

NEWS from

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Weimer School of Advanced Studies
in Real Estate and Land Economics,
Maury Seldin Advanced Studies Institute

Hoyt Fellows LLC
Homer Hoyt Institute
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May 2010 Session Hoyt Fellows – Weimer School of Advanced Studies in Real Estate and Land Economics

The May programs of Hoyt Fellows and the Weimer School focused on commercial and residential investment real estate. More than 50 participants attended the sessions coordinated by Hans Nordby (Property & Portfolio Research, Inc.) for the Hoyt Fellows and Bob Edelstein and John Quigley (both at UC – Berkeley) for the Weimer School. The organization of the sessions, the presentations, and discussion were excellent.

Topics and presenters at the Hoyt Fellows session included: **Building Scoring Systems – “A, B or C” Just Isn’t Enough Information!**, presented by Norm Miller (CoStar); panels on **What is There to Buy, and Why Would Investors Buy It?**, with equity investments discussed by David Boyle (Morgan Stanley), Paige Mueller (GIC Real Estate), and Jim Valente (Kennedy Associates), and debt investments by Rhea Thornton (Fannie Mae), Andy Warren (Principal Global Investors) and Tyler Wiggers (Federal Reserve of New York).

Other panels discussed **REITs – Ahead of the Market or Just Out of Synch?**, with Ron Donohue (Hoyt Advisory Services), Merrie Frankel (Moody’s Investors Service) and Michael Hudgins (JP Morgan Asset Management); and **Data Sources – What’s Good for What, and Why?** with Jeff Fisher (NCREIF and Indiana University), Norm Miller

(CoStar and University of San Diego), Hans Nordby (Property Portfolio Research), Jon Southard (CBRE Econometric Advisors) and Bob White (Real Capital Analytics).

Analysis of investment property continued in the Weimer School. **Update and Overview of the Commercial Real Estate Markets** was presented by Bob White (Real Capital Analytics) and Dean Williams (Williams & Williams Worldwide Real Estate Auction). Merrie Frankel (Moody’s Investor Service) and Ron Donohue (Hoyt Advisory Services) discussed **Understanding the Market for Real Estate Investment Trusts: Confronting the New Realities**, and David Jacob (Standard & Poors), Brian Lancaster (Royal Bank of Scotland) and Tyler Wiggers (New York Federal Reserve Bank) discussed **The New Brave World of CMBS – Where Do We Go From Here?** - *Continued on page 2*

Maury Seldin Advanced Studies Institute
*Developing and Disseminating the
Body of Knowledge in Real Estate*



Hoyt Fellows LLC
*Bridging Industry and Academia
With the Advanced Studies Institute*

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Dr. Bob White (Real Capital Analytics), a presenter at the Hoyt Fellows Meeting.



Speakers L-R: Bert Bryan, Cristian Tiu, Merrie Frankel, Jun Zhu and Andrey Pavlov

The luncheon keynote speaker was Brad Case (NAREIT), who examined **What Have We Learned?** Richard Langhorne (Langhorne and Company) and Bert Bryan (S.B. Global Finance Advisors) discussed **Distressed Real Estate: What's to be Done?** Research papers included **Asymmetric Information, Adverse Selection, & the Pricing of CMBS** by Xudong An (San Diego State University), coauthored with Yongheng Deng (University of Southern California) and Stuart Gabriel (University of California – Los Angeles); **The Returns Linkages for Private and Public Real Estate**, discussed by Christian Tiu (State University of New York at Buffalo), coauthored by Murray Carlson

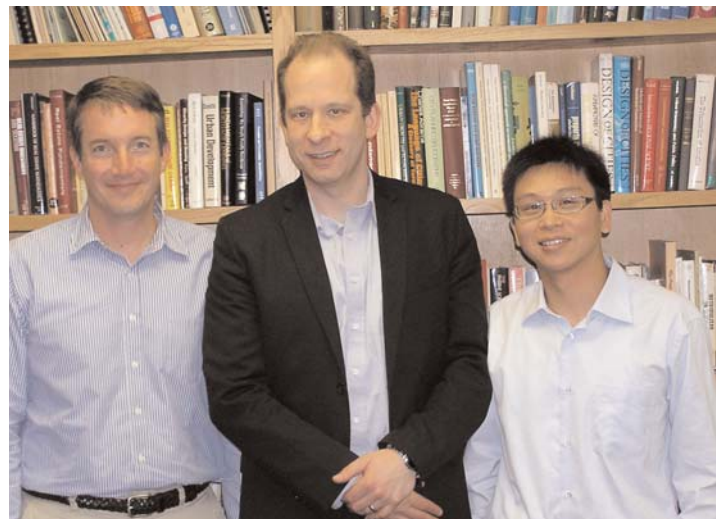
speaker was Philip Mirowski (Notre Dame), whose paper, **Inherent Vice: Minsky, Markomata and the Tendency of Markets to Undermine Themselves**, is summarized on page 7 of this Newsletter.

Each year at the May session of the Weimer School, the faculty invites three or four researchers who are in the early stages of their careers to present their research. These individuals are notable for the contributions that they are making and for the promise of future productivity. Post Doctoral Honorees in 2010 are Dr. Morris Davis (University of Wisconsin – Madison), Dr. Jay Hartzell (University of Texas at Austin) and Dr. Xudong An (San Diego State University). Morris Davis discussed **The Macroeconomic Implications of Agglomeration**; Jay Hartzell presented **Location, Options, and the Development of Human Capital**; and Xudong An's presentation focused on **Model Stability and the Subprime Mortgage Crisis**. Abstracts of presentations follow; (See "Comments from May Weimer School Session Presentations," pages 3-7.)



Bob Edelstein, far right, Program Chair, conducting the May 2010 Weimer School session.

(University of British Columbia) and Sheridan Titman (University of Texas – Austin); **Shopping, Relationships, and Influence in the Market for Credit Ratings** presented by Jun Zhu (University of Wisconsin – Madison), coauthored by Tim Riddiough (also University of Wisconsin - Madison); and **REITS and Underlying Real Estate Markets: Is There a Link?**, discussed by Andrey Pavlov, (Simon Fraser University) coauthored with Susan Wachter (University of Pennsylvania– Wharton School). The second keynote



May 2010 Postdoctoral Honorees L-R: Dr. Jay Hartzell, Dr. Morris Davis and Dr. Xudong An.

Comments From May Session Presentations

Comments of Brad Case, Keynote Speaker

What Have We Learned?

The past three years have seen two years of strong decline in publicly traded REITs followed by one-plus year of strong recovery, while private real estate investments have shown two-plus years of decline but will probably not recover before the end of the year.

Comparing returns over the last full market cycle reveals that publicly traded REITs provided substantially stronger net returns than any of the available measures of private real estate investments, even those (value added and opportunistic private equity real estate funds) that used dramatically higher leverage. Surprisingly, the comparison holds even when we restrict the analysis to the last bull market, when leverage had its greatest positive impact. Although it is difficult to pinpoint the reason for such strong outperformance, it seems likely to lie in the different business models of publicly traded REITs and private equity real estate funds—particularly the superior liquidity, transparency, and governance (alignment of interest) of publicly traded REITs, which provide monitoring and discipline that force superior investment decision making, and REITs' superior access to capital markets, which enable them to acquire and dispose of properties at favorable times (buy low, sell high) rather than in response to capital flows.

- Brad Case, Ph.D.
Vice President, Research & Industry Information
National Association of Real Estate Investment Trusts® (NAREIT)

Model Stability and the Subprime Mortgage Crisis

The subprime mortgage crisis has invoked many doubts about the stability of mortgage default risk models and thus their forecasting capacity. With formal Wald tests, we find that mortgage default risk hazard models are reasonably stable over time. For example, backend ratio, FICO score, occupancy status and loan purpose are very consistent predictors of default. However, unprecedented house price decline and dramatic policy change have altered borrower behavior, which affects model stability in the recent two years, especially 2009.

- Xudong An
Assistant Professor of Finance, San Diego State University
Paper co-authored by Vincent Yao (University of Arkansas and Fannie Mae), Yongheng Deng (University of Southern California), and Eric Rosenblatt (Fannie Mae)

Asymmetric Information, Adverse Selection, and the Pricing of CMBS

Asymmetric information between sellers (loan originators) and buyers (investors and securities issuers) of commercial mortgages gives rise to a standard "lemons problem", whereby portfolio lenders use private information to liquidate lower quality loans in CMBS markets. Conduit lenders, who originate loans for direct sale into securitization markets, mitigate problems of asymmetric information and adverse selection in loan sales. Empirical analysis of 141 CMBS deals and 16,760 CMBS loans shows that upon controlling for observable determinants of loan pricing, conduit loans enjoyed a 34 bps pricing advantage over portfolio loans in the CMBS market, which is consistent with the theoretical model results.

- Xudong An
Assistant Professor of Finance, San Diego State University
(*Paper co-authored by, Yongheng Deng (University of Southern California) and Stuart A. Gabriel (University of California - Los Angeles)*)

REITs – Ahead of the Market or Just Out of Synch?

REIT stocks are ahead of the underlying property market fundamentals, having done the "right" things in 2009-10, i.e. focused on internal growth, sold non-core assets, issued unsecured debt (\$19.5 billion) and equity (\$26.8 billion), refinanced, joint ventured with some paying dividends with stock vs. cash. There is a greater bifurcation between the strong and the weak REITs as well.

REIT performance is ahead of the other indices – 17% YTD total return (at 5/11/10) vs. 3% for DJIA, 4.7% for NASDAQ, and 11.6% for Russell 2000. Although there have been more downgrades than upgrades the past few years, there are increasing upgrades and positive outlooks, in addition to seven newly rated companies this year.

Most REITs made it through the recession and are poised to survive market volatility – with moderate leverage (albeit increasing), solid unencumbered pools of assets, and stable fixed charge coverages. The majority have solid liquidity profiles — many can cover their upcoming debt maturities for the new few years from their revolvers and cash accounts even without accessing the market.

Although Moody's has a negative outlook on the fundamentals of most sectors (multifamily, retail, office, industrial and lodging), the preponderance of the REITs in all sectors (multifamily, retail, office, healthcare and prisons) have a stable outlook now — indicating that the rating outlooks and financial metrics/positions of most companies have stabilized.

- Merrie Frankel, Vice President and Senior Credit Officer
Commercial Real Estate Finance Group
Moody's Investors Service

REITs – Are They Overvalued?

U.S. REITs look to be overvalued versus current estimates of the value of properties held by those REITs. However, valuations look to be close to fair value if growth prospects (as estimated by several approaches) are factored in... BUT, investors appear to be pricing in growth 3-4 years out.... enough time for any disappointment in earnings/guidance to drive a correction in the share prices.

- Michael C. Hudgins
Vice President and Global REIT Strategist
J.P. Morgan
Asset Management

Three Phantoms of the Opera

Both residential and office asset classes in South Florida are experiencing distress with high vacancies in existing and new office space. Luxury condominiums are overbuilt, and are being slowly absorbed as a result of drastic price reductions. This has caused reset pricing in mature and formerly stabilized condominium projects

The Statutory Requirement for foreclosing lenders to pay the lower of six months condominium association fees or 1% of the loan balance is amplifying the distress as lenders postpone taking certificates of title which in turn starves associations of much needed cash. The result is destabilized condominium associations which chills buyers and lenders alike.

The significant price declines have resulted in a lower tax base that reduces cash available for municipalities, thus reducing much needed services which are requisite for a stable and recovering marketplace. This reduction in services affects all asset classes.'

- Richard M. Langhorne
Principal, The Langhorne Company

What is there to buy, and why would investors buy it?

While estimates vary, a recent study from the Brookings Institution stated that nearly 90% of growth in the global middle class will come from the Asia-Pacific region in the next 10 years, with almost no middle class growth in developed countries. More than 1 billion new people will reach middle class status in Asia, with more than 600 million in China alone. This creates a large opportunity for real estate investors as it represents new demand for institutional quality real estate. In addition, emerging middle classes have already created a need for formalized retail and capital markets, infrastructure and other assets that are of institutional quality. However, developed markets including the US continue to have a role in institutional portfolios for size, stability and diversification - e.g., the US continues to exhibit low correlation to the Asian markets. Cyclical factors such as pricing and construction cycles must also be considered in the near-term.

- Paige Mueller
Senior Vice President, GIC Real Estate

REITs and Underlying Real Estate Markets: Is There a Link? offers an innovative method for computing the returns of the real estate properties underlying each REIT using the Moody's/REAL commercial property price indices by region and property type. We find a statistically significant relationship between REIT and real estate returns in the office sector. Other property types offer only very weak and insignificant relationships. This finding suggests that direct real estate investment or investment through the CPPI indices cannot be readily replicated using REITs. Nonetheless, REITs offer substantial diversification benefits, as has been shown in prior studies.

- Andrey Pavlov
Associate Professor, Simon Fraser University
*Co-authored by Susan Wachter,
University of Pennsylvania – Wharton School*

What is there to buy, and why would investors buy it?

The steps taken to stabilize the financial system have succeeded in substantially lowering the pricing of private commercial mortgages originated by institutional portfolio lenders. The improvement in pricing has been the most significant for loans viewed of being higher quality, rated M2 or higher. Pricing still remains expensive for lower rated loans.

There appears to be no bias toward specific property types, with the spread over treasury rates charged compressing for all four major property types. The spread on office and industrial loans have compressed the most with retail loans still commanding higher premiums. Multifamily loans remained fairly stable due to the presence of the GSEs in the market.

While pricing for loans is coming down, risk tolerance remains extremely low with loan to value continuing to fall and debt service coverage ratios increasing.

Institutional portfolio lenders, outside of commercial banks, have aggressively managed portfolios to avoid recognizing losses, that would trigger higher risk-based capital withholding requirements. This has kept the delinquency rate for this group extremely low during this cycle.

- Andy Warren
Managing Director - RE Research
Principal Global Investors

Shopping, Relationships, and Influence in the Market for Credit Ratings

The paper theoretically examines issuers' incentive to create an optimal capital structure for structured securities. Theory also suggests that credit rating agencies (CRAs) play a positive role in reducing asymmetric information problems that exist between issuers and investors. This in turn provides issuers the incentive to influence bond rating-capital structure outcomes through the provision of soft information or through other means. Empirical analysis of commercial mortgage-backed securities (CMBS) supports many of the theoretical predictions. After controlling for endogeneity in issuer-CRA matching and investigating the time-series matching relations between issuers and CRAs, we find that issuer and CRA engage in varied and complex relationships that often affect rating outcomes. The evidence also suggests that investors do not adjust security prices for soft information or relationship effects.

- Jun Zhu
Postdoctoral candidate (University of Wisconsin-Madison)
Paper coauthored by Tim Riddiough (University of Wisconsin-Madison)

The New Brave World of CMBS – Where Do We Go From Here?

From its peak spread, the CMBS market has recovered enough that four new issue deals have been completed since November 2009 (after an 18 month hiatus). There appears to be strong demand for CMBS deals that are structured simply and conservatively.

The CMBS conduit lenders appear be willing and able to lend, but the supply of “lendable” deals is not as great as was initially anticipated - mostly due to equity shortfalls at the property capital stack level. However, there is a bifurcation in the market, with trophy assets, investment-grade borrowers, and Class A buildings in gateway cities having no trouble transacting and finding debt.

- Tyler Wiggers, CFA
Sr. Analyst\Trader Markets Group - CRE and CMBS
New York Federal Reserve Bank

Saturday's Weimer School Keynote Speaker: Dr. Philip Mirowski

Inherent Vice: Minsky, Markomata and the Tendency of Markets to Undermine Themselves



The Saturday keynote speaker at the May Weimer School was Dr. Philip Mirowski, Carl E. Koch Professor of Economics, University of Notre Dame. Dr. Mirowski’s areas of specialization are the history and philosophy of economics, computational economics, the economics of science and technological change, science studies and history of the natural sciences. [Ed. Note: Dr. Mirowski’s work is in a broad genre that includes complexity theory, behavioral economics, bioeconomics, dynamic systems analysis and other alternatives/modifications to neoclassical economic analysis.]

Speaking generally from his paper, “Inherent Vice: Minsky, Markomata and the Tendency of Markets to Undermine Themselves,” Dr. Mirowski asserts that rather than looking for scapegoats for the current recession such as Wall Street greed, the failure of rating agencies, improper assessment of risk, lack of regulation, and the promulgation of derivatives with their accompanying leverage, we need to “uncover deeper forces” that will “begin with the renunciation of obsession with culprits” and turn “towards longer-term historical structures, and perhaps even more importantly, the role of economic theory in framing those structures.”

The world of derivatives created a layering of markets and an increased complexity that cannot be insured away. Computational failures of linkages among markets become more frequent and severe. Prices of derivative instruments become uncoupled from the prices of underlying assets, creating a crisis of complexity where regulations are tightened, some providers disappear and, in effect, the reset button is hit. Dr. Mirowski sees the increased complexity in certain markets as a manifestation of a larger historical trend; a case of “inherent vice.”

Introducing the 2010 Hoyt Fellows

Brad Case, Catherine (Cate) Polleys, Richard Roethke and Rhea Thornton were inducted as Hoyt Fellows at the May 2010 session. They join the 80 Hoyt Fellows, who are distinguished by their professional careers and by their interest in real estate research and its practical applications. Hoyt Fellows participate in the Weimer School where they interact with the Weimer School Fellows, providing counsel, data and financial support. Weimer School Fellows reciprocate by attending the Hoyt Fellows sessions, offering their perspective on activities in the business of real estate.

The 2010 Hoyt Fellows



Brad Case

Brad Case is Vice President, Research & Industry Information for NAREIT, the National Association of Real Estate Investment Trusts, where he conducts research on the role of real estate investment through publicly traded REITs in individual and institutional portfolios. He disseminates his research and that of independent academics – including many Weimer School Fellows—through direct meetings with investment consultants, pension plan sponsors, and other members of the institutional investment community, as well as through conference presentations, articles, webinars, guest lectures, and other means. Prior to joining NAREIT, Dr. Case worked on commercial and residential mortgage portfolio risk with the Federal Reserve Board, and before that taught statistics and econometrics at the College of William and Mary.

He earned his Ph.D. with Bob Shiller and Will Goetzmann at Yale, his M.P.P. with John Quigley at UC-Berkeley, and his B.A. with caffeine at Williams College.

Cate Polleys, principal in Ennis Knupp Associates, serves as the leader of the firm's global real estate research group and is the primary consultant for a select number of Ennis Knupp real estate retainer and project clients. Cate has a unique blend of public and private, domestic and global commercial real estate experience that spans 19 years.

Prior to joining Ennis Knupp in 2009, Cate was the Director of Research for real estate at Fidelity Investments. Previously she served as the Vice President and Director of Strategic Consulting at Torto Wheaton Research. Other work experience includes private real estate development and investment management in both the U.S. and Southeast Asia, and as a teacher and co-coordinator of mathematics at the Chinese International School in Hong Kong.



Cate Polleys

Cate earned a Bachelor of Science degree in Civil Engineering from Brown University and a Master of Science degree in Real Estate Development from the Massachusetts Institute of Technology. She is currently the president-elect of the National Council of Real Estate Investment Fiduciaries (NCREIF), as well as a past chair of NCREIF's Research Committee, and serves on the Pension Real

In 1988 **Richard P. Roethke** founded Barrington Investment Company, LLC, a real estate investment and development company specializing in the sophisticated and complex acquisition, development, adaptive redevelopment, and turnaround of income producing properties, real estate investment consultation, and relocation. Mr. Roethke also founded and is CEO of Barrington Management Co., Inc., which specializes in managing Barrington properties and provides consultation and fee management services for lending institutions and private clients.



Richard Roethke

Mr. Roethke also serves on the advisory boards of three university business schools in the areas of real estate and entrepreneurship.

Rhea Thornton is Fannie Mae's vice president for Credit Risk Oversight (CRO) – Housing and Community Development (HCD). She reports directly to the senior vice president – Credit Risk Oversight. Thornton is responsible for leading a team that provides oversight of the management of Multifamily and Commercial credit exposures. She oversees compliance with the principles established in the Corporate Credit Risk Policy, including ensuring that businesses have put in place policies, limits, and procedures to implement sound credit risk management practices. Thornton reviews risk reporting to assess risk levels against established limits to identify emerging credit risk trends proactively; assesses the adequacy of risk measurement analytics and staffing for analytic development for purposes of identification and oversight of potential credit risk issues in HCD businesses. Thornton is also responsible for developing risk and limit metrics for HCD and for representing CRO on various committees within HCD, leading the development and maintenance of corporate level credit policies governing HCD and assisting in producing communications relating to HCD division's credit risks for external constituents.



Rhea Thornton

Prior to joining Fannie Mae in October 2006, Thornton was the owner of RD Enterprises, LLC, a business engaged in real estate investment, development, and management. Previously, she was with Wachovia/First Union for 14 years, and held various senior leadership roles including Managing Director, portfolio and business analytics within the Corporate and Investment Banking Group, and Senior Vice President, responsible for Portfolio Modeling and Analytics within the Corporate Risk Management Group; Thornton was First Union's first Chief Appraiser, and developed corporate standards for compliance with FIRREA. Thornton also has substantial background in property management and commercial real estate valuation. Thornton has a bachelor of science in real estate finance from Indiana University School of Business.

Two New Weimer School Faculty in 2011!



Jim Shilling

The Weimer School welcomes two new faculty in 2011. **Jim Shilling** (Weimer School Fellow - 1995) and **Stuart Gabriel** (Weimer School Fellow - 2000) have graciously accepted Dean David Ling's invitation to join the Weimer School Faculty. Weimer School Faculty are nominated by the sitting faculty and confirmed for six year terms renewable by the M₅ASI board of directors. Jim and Stuart will be joining faculty members Dr. Dennis Capozza, Dr. John Clapp, Dr. Bob Edelstein, Dr. Jeff Fisher, Dr. Jim Follain, Dr. Richard Green, Dr. Don Haurin, Dr. David Ling, Dr. Stephen Malpezzi, Dr. Norm Miller, Dr. Henry Pollakowski, Dr. John Quigley, Dr. Kerry Vandell, Dr. Susan Wachter and Dr. John Williams.

James D. Shilling is the Michael J. Horne Chair in Real Estate Studies at DePaul University. A prolific scholar, Shilling has produced more than 80 journal articles, studies, books and book chapters. His work has examined real estate investment

trusts and the role of real estate in institutional investors' portfolios; mortgage securitization; commercial mortgage default real estate asset pricing housing finance and urban economics.

Professor Shilling holds a bachelor's degree from Otterbein College and master's and doctoral degrees in economics from Purdue University. He was a member of the University of Wisconsin's faculty between 1990 and 2006 where he was the James A. Graaskamp Professor of Real Estate and Urban Land Economics. In addition, he taught at Cambridge University, where he held the Grosvenor Professor of Real Estate Finance in the Department of Land Economy. He previously lectured at the University of Pennsylvania's Wharton School and Louisiana State University. He has also worked for the Federal Home Loan Bank Board.

Professor Shilling is a past president of the American Real Estate and Urban Economics Association and a past editor of its top-ranked journal Real Estate Economics. He has been honored by a number of prestigious organizations and is a fellow of several, including the Urban Land Institute, Royal Institution of Chartered Surveyors (RICS), Real Estate Research Institute, and the Weimer School of Advanced Studies in Real Estate and Land Economics. Professor Shilling is also a Counselor of Real Estate.

Stuart A. Gabriel is Director of the Ziman Center for Real Estate at UCLA and is Arden Realty Chair and Professor of Finance at the UCLA Anderson School of Management. His research focuses on topics of real estate finance and economics, housing and mortgage markets, urban and regional economics, and macroeconomics. Prior to joining the UCLA faculty, Professor Gabriel was the Lusk Chair in Real Estate and Professor of Finance and Business Economics at the University of Southern California.



Stuart Gabriel

He also served on the economics staff of the Federal Reserve Board in Washington, D.C. and was a Visiting Scholar at the Federal Reserve Bank of San Francisco. He holds a Ph.D. in Economics from the University of California, Berkeley.

Professor Gabriel has published approximately 60 articles in economics and finance journals and serves on the editorial boards of seven academic journals. He is the winner of a number of awards for both teaching excellence and for the quality of his published work. Professor Gabriel is a past President of the American Real Estate and Urban Economics Association, a member of the Board of Directors of the Genesis Los Angeles Economic Growth Corporation and a Fellow of the Weimer School of Advanced Studies in Real Estate and Land Economics. He serves on the Board of Directors of KBS REIT and is a consultant to numerous corporate and governmental entities.

Have You Registered for January? Preview of the January 14-16, 2011 Weimer School Session

Registration materials have been or soon will be sent for the January 14-16, 2011 Weimer School session. Please respond quickly to reserve your room at the Hilton Resort on Singer Island. Registration materials can be obtained by contacting Carol Reynolds at weimer@hoyt.org, Hoyt Center, 760 US Highway 1, Suite 300, North Palm Beach, FL 33408 or by calling (561) 694-7621.

The January Weimer School features Fellow candidates returning to discuss their research requisite to obtaining Fellow status. Returning candidates are **Dr. Andrea Heuson** (University of Miami – "*Professional Regulation and Housing Appreciation Rates*"), **Dr. Martin Hoesli** (University of Geneva – "*Land Leverage and House Prices*"), **Dr. John D. Landis** (University of Pennsylvania – "*The Determinants of Metropolitan Land Use Change*") and **Dr. Seow Eng Ong** (National University of Singapore - – "*IPOs of Asian REITs: Role of Sponsorship*"). The returning candidates will be joined by the 2011 Halbert C. Smith Honorary Fellow, **Dr. Robert Buckley** (Rockefeller Foundation). See article, page 12.

The 2012 class of Fellow candidates will discuss their proposed research to be accomplished during the coming twelve months. The 2012 class includes **Dr. Steven C. Bourassa** (University of Louisville), **Dr. Gary V. Engelhardt** (Syracuse University), **Dr. Robert W. Helsley** (University of California, Berkeley), **Dr. Gary D. Painter** (University of Southern California), and **Dr. Colin Lizieri** (University of Cambridge).

The January 2011 session will convene on Thursday, January 13th, for an evening welcoming reception, with sessions beginning Friday, January 14th and ending at noon on Sunday, January 16th. The 2011 graduation banquet is on Friday, January 14th. Participants stay at the Hilton – Singer Island with all sessions at the Hoyt Center, 760 US Highway 1, North Palm Beach, Florida.

See you there!



Robert Buckley

Dr. Robert Buckley 2011 Halbert C. Smith Honorary Weimer School Fellow

The Weimer School is pleased to have Dr. Robert Buckley as the 2011 Halbert C. Smith Honorary Fellow. Notable for their distinguished careers, Honorary Fellows are nominated by the Weimer School Faculty and approved by the M₅ASI board of directors. Dr. Buckley will be inducted at the January Weimer School session.

Dr. Buckley joined the Rockefeller Foundation in 2008. As a Managing Director, he provided leadership and strategic direction for select Foundation initiatives, particularly related to urbanization in developing countries. Currently in the role of Advisor, Dr. Buckley is working as a full member of the Urban Team and on other initiatives as needed. He also teaches at the New School as a Senior Fellow in the Graduate Program in International Affairs.

Prior to joining the Foundation, Dr. Buckley worked at the World Bank as an advisor and lead economist. He has worked in more than 50 developing countries and has written widely on urbanization, housing and development issues.

He has also taught at several universities, including Syracuse, Johns Hopkins, and the University of Pennsylvania. In addition to having been a Fulbright Scholar, he has been supported by the Marshall Fund and the National Science Foundation.

2010 Valuation Colloquium Hosted by the Pennell Center, Clemson University November 11-13, 2010

The Maury Seldin Advanced Studies Institute and the Homer Hoyt Institute joined the Appraisal Institute, the Pennell Center and other sponsors to provide support for a Valuation Colloquium in Greenville, South Carolina, November 11-13, 2010. Hosted by the Richard H. Pennell Center for Real Estate Development at Clemson University, the event is being organized by a planning committee of **Elaine Worzala** (Weimer School Fellow – 2005), Clemson; **Nick French**, Oxford Brookes University; **C. F. Sirmans** (Weimer School Fellow – 1986), Florida State University; **Jeff Fisher** (Weimer School Fellow – 1991), Indiana University; and **Ken Lusht** (Weimer School Fellow – 1987), Pennsylvania State and Florida Gulf Coast University.

Invited academic and professional valuation specialists will discuss the challenges facing today's valuation profession. Proceedings of the Colloquium are expected to be published in the Journal of Property Investment and Finance.

This Colloquium will be almost fifty years after a similar event organized by Richard U. Ratcliff at the University of Wisconsin, and twenty-five years after a second event organized by **James Graaskamp** (Weimer School Fellow – 1985), **Bill Kinnard** (Weimer School Honorary Fellow - 1984), **Jerry Dasso** (Weimer School Fellow – 1987) and **Don Dorchester** (Hoyt Fellow – 2003).

Colleagues in the News...

David Albouy (Dissertation Award Winner - 2008) will be a Visiting Scholar at the New York University Department of Economics and Wagner School of Public Policy for the 2010-2011 academic year.

Doug Bible (Weimer School Fellow - 1996) has been appointed Associate Dean of the College of Business, Education and Human Development at the University of Louisiana in Shreveport.

Paul Cheshire (Weimer School Fellow - 2007) was awarded the European Investment Bank-European Regional Science Association Prize for 2009.

Jack Friedman (Weimer School Fellow - 1988) has consulted internationally in France, Brussels, Belgium as well as the U.S. and has prepared the 7th ed. Barron's Real Estate Handbook, 8th ed., Real Estate License Examinations: Broker, Salesperson, Appraiser (2010), and 5th ed. Barron's Keys to Investing in Real Estate (2010).

Yuming Fu (Post Doctoral Honoree - 2002) has been appointed Vice Dean (Research) at the School of Design and Environment at the National University of Singapore.

John Glascock (Weimer School Fellow - 1995) has been appointed Visiting Faculty at the European Business School, Dept. of Finance and Real Estate, Wiesbaden, Germany. He is also serving as a NAIOP Scholar having been nominated by the local Chapter of NAIOP in Cincinnati and has been appointed a Board Member of the Home Builders Association of Greater Cincinnati.

William Goetzmann (Post Doctoral Honoree - 1994) was awarded the Financial Analysts Journal annual Graham and Dodd Award for Best Article. The Edwin J. Beinecke Professor of Finance and Management and Director of the International Center for Finance at Yale SOM, (with co-authors Stephen Brown (New York University), Bing Liang (University of Massachusetts), and Christopher Schwarz (University of California, Irvine), were honored for their article "*Estimating Operational Risk for Hedge Funds: The ?-Score.*" The article appeared in the January/February 2009 issue of the Financial Analysts Journal.

Michael Lacour-Little (Weimer School Fellow - 2007) received the Award for the Best Paper Published in the Journal of Real Estate Research during 2009 for his sole-authored paper "*The Pricing of Mortgages by Brokers: An Agency Problem?*" The award was given at the annual ARES Meeting in April 2010. The paper, co-authored with Jing Yang of California State - Fullerton, entitled "*Taking the Lie Out of Liar Loans: The Effect of Reduced Documentation on the Performance and Pricing of Alt-A and Subprime Mortgages,*" has won the ARES 2010 award for Real Estate Finance sponsored by Real Capital Analytics.

George Lentz (Post Doctoral Honoree - 1987) retired from California State Polytechnic University, Pomona in

June. He is also involved with the Osher Lifelong Learning Institute in Fullerton, CA.

Norm Miller (Weimer School Fellow - 1992 and Faculty Member - 1993) joined the CoStar Group to direct the integration of PPR's analytic and forecasting assets with CoStar's database of comprehensive real estate information.

Bill Mundy (Weimer School Fellow - 1992) in semi-retirement, conducted a market analysis and feasibility study for an Automated Parking Facility (something that may soon render structured parking with ramps and lanes obsolete), continued his farming activities which includes his on-going work with WSU on grape viability in harsh climatic areas, and spent a month bicycling, among other things, through Southern Africa and two weeks this summer bicycling through the U.S. and Canadian San Juan Islands.

Sandra (Santee) Newman (Weimer School Fellow - 2010) The Miripol-Pfeffer Award in Urban Community Development was established in honor of Professor Santee Newman at the Johns Hopkins University Graduate Program in Public Policy. The award was established by one of Santee's former students and his family. This award is given to the graduating master's in public policy student with an urban redevelopment concentration who has demonstrated excellence in academic coursework and the energetic pursuit of "on the ground" skills in urban community development and sustainability.

Jaren Pope (Dissertation Award Winner - 2007) joined the faculty in the Department of Economics at Brigham Young University. This year Jaren has had a David C. Lincoln Fellowship from the Lincoln Institute of Land Policy.

John Quigley (Weimer School Fellow - 1993), with collaborators **Piet Eichholtz** (Weimer School Fellow '01) and Nils Kok (Maastricht University) received the 2010 Award of Research Excellence from the United Nations Environmental Program (UNEP) in support of its Principles of Responsible Investment for their paper entitled "*Research on the Economics of Sustainability.*" John received the award at a ceremony sponsored by UNEP in Copenhagen in May 2010.

Lynne Sagalyn (Weimer School Fellow - 1994) has been appointed Vice Chairperson of publicly traded UDR (NYSE: UDR). Lynne has served on the UDR board since the late 1990s.

Maury Seldin (Weimer School Honorary Founding Fellow), Realtor Chair Professor Emeritus, Kogod School of Business, American University, was awarded the Kogod Community Leadership Award, April 15, 2010, for his exceptional leadership in business and significant impact in the community. - *Continued*

Grant Thrall (Weimer School Fellow - 1992) has accepted the position of Martha and Robert Fogelman Family Chair of Excellence in Sustainable Real Estate, Department of Finance, Insurance and Real Estate of the Fogelman College of Business and Economics, The University of Memphis. He is the first recipient of the Association of American Geographers Award for Distinguished Scholarship in Business Geography.

John Weicher (Weimer School Fellow - 1984) has been named to the Editorial Advisory Board of CityScape, published by HUD's Office of Policy Development and Research. John has also co-authored a major study of "The Long-Term Dynamics of Affordable Rental Housing," with Frederick Eggers and Fouad Moumen.

The two-year project was funded by the MacArthur Foundation. John and his colleagues have now begun to expand and extend their research also with funding from the MacArthur Foundation.

John Williams (Weimer School Fellow 1994 and Faculty Member 2002) is the 2011 President of the American Real Estate Society, which will meet in Seattle in 2012.

Elaine Worzala (Weimer School Fellow - 2005) has been awarded the CRE (Counselor of Real Estate) credential by The Counselors of Real Estate. Elaine is director of the Richard H. Pennell Center for Real Estate Development and a professor of real estate at Clemson University.

M_SASI and Weimer School Events and Awards

2010 AREUEA Breakfast

M_SASI sponsored its annual breakfast for Weimer and Hoyt fellows, Weimer Fellow Candidates, Post Doctoral Honorees, AREUEA Dissertation winners and M_SASI winners recognized by AREUEA during the 2010 AREUEA meetings, January 3-5, 2010 held at the Hilton in Atlanta, Georgia. The event was attended by more than 30 people.

2010 ARES Breakfast

M_SASI hosted its annual breakfast at the April 2010 26th Annual ARES meeting at the Naples Beach Hotel and Golf Club in Naples, Florida April 17-18, 2010. More than 40 persons attended.

2011 AREUEA Breakfast

M_SASI will sponsor its annual breakfast for Weimer and Hoyt fellows, Weimer Fellow Candidates, Post Doctoral Honorees, and Dissertation winners at the 2011 AREUEA meetings, January 7-9, 2011 in Denver, Colorado. Invitations containing particulars will be sent this Fall and a prompt reply will be appreciated.

2011 ARES Breakfast

M_SASI will sponsor its annual breakfast for Weimer and Hoyt fellows, Weimer Fellow Candidates, Post Doctoral Honorees, and Dissertation winners at the 2011 ARES meetings, April 13-16, 2011 at the contemporary Seattle Waterfront Marriott. A prompt reply will be appreciated when you receive the invitation.

AREUEA Dissertation Awards

HHI provides AREUEA dissertation awards annually in honor of Dr. Maury Seldin. Recipients are chosen by an AREUEA committee and announced at the AREUEA Presidential luncheon. Award recipients in 2009 were **Dr. Benjamin Keys** (Board of Governors of the Federal Reserve System) and **Dr. Daniel Hartley** (Federal Reserve Bank of Cleveland).

ARES Awards

The M_SASI-sponsored prize for the 2008 "Best" Paper on Innovative Thinking, better known as the "Thinking Out of the Box" award was given at the annual ARES meetings. The winner is **Randall S. Guttery** (University of North Texas), for his paper entitled "Determining the Most Economically Vibrant Metropolitan Statistical Areas: Creating a Residency Preference Ranking Model." The Award for the "Best" Paper published in the *Journal of Real Estate Research* during 2009 was presented to 2007 Weimer School Fellow, **Michael Lacour-Little**, for his paper entitled "The Pricing of Mortgages by Brokers: An Agency Problem?"

AsRES Awards

This year's winner of the Maury Seldin Advanced Studies Institute-sponsored "Best" Paper award presented at the 15th Asian Real Estate Society International Conference is **Jyh-Bang Jou** (Massey University and National Taiwan University) for his paper entitled "Determinants of Efficient Growth Boundaries with Balanced Budgets and Stochastic Rents."

IN MEMORIAM



2007 Honorary Fellow
Dick Netzer
(1929-2008)

The Homer Hoyt Institute and the Maury Seldin Advanced Studies Institute extend their deepest sympathies to the family of Dr. Dick Netzer, the 2007 Honorary Fellow of the Weimer School of Advanced Studies in Real Estate and Land Economics.

Dr. Netzer was an authority in urban public finance and urban economics. Over a productive career of more than 40 years, Dick authored or coauthored more than 200 books, articles and papers, including Economics of the Property Tax (Brookings, 1966) and Economics and Urban Problems (1974). During his career, Dick counseled New York City mayors John Lindsay and Abraham Beane, and New York governors Hugh Carey and Mario Cuomo.

From 1969-1982 Dick served as Dean of the Graduate School of Public Administration (now the Wagner Graduate School of Public Service), New York University, and was the founding director of the Taub Urban Research Center. Dick also was a supporter of the arts, publishing The Subsidized Muse (1978) and serving as a founding director of the Adolph and Esther Gottlieb (Dick's aunt) Foundation, which provides grants to individual artists.

Dick Netzer's career was distinguished and purposeful ; the Weimer School is proud to have him as an Honorary Fellow.

Property Donations

HHI actively solicits gifts of real property interests

The administration of HHI would be pleased to discuss the financial and non-financial benefits of a donation with any interested individuals or organization. Transfer may be part gift and part sale. Such gifts support real estate education and research through the Homer Hoyt Institute and the Maury Seldin Advanced Studies Institute.

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CALENDAR OF EVENTS

OCTOBER 2010

**PREA
 20th Annual Plan Sponsor Real
 Estate Conference**
 October 4 - 6, 2010
 The Westin St. Francis
 San Francisco, CA

**2010 ULI Fall Meeting and Urban
 Land Expo**
 October 12 - 15, 2010
 Walter E. Washington Convention
 Center
 Washington, D.C.

CRE 2010 Annual Convention
 October 17 - 20, 2010
 Four Seasons Hotel ·
 Philadelphia, PA

**PREA
 20th Annual Plan Sponsor Real
 Estate Conference**
 October 4 - 6, 2010
 The Westin St. Francis
 San Francisco, CA

OCTOBER 2010 - CONTINUED

**2010 ULI Fall Meeting and Urban
 Land Expo**
 October 12 - 15, 2010
 Walter E. Washington Convention
 Center
 Washington, D.C.

2010 IREM iCon
 October 19 - 23, 2010
 Hilton Orlando Bonnet Creek &
 Waldorf Astoria Resort
 Orlando, FL

NOVEMBER 2010

**ICSC
 Southeast Conference**
 November 8 - 10, 2010
 Cobb Galleria Centre
 Atlanta, GA

NOVEMBER 2010 - CONTINUED

**Mortgage Bankers Association
 (MBA)
 Accounting, Tax & Financial
 Management Conference**
 November 17 - 19, 2010
 The Roosevelt New Orleans
 New Orleans, LA

JANUARY 2011

46th Annual AREUEA Conference
 January 7 - 9, 2011
 Denver Marriott City Center
 Denver, CO

Weimer School Session
 January 14 - 16, 2011
 The Hoyt Center
 North Palm Beach, FL

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