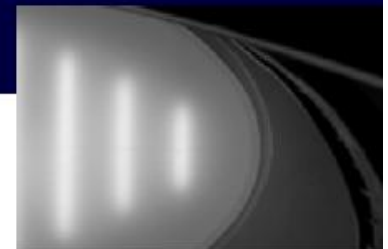


# **The Development of the Indirect Real Estate Market in Spain**

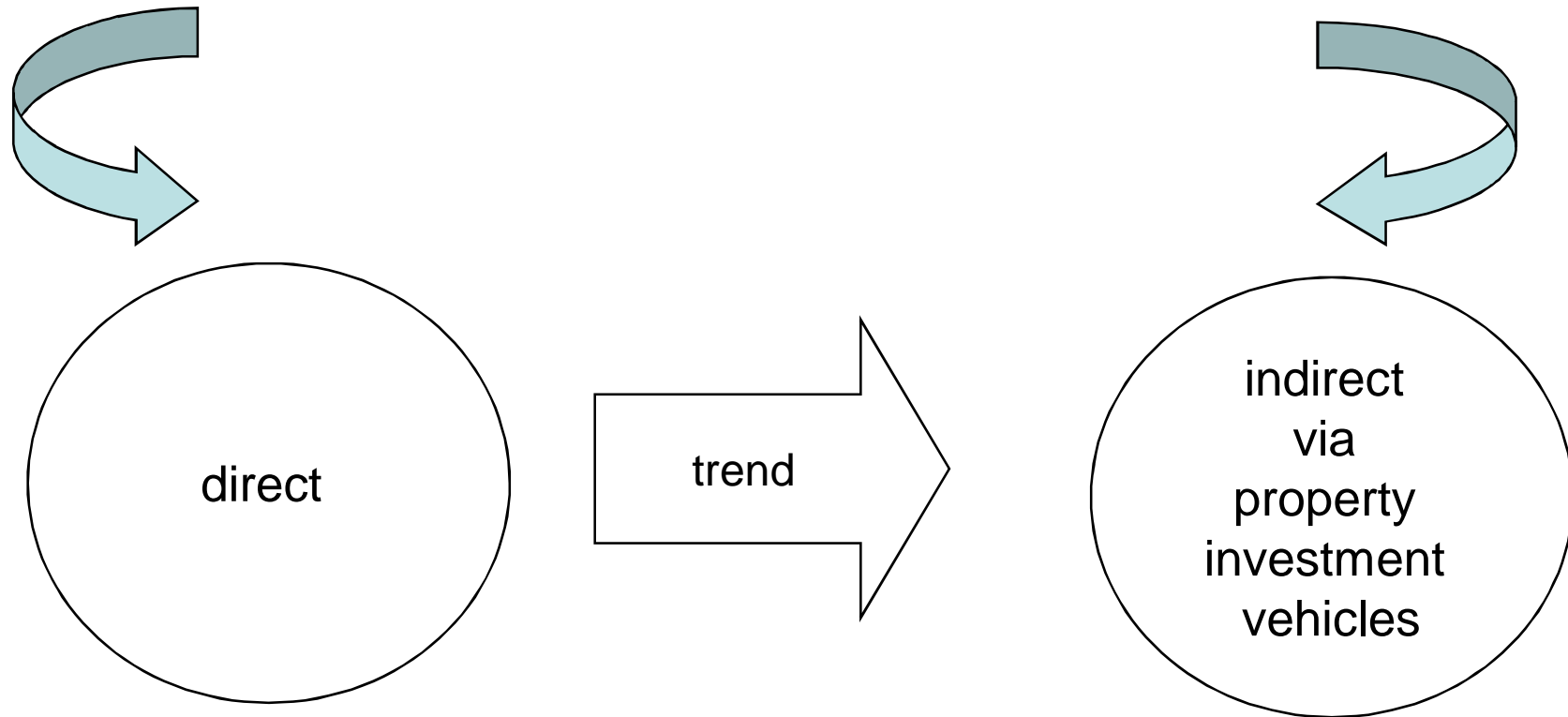
## **The Economics of Vehicles for Indirect Investments**

Prof. Dr. Ramón Sotelo

**Bauhaus-Universität  
Weimar**



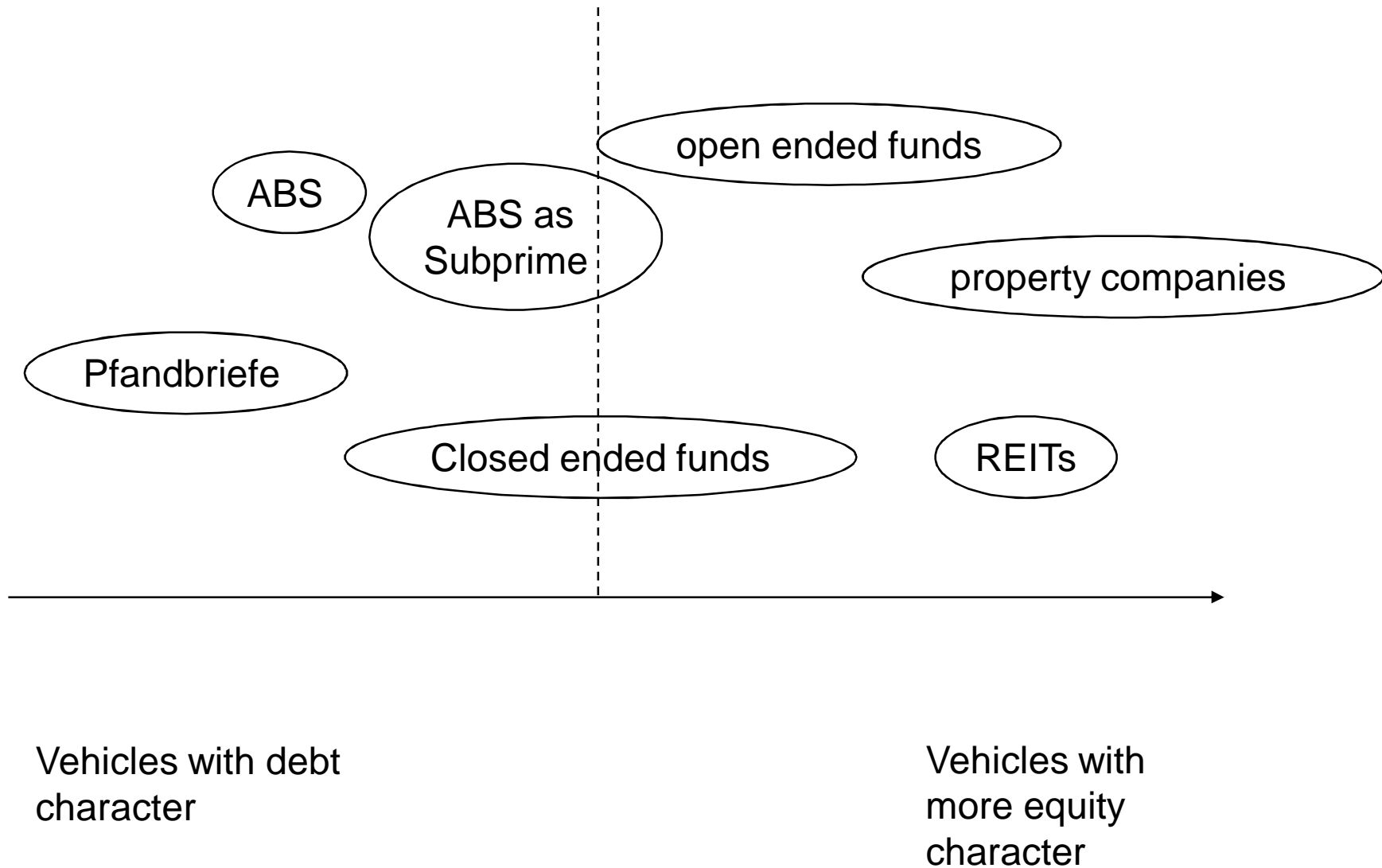
# Possibilities of property investment



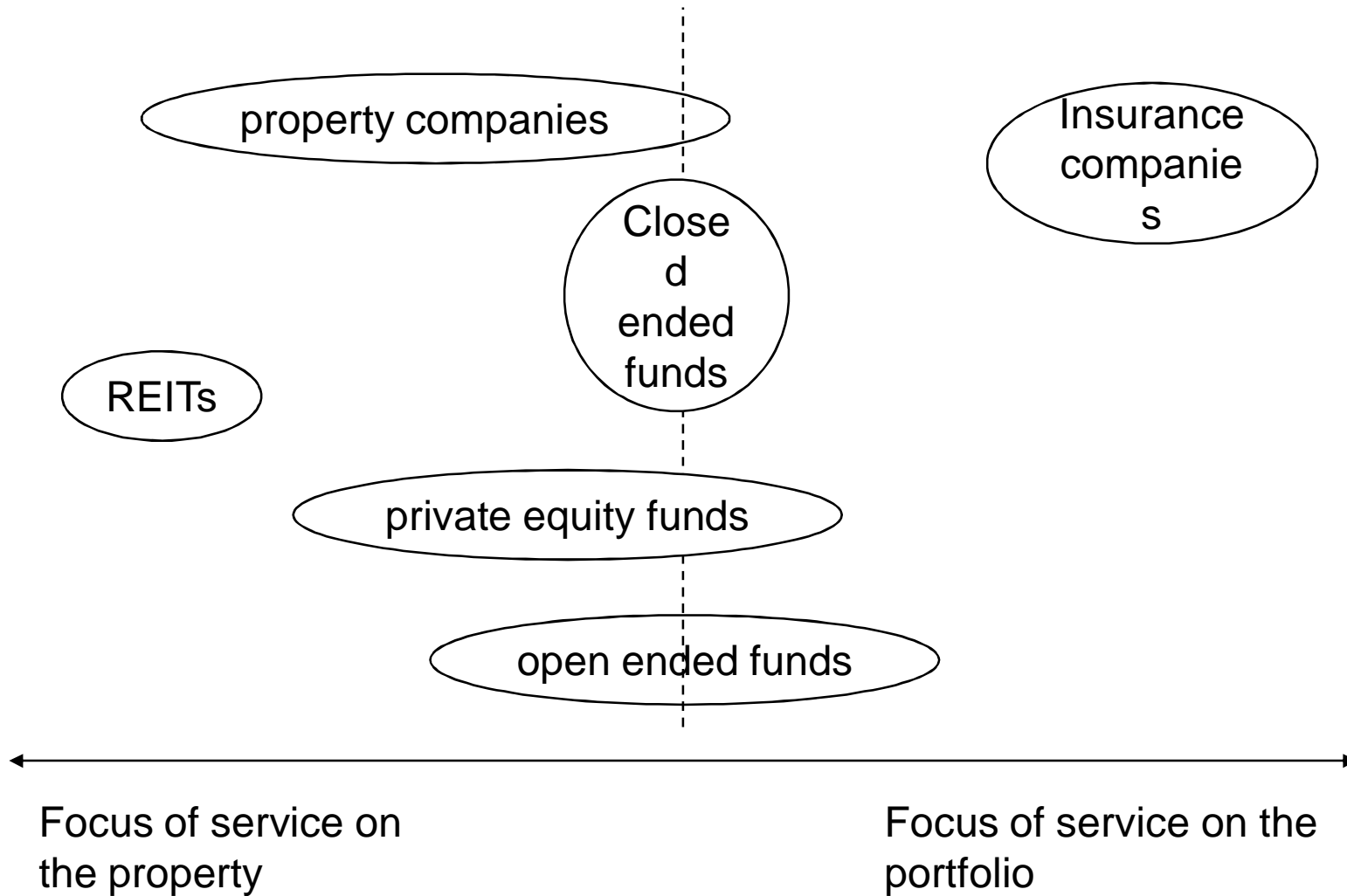
Reasons for the trend :

- higher flungibility
- clear responsibility for results
- advantage of comparative advantages

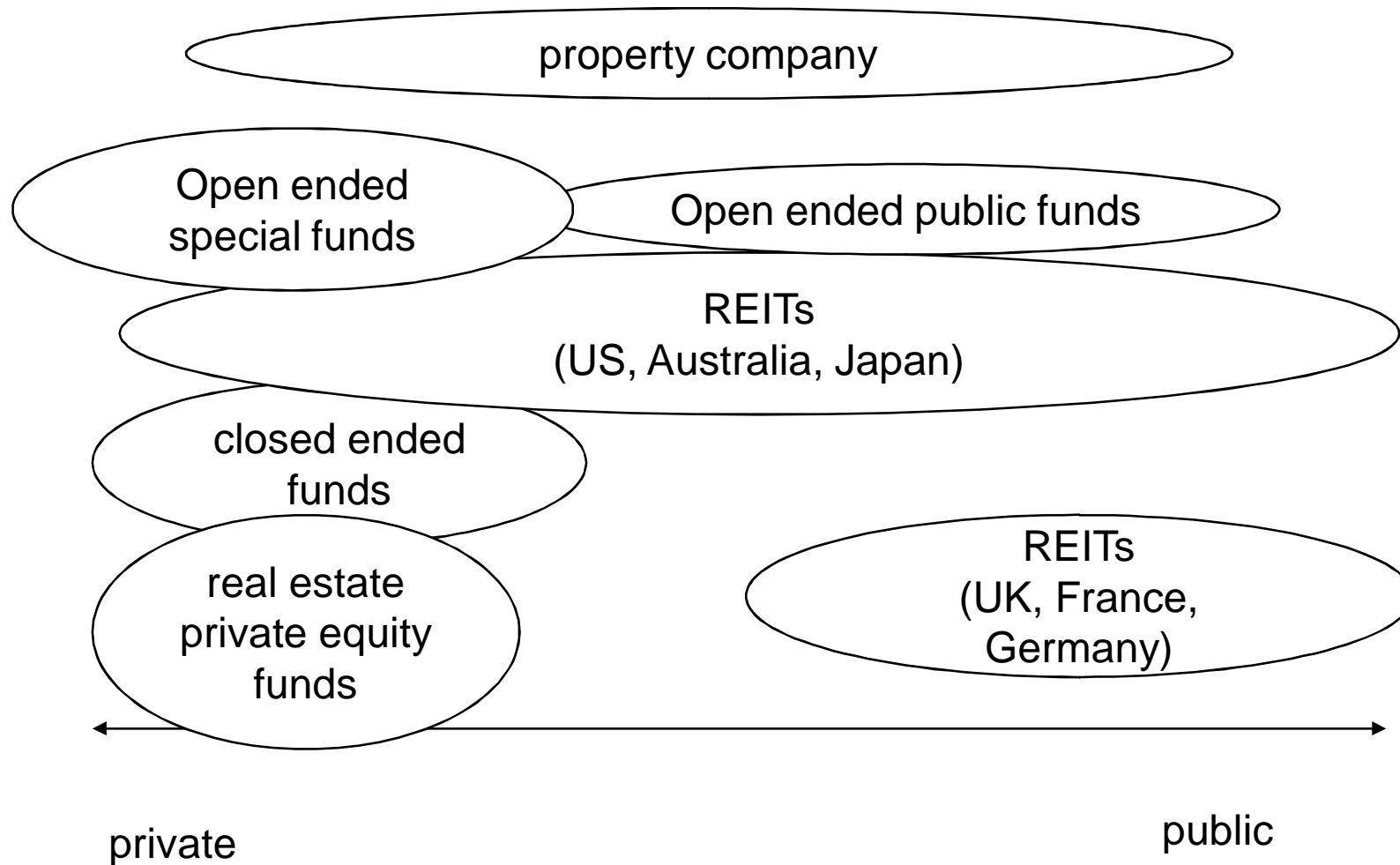
# Property investment vehicles between equity and debt



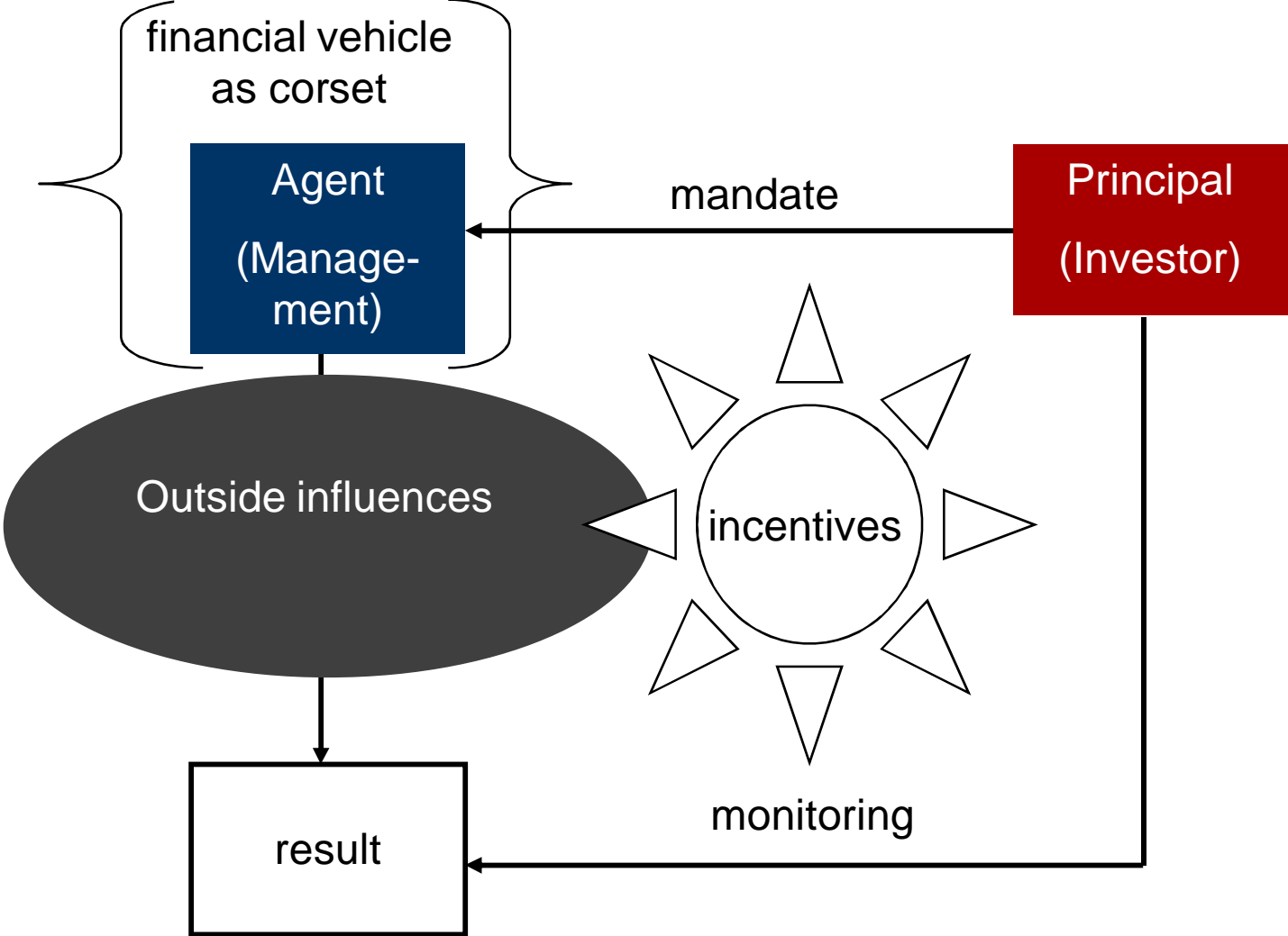
# Investment vehicles in the spectrum of services



# Property investment vehicles: public or private?



Investment vehicles as a P-A-problem



## Concept of the latitude (room of manoeuvre)

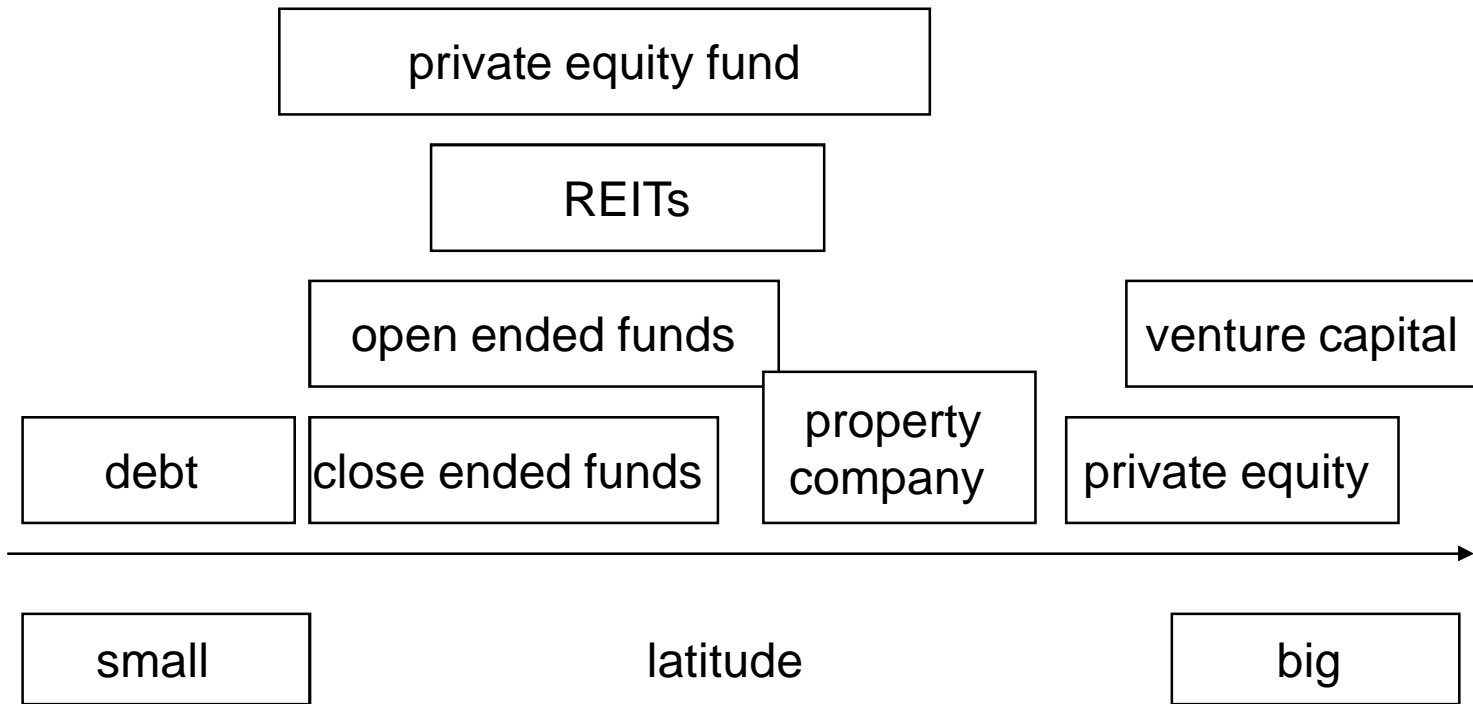
The latitude describes the spectrum of possibilities of action the principal gives to the agent to comply the duty connected with the business the agent runs for the principal.

## **Developing theory of finance beyond Williamson**

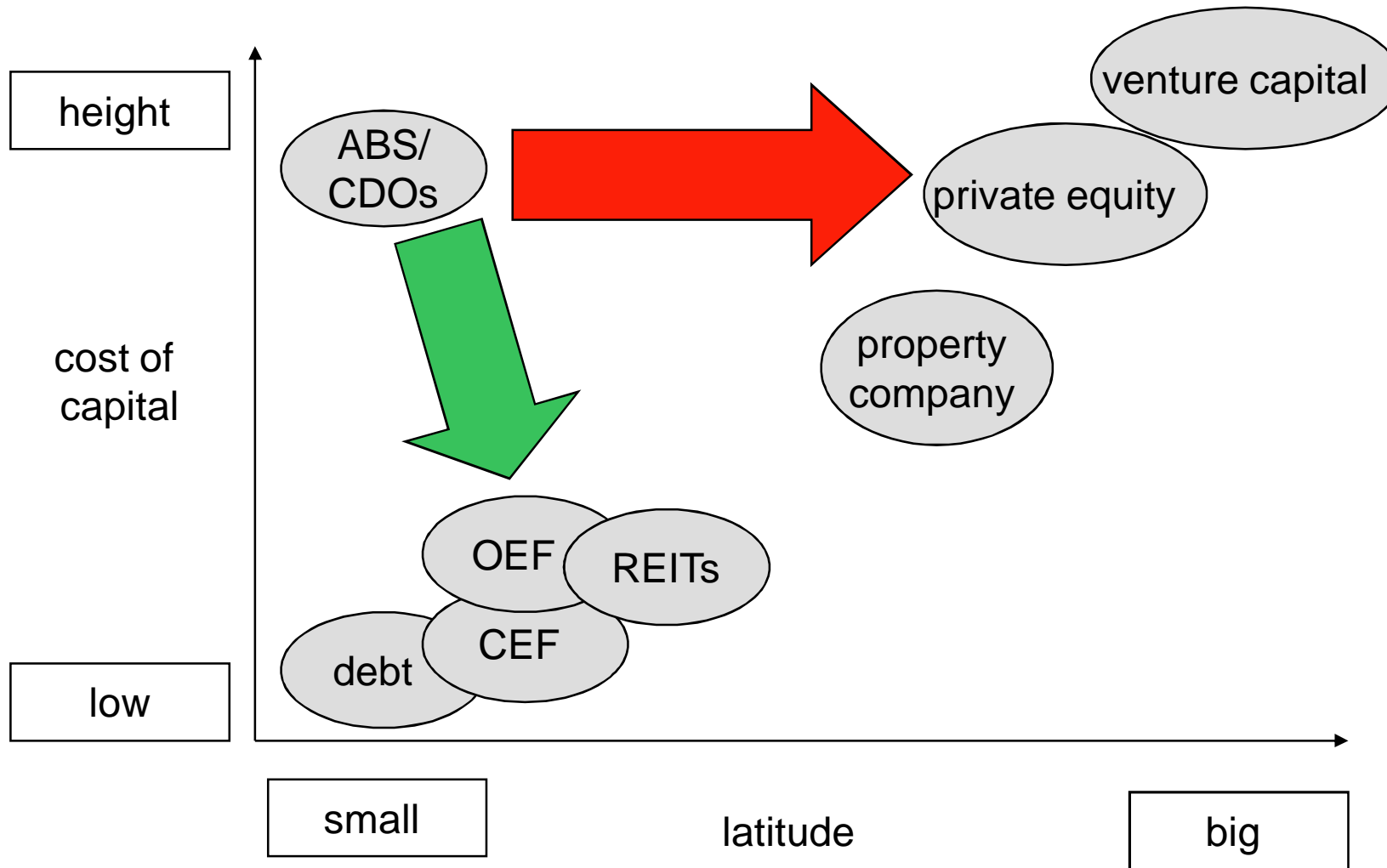
- The bigger the latitude, the higher the risk for the agent and in consequence the higher the cost of capital
- The financial institution is optimum, if the latitude is exactly what the agent needs for the business.
- When different types of business are run, each one should be financed by its own or change the type of finance each time.



# Room of manoeuvre of property investment vehicles



# Latitude and the cost of capital



Thank you for your attention!

Prof. Dr. Ramón Sotelo

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