



NEWS FROM

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# M<sub>S</sub>ASI & HF LLC

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



## Hoyt Fellows - Weimer School Sessions May 17- 20, 2012



Hoyt Fellows Meeting Presenters L-R: Michael Hudgins (Front), Jeff Havsy (Back), Bill Hughes, Glenn Mueller, Bob White, Jeff Fisher, Tyler Wiggers, Clint Myers, Jim Clayton, Andy Warren, Greg MacKinnon, Hans Nordby and Paige Mueller

The 69 attendees at the May 2012 Hoyt Fellows and Weimer School sessions experienced an exceptional program coordinated by **Greg MacKinnon** and **Michael Hudgins** for the Hoyt Fellows meeting and **Susan Wachter** and **Jim Shilling** for the Weimer School session. The Hoyt Fellows session featured the theme of "Running the Base Path of the Real Estate Cycle" and the Weimer School session's theme was "Multi-family Housing & Real Estate in the Macro-economy." The Hoyt Fellows meeting on Thursday blended seamlessly with the Friday morning session of the Weimer School, fostering interaction among Hoyt and Weimer School Fellows. Four Post-Doctoral honorees discussed their research on Sunday morning.

The Thursday Hoyt Fellows meeting featured panels on topics relating to the theme of "Running the Base Path of the Real Estate Cycle." The first panel consisted of **Glenn Mueller** (University of Denver), **Andrew Warren** (Principal Real Estate Investors) and **Jeffrey Fisher** (Homer Hoyt Institute) and focused on the topic of "First Base...Core (Is core overpriced...and how do you know?)." The second session's panelists were **Robert White** (Real Capital Analytics), **Hans Nordby** (PPR/CoStar), **Jeffrey Havsy** (NCREIF)

and **Jeffrey Fisher** (Homer Hoyt Institute). The discussion centered on "Getting to Second Base...Secondary Markets (Where's the Next Hot Dot?)" After breaking for lunch, the afternoon finished with the last two panels, "Rounding Third...Applying Leverage (Are we doomed to eventually repeat the whole thing again?)," with panelists **Jim Clayton** (Cornerstone Real Estate Advisers) and **William Hughes** (UBS Global Asset

Management Real Estate). The final panel members, **Paige Mueller** (GIC Real Estate) and **Clint Myers** (Abu Dhabi Investment Authority) discussed "Going Off the Base Path...International Markets (Is there value in foreign markets?)."

The Weimer School session began Friday morning with a panel on "Multi-family Housing," chaired by **Susan Wachter** (University of Pennsylvania) and featured **Mitch Clarfield** (Deutsche Bank Berkshire Mortgage), **Mark Willis** (NYU Furman Center for Real Estate and Urban Policy), **Shekar Narasimhan** (Beekman Advisors, Inc.) and **Frank Nothaft** (Freddie Mac). (Cont. on page 2)

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Mid-morning on Friday, Session Chair, **Jim Shilling**, initiated the "Real Estate in the Macro-Economy" portion of the session. Presentations included **Pedro Gete** (Georgetown University), "Imperfect Information, Lending Standards and Macroprudential Policies;" and **Manuel Adelino** (Dartmouth College), "Credit Supply and House Prices: Evidence from Mortgage Market Segmentation," **Anthony Pennington-Cross** (Marquette University), "Mortgage Default Risk and Local Unemployment;" and **Andra Ghent** (City University of New York, Baruch College), "Home Ownership, Household Leverage, and Hyperbolic Discounting."

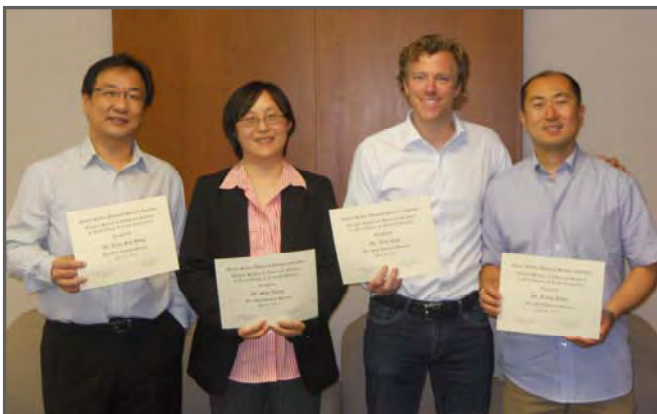
"Real Estate in the Macro-economy" continued on Saturday morning with **Wayne Archer** (University of Florida) "The Influence of Exotic Mortgage Loans in the Housing Price Bubble;" followed by **Brent Ambrose** (Pennsylvania State University) "Spillover Effects of Subprime Mortgage Originations;" and **Itzhak (Zahi) Ben-David** (The Ohio State University) "Appraisal Bias: Evidence from the Residential Real-Estate Market." After breaking for lunch, the session resumed with a panel discussion, chaired by **Jim Shilling** (DePaul University) and featuring panelists **Susan Wachter** (University of Pennsylvania) and **James Follain** (Rockefeller Institute of Government, State University of New York—Albany). The panelists fostered a discussion of the papers presented during the Saturday session.

Sunday morning was devoted to presentations by the Weimer School Post-Doctoral Honorees. Each year, a number of younger researchers are invited to discuss their research with the Weimer School

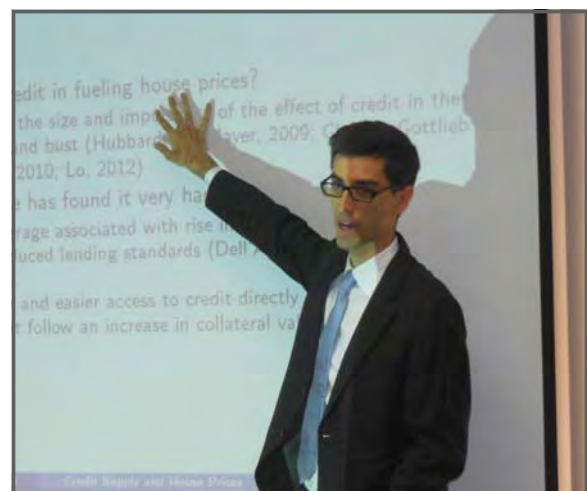


Wayne Archer presenting at the Weimer School session.

Fellows and Hoyt Fellows. These individuals are recognized for both their recent contributions and for expectation of continued productivity. The 2012 Post-Doctoral Honorees were **Dr. Nils Kok** (Maastricht University), "Commercial Building Electricity Consumption: Understanding the Role of Shocks, Structure Quality and Contract Incentives;" **Dr. Liang Peng** (University of Colorado-Boulder), "Bulletproof Cities: The Geography of Systematic Risk in Commercial Real Estate Investments;" **Dr. Tien Foo Sing** (National University of Singapore) "Corporate Governance, Real Estate Ownership and Corporate Performance;" and **Dr. Siqi Zheng** (Tsinghua University), "China's Bullet Trains Mitigate the Cost of Mega City Growth." *Summaries of Hoyt and Weimer School presentations provided by the participants can be found on pages 5-8 of this newsletter.*



2012 Post Doctoral Honorees L-R: Dr. Tien Foo Sing, Dr. Siqi Zheng, Dr. Nils Kok and Dr. Liang Peng.



Manuel Adelino presenting at the Weimer School session.

## 2012 Hoyt Fellows



New Hoyt Fellows, L-R: Jon Southard, James O'Keefe and Doug Prickett. *Not pictured here:* William J. Poorvu (unable to attend the May 2012 session).

**M**r. **Jon Southard** became a Principal of CBRE Econometric Advisors (CBRE-EA) in January 2008 and guides CBRE-EA as Director of Forecasting. Previously, Jon served CBRE-EA as the Director of Debt and was instrumental in developing and directing Commercial Mortgage Metrics, a product developed in partnership with Moody's Investor Services to analyze risk in commercial mortgage portfolios. Boston-based CBRE-EA (formerly CBRE Torto Wheaton Research) provides analysis and opinions based on its highly academic approach, many years of experience and its access to deal specific information from its parent company CB Richard Ellis. Currently, nineteen out of the top twenty Investment Managers as ranked by assets under management are clients of CBRE Econometric Advisors.

Jon has authored numerous articles for academic journals, and has been quoted widely in the press, including the Wall Street Journal and New York Times. He has been a featured speaker at real estate and economic conferences including the Urban Land Institute, Mortgage Bankers Association, American Council of Life Insurance, and Commercial Mortgage-backed Securities Association as well as conferences sponsored by the Federal Reserve and the International Monetary Fund. Jon is a member of the Urban Land Institute

(ULI) and was recently Treasurer of the Real Estate Research Institute (RERI). Jon holds a master's degree in Economics from Brown University. He received his BA in Economics from Carleton College.

**Mr. James W. ("Jim") O'Keefe** retired from UBS Global Asset Management in February 2008 where he was a Managing Director and Global Head of Real Estate and continues as a consultant to UBS serving on the Board of their Joint Venture with Mitsubishi Corporation in Japan and as the Chairman of the Investment Committee of their Global Real Estate Fund of Funds. With over 40 years of investment industry experience, Jim was directly responsible for the real estate investment management business of UBS Global Asset Management which invests in properties in Europe, Japan, the UK and the U.S., and in publicly traded real estate equities globally. It is one of the largest institutional property investment businesses in the world with at that time over \$45 billion in assets under management invested in 2,000 properties in 16 countries and a staff of over 400 located in 15 offices in 10 countries. Jim joined Aetna Realty Investors in 1993 as Chief Executive Officer. Its senior management, together with TA Associates and investment funds which they manage, purchased that business in 1996 operating it as Allegis Realty Investors until December 1999 when it was sold to UBS. *(Cont. on page 4)*

Prior to joining Aetna, Jim was a Managing Director at Morgan Stanley & Company and Kidder, Peabody and Company in New York City engaged in real estate investment banking for more than 20 years,

He is a member of the Urban Land Institute and an associate member of the National Association of Real Estate Investment Trusts and was a past President and Director of the National Council of Real Estate Investment Fiduciaries (NCREIF). He



William J. Poorvu

is the Chairman of the Real Estate Advisory Committee of the New York State Teachers Retirement System. He holds a BA from Georgetown University and an MBA from Harvard University.

**Mr. William J. Poorvu** taught and was

responsible for the real estate courses at Harvard for 35 years. He was the school's first adjunct professor with a named chair and the first non-tenured professor at Harvard University to be given Emeritus status. He is the author of several books on real estate, the two most recent being *Creating and Growing Real Estate Wealth: The 4 Stages to a Lifetime of Success* (2008) and *The Real Estate Game—The Intelligent Guide to Decision-Making and Investment* (1999).

As a practitioner Mr. Poorvu has been the managing partner in a number of private real estate companies. From 1963-1982 he was the co-founder, Vice Chair and Treasurer of Boston Broadcasters, Inc. and in 1982 a co-founder and Chair of the Baupost Group LLC, an investment firm where he currently is a Co-Chair of its Board of Advisors. For 22 years he was also an

independent Trustee of the MFS Group of Mutual Funds and has served on the board of a number of public Real Estate Investment Trusts over the years.

Mr. Poorvu is a Life Trustee and former Vice Chair and Treasurer of the Boston Symphony Orchestra, a Trustee and Treasurer of the Gardner Museum and Vice Chair of the National Public Radio Foundation and has chaired or co-chaired all three of their investment committees. He is a member of the Carnegie Corporation Investment Committee and a former member of the Yale University Investment Committee and the Yale University Council. He has served on various government commissions including the State Department's Overseas Presence Advisory Panel. Mr. Poorvu received his BA from Yale University in 1956 and his MBA in 1958 from Harvard Business School. He was the Halbert C. Smith Honorary Weimer School Fellow in 2012.

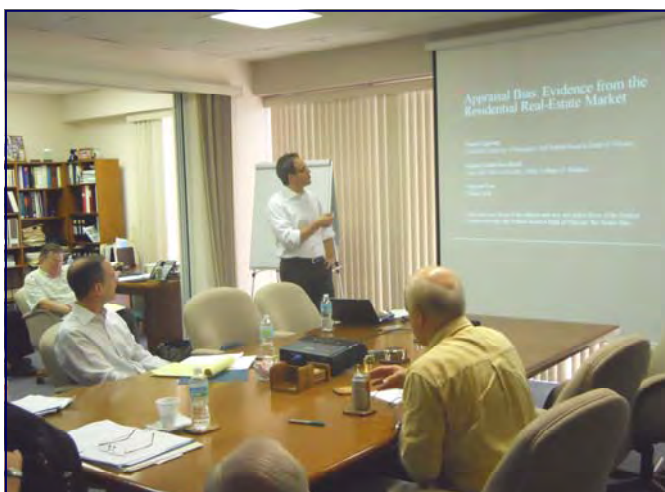
**Mr. Joe Douglas (Doug) Prickett** (2011 Hoyt Fellow Inductee) is Vice President and Director of Archon Group, L.P. (subsidiary of Goldman Sachs) providing research services for a \$5+ billion real estate and loan portfolio which entails strategic research, analytical research, and information services, all serving the investment goals of the firm. Prior to joining Archon in 1997, he served as Director of Real Estate serving as in-house corporate real estate advisor for a publicly held vertically integrated citrus and tropical fruit growing, processing and distribution company with real estate holdings in the USA, Mexico and Canada. In this role, he provided complete facility management and assessment and analysis of existing and proposed facilities. From 1983 to 1994, Doug provided various consulting services including market, property and site analysis, valuation, appraisal review, and appraisal compliance and management.

## Summaries of May 2012 Presentations

### **Credit Supply and House Prices: Evidence from Mortgage Market Segmentation**

Manuel Adelino (Dartmouth University)  
with Antoinette Schoar (MIT and NBER)  
and Felipe Severino (MIT)

Our paper shows that easier access to credit significantly increases house prices by using exogenous changes in the conforming loan limit as an instrument for lower cost and higher supply of credit. Our estimates are consistent with a local elasticity of house prices to interest rates below 10, which is at the lower end of what has been found in the literature. In line with our interpretation, the results are stronger in the first half of our sample (1998-2001) when the conforming loan limit was more important, given that other forms of financing were less common and more expensive.



Zahi Ben-David, presenting at the Weimer School session.

### **Spillover Effect of Subprime Mortgage Originations**

Brent Ambrose  
(Pennsylvania State University)

The dramatic expansion in subprime mortgage credit that fueled a remarkable boom and bust in the US housing market offers an opportunity to study linkages across markets. While many studies have examined the spillover effects of subprime credit expansion to other financial

markets, the fundamental linkage to other housing markets remains unclear. Our study fills this gap by showing how the multifamily rental market was adversely affected by the development of subprime lending in the single-family market long before the advent of the 2007/2008 subprime induced financial crisis.

We provide evidence for a fundamentals based linkage by which the effect of an innovation in one market (i.e, the growth in subprime mortgage originations) is propagated through to another market. Using a large database of residential rental lease payment records, our results confirm that the expansion in subprime lending corresponds with an overall decline in the quality of rental payments, with high-rent payers being most likely to exit the rental market to homeownership. Finally, we present evidence showing that the financial performance of multifamily rental properties reflected the increase in rental lease defaults.

### **Appraisal Bias: Evidence from the Residential Real-Estate Market**

Itzhak (Zahi) Ben-David  
(The Ohio State University)  
with Sumit Agarwal (NUS and Federal Reserve Bank of Chicago) and Vincent Yao (Fannie Mae)

Appraisers have a pivotal role in the mortgage approval process. They sign off the valuations of collateralized assets that have an effect on the lender's decision to deny, accept, or alter the loan application. Although appraisers are required to provide an unbiased assessment of asset values, their appraisals can be biased due to several factors. We use a diff-in-diff identification strategy to show that appraisals of refinanced assets are inflated by up to 3%, on average. There is significant heterogeneity in the appraisal process. For instance, appraisal bias is significantly higher for highly-leveraged transactions, when appraisers have conflict of interest, during the peak of the housing bubble, and in bubble cities. ("*Summaries*" Cont. on page 6)

### **Imperfect Information, Lending Standards and Macroprudential Policies**

Pedro Gete (Georgetown University)  
with Natalie Tiernan (Georgetown University)

We study how imperfect information about aggregate productivity affects banks' screening and lending decisions in a model with asymmetric information about borrower's idiosyncratic productivity and costs of screening borrowers. We do three things: First, we obtain two theoretical results: a) Imperfect information alters the volatility and persistence of the cycles in lending standards. The standards are more



Andra Ghent, presenting at the Weimer School session.

volatile in periods of low aggregate uncertainty. This result is consistent with the increase in volatility of lending standards that we document for the Great Moderation period. b) Imperfect information may generate periods of rational overoptimism (or overpessimism) in banks' beliefs that translate into boom/busts episodes in lending standards, credit and output (or in credit crunches).

Second, we calibrate the model and show that it can quantitatively replicate the observed volatility in bank lending and the fact that increases in the quantity of credit precede decreases in measures of bank loan performance (default rates, charge-offs). Third, we discuss a

potential market failure that creates a new role for macroprudential regulation: after changes in expectations, risk neutral banks induce more volatility in lending standards, credit, bank capital and output than a risk averse society would accept. Imperfect information magnifies the excessive risk taking from differences in risk aversion. We show that taxes on banks' borrowing, banks' lending or capital requirements help achieve the socially optimal volatility by leaning against banks' beliefs.

### **Home Ownership, Household Leverage, and Hyperbolic Discounting**

Andra Ghent  
(The City University of New York, Baruch College)

The paper examines tenure and mortgage choice when households make decisions as if they discount hyperbolically. Hyperbolic discounting differs from the exponential discounting economists usually assume. Under hyperbolic discounting, households value immediate consumption relative to next year's consumption much more highly than they value next year's consumption relative to year 3's consumption. The home ownership rate is considerably lower when households discount hyperbolically. Households also choose higher leverage levels under hyperbolic discounting than under exponential discounting. Allowing households access to no down payment mortgages exacerbates household undersaving.

### **Commercial Building Electricity Consumption: Understanding the Role of Shocks, Structure Quality and Contract Incentives**

Dr. Nils Kok  
(Maastricht University)

The residential sector has been the primary focus of public policies related to energy efficiency, but commercial buildings are now responsible for most of the durable building stock's total electricity consumption. (*Cont. on page 7*)

This paper exploits a unique panel of data to investigate variations in the electricity consumption of individual buildings as they experience both climatic and macro-economic shocks. We also seek to understand the impact of building vintage, contract incentives, and human capital on the cross-sectional variation in electricity consumption across commercial buildings. We document that electricity consumption and building quality are complements, not substitutes. Technological progress may reduce the energy demand from heating, cooling and ventilating, but the behavioral response of building tenants and the large-scale adoption of appliances more than offset these savings, leading to increases in energy consumption in more recently constructed, more efficient structures. In the absence of carbon pricing, these results have important implications for policy makers in assessing and influencing future energy demand.

**Bulletproof Cities: The Geography of Systematic Risk in Commercial Real Estate Investments**

Liang Peng (University of Colorado - Boulder)

This paper empirically analyzes the geographical distribution of the exposure of local commercial real estate to the national real estate market in the U.S., using a sample of 8,124 institutional grade properties. Using a property level approach to overcome the thin-market problem, this paper is able to estimate the systematic risk at the Core Based Statistical Area (CBSA) level. The results indicate that the systematic risk varies dramatically across CBSAs for each of four major property types: apartment, industrial, office and retail properties. A list of CBSAs with low systematic risk - the bulletproof cities - emerges from this analysis.

**Corporate Governance, Real Estate Ownership and Corporate Performance**

Tien Foo Sing (National University of Singapore))

Are real estate investment decisions motivated by corporate risk-taking behavior of managers? Does weak corporate governance of firms induce managers to hold more real estate assets, which in turn influence the corporate performance? We test the endogenous relationships between corporate governance, real estate holdings and corporate performance using Corporate Governance Quotient (CGQ) scores and financial data of an unbalanced panel of 4,789 firms in the US. Our results show that corporate governance is negatively related to firm performance. We find that the negative effects were higher in firms with high real estate holdings and excess free cash flows.

**China's Bullet Trains Mitigate the Cost of Mega City Growth**

Siqi Zheng (Tsinghua University - China) and Matthew E. Kahn (UCLA)

Mega city growth in the developing world is fueled by a desire to have access to the large labor markets and trading possibilities that they offer. Growing mega cities suffer from high levels of traffic congestion and pollution. These non-market local public bads degrade local quality of life. Transportation technology that allows individuals to access the mega cities without living within its boundaries offers potentially large social benefits as individuals can enjoy the benefits of urban agglomeration while not suffering from the costs of living in mega cities. This paper presents evidence supporting the claim that China's bullet trains are playing this role. The bullet train is regarded as one of the most significant technological breakthroughs in passenger transportation developed in the second half of the 20th century. Starting in 2007, China has introduced several new bullet trains that connect mega cities such as Beijing, Guangzhou and Shanghai with nearby cities. (*Cont. on page 8*)

We document that this transport innovation is associated with rising real estate prices in the nearby 2nd tier cities. We offer several predictions for how this new transport mode will affect the locational choices of different Chinese households and firms.

### **Panel on Multifamily Housing**

Susan Wachter, Chair  
(University of Pennsylvania The Wharton School)

#### **Mark Willis (NYU Furman Center for Real Estate and Urban Policy)**

Too little thought has been given to the role of Fannie Mae and Freddie Mac in the multifamily housing market where they accounted for well over 50% of the mortgage originations in 2011. The presentation explored such critical questions as: should housing be favored over other sectors? Just homeownership or rental as well (interestingly, the majority of rental units are in one to four family homes)? Is a secondary market necessary (outstanding mortgages exceed bank deposits by a factor of almost two), and is a government backstop for catastrophic loss for mortgage backed securities an effective way to increase the supply, lower rents, and maintain housing quality throughout economic cycles?

#### **Shekar Narasimhan (Beekman Advisors, Inc.)**

- ◆ 92 million renters; 34 million households
- ◆ 80% of them live in properties less than 20 units.
- ◆ Renter population is growing at 1,6 million households/year (John Burns Consulting.)
- ◆ The GSEs have been in the multifamily finance business for a long time (Fannie since 1984 and Freddie since 1985). There have been hiccups (Freddie in 1991-92 and before that FHA with coinsurance in 1989) but the last 20 year history is solid.

- ◆ Housing Finance is a product of policy
  - ◆ Safe, decent affordable housing
  - ◆ A 30-year fixed rate, prepayment-free affordable single family mortgage
  - ◆ Fixation on homeownership as wealth builder may have lead to distortions partly caused by the minority ownership gap. Happened under Clinton/Cisneros and then Bush/Martinez.
- ◆ Need a balanced housing policy and a housing finance system that stresses liquidity, accessibility and affordability
- ◆ Multifamily has out-performed (only part of the GSEs to be profitable in 2008, 2009, 2010 and 2011) and should be preserved.
- ◆ Should have a government catastrophic back-stop to ensure liquidity and have entities which carry this with a duty to serve the broad market and provide counter-cyclical liquidity but *with private capital taking risk before the taxpayers*

#### **Frank Nothaft (Freddie Mac)**

##### "Multifamily and Homeownership Trends"

The rental market tightened in most metros over the past year, with vacancies down and rents up. Rental construction is projected at 200,000 dwellings in 2012—the most since 2005. Loan delinquencies remain very low (below 0.5%) at life insurers and GSEs, elevated but declining at banks and thrifts (about 2.5%), and very high in CMBS (above 10%). Household growth over the next decade is projected to be 10 to 15 million net new households, with three-fourths minority headed. If the homeownership gap between white, non-Hispanic and minority households remains, then the U.S. homeownership rate is estimated to decline about one percentage point per decade.



## **HHI-Sponsored Sessions on Complexity Economics, Data Sources and Research Methods 2012 ARES Annual Meeting**

HHI had two program slots at the ARES meetings devoted to complexity economics, data sources and research methods. The first panel was chaired by Norm Miller with presentations by Jim Follain, Grant Thrall, Anthony Guma (filling in for Jay Spivey of CoStar) and Norm Miller (filling in for Mike Sklarz). Jim discussed his conclusions from reading Nassim Nicholas Taleb's book, *Black Swan*. He emphasized that it was not merely unexpected events Taleb was describing but sloppy empirics or biases in how we approached our work. Jim also mentioned that we all needed a great deal more humility in admitting what we knew ahead of time and on the limits of our own abilities and influence.

Norm presented some work with Jim and Mike on housing price data indices that showed how distorted a picture of reality one gets when aggregating large geographic markets or when not adjusting for the biases inherent in the data. Individual perspectives can now be analyzed with the newest data, but we are in a world that seeks generalizations. Grant Thrall continued the discussion on geo-spatial analysis and the importance of correctly defining markets. A lively discussion with the attendees followed.

The second session was chaired by Jeff Fisher and included presentations by Stephanie Rauterkus, Jim Follain, Roger Brown (joint work with Michael Young), David Wyman (joint work with Maury Seldin and Elaine Worzala), Michael Seiler (joint work with Andrew Collins and Nina Fefferman), and Larry Wofford (joint work with Mike Troilo). Stephanie and Jim presented a research review and consideration of alternative methodologies to deal with the



Dr. Maury Seldin of HHI, speaking at one of the HHI-sponsored sessions at ARES in April 2012.

complexity of real estate markets. This paralleled the presentation by David Wyman on various types of models such as agent based modeling that may be employed when trying to understand and forecast market trends.

Jim emphasized the recent review by Andrew Lo where he identified a dozen studies prior to the housing crash, looking for insights and an understanding of what experts knew *ex ante*. (See "Fear, Greed, and Financial Crises: A Cognitive Neurosciences Perspective," by Andrew W. Lo, First Draft: August 28, 2011, Latest Revision: October 12, 2011) Jim also discussed the latest book by David Kahneman, *Thinking, Fast and Slow*, and the many influences on this book which incorporate emotions and psychology into economics and decision making. Those convinced of the work of Thaler, Taleb and Kahneman and similar writers must now question their training in efficient and rational markets and models which presume such behavior. (*Cont. on page S-2*)

*("HHI-Sponsored Sessions at ARES" Cont.)*

The work of Roger Brown on risk analysis and bubbles illustrates so elegantly how we tend to use simplified and often biased models because of the momentum of our shared methods and history.

Mean variance risk analysis without much emphasis on the importance of fat tails and the use of limited empirics (Black Swans) is a rather crude tool and involves biases that can be avoided with techniques like spectral risk analysis which does not impose unrealistic distributions upon model assumptions. Yet, such a technique, which Roger has made available, is seldom used. We tend to do what we know with methods that we understand until they no longer work. One major point of presenters at this session was that many of the methods used in the past no longer work. The world has become too complex and our old models were not designed to accommodate the flow of information and speed with which decisions are made today.

Modern day viral-like communication was incorporated in a fascinating paper by Seiler *et al* on strategic default spreading like a disease and related to the influence and the connectivity of the agents in the market. Larry emphasized the academic and industry gap but the gap that may be more important is really between the research analysts who think they have all the right answers in hindsight, using traditional analysis assuming rational efficient markets versus those incorporating new multi-disciplinary approaches to decision making. Trying new tools, like spectral analysis, and learning new methods requires an investment that many of us have been unwilling to make.

Complexity theory, spectral risk analysis, multi-faceted models, agent based models

and better data will not generate the insights desired but they may help move us in the right direction. What we can do is continue to assemble open-minded thinkers like those who participated in the Hoyt sessions at ARES and move towards integrating broader-minded thinking into our classrooms and our research. Continuing to sponsor "events" (roundtables, featured speakers, sessions, etc.) that foster these newer methodologies constitute an appropriate role for HHI and ASI.

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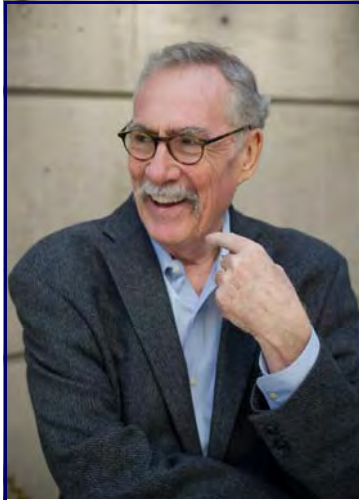
*[Contributed by Norm Miller (University of San Diego)]*

## The 2012 Annual Development Fund Drive

The contributions to the 2012 Development Fund drive assist in the continued success of the Weimer School, the Hoyt Fellows, and other activities of HHI and <sup>M</sup><sub>S</sub>ASI. Given the economic conditions and the many requests from other deserving organizations, we are particularly grateful for your generosity. Your invitation to participate will arrive in November.

Thank you!

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John M. Quigley

and analysis were greatly valued. His wide range of interests, friends and acquaintances often provided nominations of Honorary Weimer School Fellows, who he was always willing to approach on behalf of the School. John's keen mind, intellectual curiosity and recognition of societal needs contributed to a diversity of research and publication, including

## In Memoriam John M. Quigley 1942 - 2012

We lost our friend and colleague, John M. Quigley (1993 Weimer School Fellow and Weimer School Faculty Member since 1998) on May 12, 2012. John was a major contributor to the Weimer School where his thoughtful comments

urban economics and housing markets, homelessness, racial discrimination, mortgage default and environmental economics. John freely shared his insightful analysis as a faculty member at the Weimer School, in a multitude of co-authored papers, and as a mentor to his students.

Among his many honors were the I. Donald Turner Distinguished Professorship of Public Policy, Business and Economics at UC-Berkeley and an honorary degree from the Royal Institute of Technology in Sweden where he was cited as "the world's eminent researcher in the fields of housing and urban economics as well as in areas related to public economics and infrastructure investment."

We will greatly miss John, his insightful commentary, camaraderie and booming laughter.

## <sup>M</sup><sub>s</sub>ASI Events and Awards

### 2012 AREUEA Breakfast

<sup>M</sup><sub>s</sub>ASI sponsored its annual breakfast for invited guests at the 47th annual AREUEA conference, January 6-8, 2012 held at the Swissôtel Chicago in Chicago, Illinois. About 30 people attended the annual event.

### 2012 ARES Breakfast

<sup>M</sup><sub>s</sub>ASI hosted its annual breakfast at the April 2012 27th Annual ARES meeting held at the Tradewinds Island Resort in St. Petersburg Beach, Florida. More than 40 people attended.

### 2013 AREUEA Breakfast

<sup>M</sup><sub>s</sub>ASI will sponsor its annual breakfast at the 48th annual AREUEA conference, January 4-6, 2013 in San Diego, CA. Invitations containing particulars will be sent this Fall and a prompt reply will be appreciated.

### 2013 ARES Breakfast

<sup>M</sup><sub>s</sub>ASI will sponsor its annual breakfast at the ARES Meeting being held April 10-13, 2013 at the Mauna Lani Bay Hotel and Bungalows, Kohala Coast, Hawaii.

### 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 2012 were Andrew Paciorek (University of Pennsylvania), and Naomi Hausman (Harvard University).

### ARES Awards

The two "Best Paper" awards sponsored by <sup>M</sup><sub>s</sub>ASI were presented at the April 2012 ARES meetings. The "Best" Paper on Innovative Thinking, better known as the "Thinking Out of the Box" award was presented to Craig A. Depken II, (UNC- Charlotte) Harris Hollans, (Auburn University) and Steve Swidler (Auburn University) for their paper entitled "Flips, Flops, and Foreclosures: Anatomy of a Real Estate Bubble." The "Best" research paper published in *JRER* in 2011 was awarded to William G. Hardin III (Florida International University) and Matthew D. Hill (The University of Mississippi) for their paper entitled "Credit Line Availability and Utilization in REITs."

### AsRES Awards

This year's winners of the <sup>M</sup><sub>s</sub>ASI-sponsored "Best" Paper award presented at the 17th Asian Real Estate Society International Conference are Erasmo Giambona (University of Amsterdam), Antonio S. Mello (University of Wisconsin) and Timothy Riddiough (University of Wisconsin) for their paper entitled, "Collateral and the Limits of Debt Capacity: Theory and Evidence."



**JAMES R. FOLLAIN** (Senior Fellow, Nelson A. Rockefeller Institute of Government, SUNY at Albany & 2000 Weimer School Faculty Member) participated in two ARES sessions at sponsored by the Homer Hoyt Institute. He has also been writing a series of monthly articles entitled "Lessons from the Data" with Norm Miller and Mike Sklarz. Two papers about house prices, co-authored by Jim, will be available soon at the Lincoln Institute of Land Policy web site. Another paper written by Jim regarding property taxes is available at the Rockefeller Institute of Government's web site.

**JACK FRIEDMAN** (Jack P. Friedman and Associates & 1988 Weimer School Fellow) provides expert witness and consulting services in commercial real estate litigation. He encourages Fellows to refer opportunities. Jack had an article published in the November/December 2011 issue of Right of Way magazine, a publication of the IRWA (International Right of Way Association) entitled "Offers as a Market Value Indicator." He also won a 2011 forecasting contest sponsored by the Dallas Association of Business Economists. His prognostications were the closest for the GDP, the Dollar to the Euro and the Texas Home Inventories. In 2012, Jack received the prestigious Chartered Global Management Accountant (CGMA) designation, conferred by the American Institute of Certified Public Accountants (AICPA).

**ROBERT GIDEL** (Liberty Capital Advisors LLC & 1998 Hoyt Fellow) was elected chairman of Florida Polytechnic University's Board of Trustees on Wednesday, August 1, 2012. The university is Florida's

12th and newest public university.

**DAVID HARTZELL** (University of North Carolina & 1991 Weimer School Fellow) co-authored Global Property Investment: Strategies, Structures, Decisions with Andrew Baum (University of Cambridge) which was published earlier this year by Wiley-Blackwell.

**MARTIN HOESLI** (University of Geneva & 2011 Weimer School Fellow) won the RICS Best Paper Award at the 2012 joint Asian Real Estate Society and AREUEA conference in July of this year. The title of his paper is "Transaction-Based versus Appraisal-Based Capitalization Rates: New Evidence on Cap Rate Determinants and Appraisal Smoothing." The paper is co-authored with Alain Chaney, also from the University of Geneva.

**RONALD W. KAISER** (Bailard, Inc. & 2001 Hoyt Fellow) was elected vice-chair of NCREIF and will assume the role of chair for 2013.

**MICHAEL LACOUR-LITTLE** (California State University at Fullerton & 2007 Weimer School Fellow) Michael's paper entitled "Home Equity Extraction by Homeowners: 2000-2006," co-authored with Vincent Yao and Eric Rosenblatt, won the \$5,000 Third Prize Legacy Award from the Journal of Real Estate Research. The paper was published in 2010 and the award was given at the 2012 ARES Meeting based on a vote of the journal's editorial board members.

**MARC LOUARGAND** (Saltash Partners, LLC & 2002 Hoyt Fellow) was made an RERI Fellow by the Real Estate Research Institute.

**KEN LUSHT** (Pennsylvania State University & 1987 Weimer School Fellow) received the Richard Ratcliffe Award at the annual ARES meeting in St. Petersburg Beach, Florida in April of 2012, for "work that led to a significant paradigm shift in valuation."

**GLENN MUELLER** (University of Denver & 1996 Weimer School Fellow) was awarded a sabbatical year at University of Denver and will be doing research on sustainability as well as a project on seniors housing. He can be reached at his summer home in New Hampshire through October 2012.

**ANDREY PAVLOV** (Simon Fraser University & 2005 Post Doctoral Honoree) was promoted to Full Professor of Finance at Simon Fraser University.

**STEPHANIE RAUTERKUS** (University of Alabama at Birmingham & 2011 Post Doctoral Honoree) Earned her tenure at the University of Alabama at Birmingham and was promoted to Associate Professor of Finance, effective, October 1, 2012.

**NOAH SHLAES** (Newmark Grubb Knight Frank Global Corporate Services & 2005 Hoyt Fellow) recently accepted the position of Senior Managing Director of the Global Corporate Services consulting group of Newmark Grubb Knight Frank. The company is one of the world's leading commercial real estate advisory firms. In addition, in April of 2012, he was elected 2013 second vice chair of The Counselors of Real Estate, an organizational leadership role that sets in motion his election as Chair of the Board in 2015.

**BRENT SMITH** (Virginia Commonwealth University & 2007 Post Doctoral Honoree) was recently named the Sam

and Helen Komblau Professor in Real Estate at Virginia Commonwealth University.

**DOGAN TIRTIROGLU** (University of Adelaide & 2009 Weimer School Fellow). Dogan's paper entitled "Tracking the Idiosyncratic Risk and Cross-sectional Expected Returns for US REITs" has been accepted for publication in JREFE.. The paper is co-authored with Nusret Cakici (Fordham University) and Isil Erol (Middle East Technical University). Dogan has continued to serve as a referee for the publications REE, JHE and JREFE in 2012.

**JEANETTE RICE** (Rice Consulting, LLC & 2001 Hoyt Fellow) has formed Rice Consulting, LLC to provide market analysis, real estate economics, and investment strategy for the commercial real estate industry. In addition, Jeanette is currently serving as a Liaison Vice Chair for The Counselors of Real Estate, part of the six-person Leadership Team. She also continues to serve as the Research Committee Vice Chair for the National Multi Housing Council.

**GRANT THRALL** (Business Geography Advisors & 1992 Weimer School Fellow) has begun his term as President, American Real Estate Society. Grant continues as Managing Director and Owner of Business Geography Advisors ([www.BusinessGeography.com](http://www.BusinessGeography.com)).

**JOHN WEICHER** (Hudson Institute & Weimer School Faculty Emeritus) has been appointed to the Advisory Committee on Economic Inclusion at the Federal Deposit Insurance Corporation, and to the Editorial Advisory Board of *Cityscape*, a housing policy journal published by the Department of Housing and Urban Development.

("Colleagues..." Cont. on page 12)

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*("Colleagues in the News" Cont. from page 11)*

**JOHN WILLIAMS** (Morehouse College & Weimer School Faculty Member) was appointed as Chair of the Association to Advanced Collegiate Schools of Business' (AACSB's), International Board of Directors' Audit Committee. He was also appointed to the Blue Ribbon Committee (BRC) charged with reviewing and rewriting the accreditation standards of AACSB, International. John transitioned to Immediate Past President of the American Real Estate Society after serving as President in 2011-2012.

**ELAINE WORZALA** (Clemson University & 2005 Weimer School Fellow) won the American Real Estate Society Distinguished Service Award in April of 2012. The Richard H. Pennell Center for Real Estate Development won the 2012 Outstanding Leadership organization Award. Elaine is the Director of the Center.

**ABDULLAH YAVAS** (University of Wisconsin-Madison & 2005 Weimer School Fellow) As of August 2012, he has accepted the chairmanship of the Department of Real Estate and Urban Land Economics at the University of Wisconsin-Madison

## 2013 EVENTS

JANUARY	APRIL	MAY
<p><b>48th Annual AREUEA Conference</b>            January 4-6 2013            San Diego, California</p> <p><b>Weimer School Session</b>            Hoyt Center            North Palm Beach, FL            January 17-20, 2013</p>	<p><b>ARES Annual Meeting</b>            April 10-13, 2013            Mauna Lani Hotel and Bungalows            Kohala Coast, Hawaii</p>	<p><b>Hoyt Fellows/Weimer School Session</b>            May 16-19, 2013            May 16 (<i>Hoyt Fellows Meeting</i>)            May 17-19 (<i>Weimer School Session</i>)</p>

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