

**NEWS
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in Real Estate and Land Economics,
Maury Seldin Advanced Studies Institute

Hoyt Fellows LLC,
Homer Hoyt Institute
www.hoyt.org

The January 2009 Weimer School Session - A Great Program!

The January 2009 Weimer School session was attended by more than fifty Weimer Fellows, Weimer Fellow candidates, Hoyt Fellows and invited guests. Hoyt Fellows in attendance were **Andrew Davidson**, (Andrew Davidson & Company, Inc.); **Jeff Fisher**, (Indiana University), **John J. ("Jack") Coyle** (Coyle, Lynch and Company); **Dan Kohlhepp** (Granite Road, LLC); **David Lynn** (ING Clarion Real Estate) and **Gary Ralston** (Florida Retail Development, LLC).

A large contingent of new 2009 Weimer School Fellows were inducted following presentation of their research papers. They are **Dr. Alex Anas** (State University of New York at Buffalo), **Dr. Danny Ben-Shahar** (Technion - Israel Institute of Technology), **Dr. N. Edward Coulson** (The Pennsylvania State University), **Dr. Ingrid Gould Ellen** (New York University), **Dr. John P. Harding** (University of Connecticut), **Dr. Katherine O'Regan** (New York University), **Dr. François Ortalo-Magné** (University of Wisconsin-Madison), **Dr. Todd M. Sinai** (University of Pennsylvania), **Dr. Dogan Tirtiroglu** (The University of Adelaide), (Cont. on page 5)



L-R: Three of the new January Weimer Fellows, Dr. Alex Anas, Dr. Danny Ben-Shahar and Dr. N. Edward Coulson

Hoyt Group Website Upgraded

The Hoyt Group Website, <http://www.hoyt.org>, is being redesigned for interactive use, especially for the Subprime Crisis Research Program and the ensuing Project New Initiative (see story, pp. 2-4). Although it will take some time to complete the renovation a major section has been added, "Maury Seldin on Strategic Decision Making."

That section contains the history of the Subprime Crisis Research Council (SCRC) as part of the draft report on the Subprime Crisis Research Program initiated by HHI's allocation of \$100,000 which was supplemented by Freddie Mac, Mortgage Bankers Association, National Association of Realtors, and Andrew Davidson & Co., Inc. (Cont. 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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Hoyt Group Website Upgraded *(Cont.)*

It also contains a great deal of information about a strategic approach to the issues and an opportunity to send in comments and/or research for posting on the web.

This focus on the Subprime Crisis discussion is located in the added section, "Maury Seldin on Strategic Decision Making." It already contains input from others, in part because Maury is teaching a Seminar on Improving Strategic Decisions at ASPEC; its topic this year is the Subprime Crisis. This is a part of the ongoing effort to bring interdisciplinary approaches to the study of the issues. Of particular interest is the concept of consilience, the fundamental unity of all knowledge. An essay by John Khosh, one of the seminar participants is on consilience, titled "Consilience: A Biological Example," and starts off as follows: "The human body is a good example for demonstrating consilience which implies that what is true for part of nature is true for all of nature. A single set of laws of nature is applicable to all things in the universe, animate and inanimate."

The opening discussion is focused on Foreclosure Prevention. The discussion of issues may be grouped around justice, contagion, and strategy. There is substantial background material and references provided and the topic is in the context of an overview essay, "Subprime Crisis Strategic Decision Making: A Discussion of What Went Wrong and Strategies to Deal With It."

The article that follows, "Project New Initiative," sheds some light on progress being made in a feasibility study for HHI sponsorship or co-sponsorship of a research roundtable or conference that brings in nationally recognized experts from other disciplines.

Project New Initiative

Stephanie Rauterkus

The Subprime Crisis Research Council (SCRC) is providing the foundation for Project New Initiative. This comes as President Obama announces a major housing bill which appears to adopt several of the ideas that emanated from HHI's Subprime Crisis Research program in late 2007. President Obama, in his February 18 Mesa Arizona speech, said "If we act boldly and swiftly to arrest this downward spiral, then every American will benefit." The speech echoes a great deal of the thinking expressed in the early discussions of the Institute's Subprime Crisis Research Program. This offshoot from the SCRC, Project New Initiative, is imbedded in the blog, "Maury Seldin on Strategic Decision Making." While it is difficult to get a good assessment of the potential impact of this effort, HHI is hopeful that the resulting discussions will lead to positive results..

The subprime crisis not only persists, but it has generated substantial side effects most noticeable in the credit crunch and rising unemployment. The situation is new and different from previous downturns. This "Great Recession" is quite complex and can best be dealt with by blending knowledge from a variety of disciplines beyond standard economics and finance. This blending of expertise is the basis of Project New Initiative.

During the January Weimer School conference, Maury Seldin convened a meeting of senior leadership to discuss how to move forward in order to continue to contribute to policy-making discussion on these issues. What emerged from this discussion has been dubbed "Project New Initiative." Project New Initiative is an interdisciplinary approach to the foreclosure crisis and its various ripple effects. Research sponsored by the Homer Hoyt Institute suggests that there are many causes of foreclosure such as subprime lending, predatory lending, the housing price bubble, lax underwriting, limited regulation, etc. Further, we now also see a pronounced 'spillover' effect which depresses home prices, has been linked to an increase in crime rates and can eventually lead to the failure of an entire town.

An interdisciplinary approach to the problem takes into consideration its magnitude and the need for new ideas. Through Project New Initiative, the Homer Hoyt Institute will take the lead in bringing researchers from diverse disciplines together to discuss how their respective areas of expertise may assist policymakers in ending the crisis and preventing a relapse. This approach is not uncommon in research. *(Cont.)*

Project New Initiative (Cont.)

For example, Fischer Black and Myron Scholes struggled to earn broader acceptance for their options pricing model until Bob Merton generalized their model by relaxing some of the assumptions - relying heavily on his background in math and science.

Which disciplines could add the most value to the foreclosure discussion? Clearly, the foundation for such a "dream team" of problem solvers is a solid group of financial economists. However, the current crisis requires not only traditional thinkers whose ideas are based on the belief that market participants are rational and that it is reasonable to assume that they behave in a rational manner. In addition, the current situation calls for input from behavioral economists who could help us to understand when and why market participants might behave irrationally. Further, with regard to understanding market participant behavior, we should build on the contributions of behavioral economists by including other social scientists to the discussion. The hope would be to include philosophers who are well versed in emergence - the way complex systems and patterns arise out of a multiplicity of relatively simpler interactions. Because this crisis has escalated to what some have described as "epidemic" proportions and likened it to a cancer, we need an understanding of growth and movement in a social setting. In sociology, researchers focusing on reflexivity investigate circular relationships between cause and effect. Such an appreciation for situations when the process of examining an action may affect the examiner could be useful in our discussion. A useful common interest across these behavioral researchers would be organic modeling. That is, the behavioral researchers with the most to lend to our discussion will be those who understand the interdependence of the component parts of the systems that they investigate as well as the differentiation across those parts. This understanding will be critical in ensuring that solutions that emerge from this multi-disciplinary group represent a seamless blend of combined expertise.

Once we assemble an interdisciplinary team of financial economists and other social scientists, we should bring them together in a forum that encourages open discussion, debate, collaboration

and ultimately policy proposals. The nature of such a forum and its feasibility is under investigation, and this report is a part of that process.

The strategy we are currently pursuing is to use the blog on the Hoyt Group site to get discussion going, starting with participants in the Subprime Crisis Research Program but extending out to include others in a position to make a significant contribution to understanding the changing system and improving forecasts of outcomes. Once the feasibility of an in-person meeting with luminaries from other disciplines is assessed as feasible the process could be considered an introduction of people and ideas. Invited experts would make brief presentations of portions of their work that may be relevant to the discussion and then some variation of it would be added to the website so as to make the core of relevant knowledge from other disciplines readily available to researchers and policy makers.

The dissemination of the work of experts from other disciplines is a critical part of the Project New Initiative. To that end, the Web Project, which began as part of the SCRC will be vital. The newly expanded Homer Hoyt Institute web presence will evolve through Project New Initiative into a repository for scholarly work starting with foreclosure and related topics as well as a forum for experts to share ideas and further the discussion. With permission of the researchers, we will post the presented work on the Web with links to their own Web sites if desired. Another key element to our Web presence will be a threaded discussion in a hierarchical format. This will give us the ability to communicate in 'real-time' in addition to in-person venues such as roundtables, symposia or conferences as well as extend our budget by maximizing existing resources.

We have already had several discussions about when and where to hold the first multi-disciplinary meeting. The hope was to hold a meeting in advance of the May Weimer School meeting. However, several members of the senior leadership felt that it would be tough to pull together a high quality meeting in such a short time and difficult for attendees to commit to an extended conference. As an alternative, a meeting at the University of Pennsylvania was discussed, possibly much later in the year. (Cont.).

Project New Initiative (Cont.)

Because of the breadth of expertise that we envision for Project New Initiative, we believe that it will be important to define a theme for any forum bringing together our team of interdisciplinary experts. Some topics discussed at the January meeting and in the electronic mail discussions that followed included various foreclosure topics such as "Foreclosure Prevention with Liberty and Justice for All," "Understanding the Footprint of Foreclosures."

The group also discussed various housing policy topics such as "Housing Policy in the Context of Energy Independence and Positive Liberty" and "How and Why We Need to Re-privatize the Housing Finance System?," "The Future State of Risk-Based Mortgage Products."

An area of significant interest involved government intervention and regulation in housing markets prompting proposed themes such as "Devising Strategies for Institutional Intervention for the Residential Financial and Real Asset Markets;" "Caring About TARP: How and Where Should We Apply Governmental Resources for Solving the Housing Market Problems;" "How Do We Restructure and Reregulate the Housing Financial System?" and "How and Where Should Government Resources be Applied?"

Others suggested a 'lessons learned' theme with specific topics such as "What Have We Learned From the

Subprime Mortgage Experience?;" "What has the Subprime Financial Crisis Taught us About Household and Lender Financial Decisions and Housing Tenure?" and "The Housing Crisis: What Did We Miss and What are We Still Missing?"

Finally, some suggested that we should capitalize on our shared resources by considering topics such as "Metro by Metro Analysis of Problems Facing an Area and Proposed Solutions" or "Making Housing Data Available to Researchers."

Because we are in the early stages of launching this initiative, much work lies ahead. Assembling the team of interdisciplinary experts will be key in Project New Initiative's success. However, we are already working on adjusting the framework of the Homer Hoyt Institute's Web site to accommodate this work and further our mission.



*Stephanie Rauterkus, Ph.D.,
Assistant Professor of Business,
University of Alabama - Birmingham.*

Key Issues and Hot Topics

Jeffrey D. Fisher

The crystal ball always works better looking backward rather than forward, but as I have reflected on presentations and discussions at the Hoyt Fellows and Weimer School programs that we have had in the past, it is clear that there were at least signs of events that were on the horizon such as the predatory lending that was taking place, but we never put it all together to see how great the danger signs really were.

I think that with the collective wisdom of the Hoyt and Weimer Fellows we might be able to do a little better identifying these trends in the future. The Hoyt and Weimer Fellows capture a nice cross-section of top real estate academics and professionals who all share an interest in figuring out how current economic events and other trends are impacting real estate space and capital markets. We have a collective pulse on real estate markets that is very unique that we should be able to use to better identify issues that will affect us all so we can get ahead of the curve.

I received a very positive response from Hoyt Fellows and Weimer School Faculty members on implementing a way to survey both groups on key issues and hot topics. This will be done on the Hoyt website in a way that we hope will require very little time to respond to but be quite informative to all of us. We are currently working on enhancements to the website to allow us to do this in addition to providing other information that is valuable to all of us. Stay tuned for further announcements.

The January 2009 Weimer School Session - A Great Program! (Cont. from page 1)

Dr. Walter Torous (University of California - Los Angeles) and **Dr. Geoffrey K. Turnbull** (Georgia State University). Abstracts of seven of the presentations can be found on pages 9 and 10 of this newsletter.



New Fellow candidates presenting were **Dr. Massimo (Max) Biasin** (University of Macerata, Italy), **Dr. Raphael Bostic** (University of Southern California), **Dr. Amy Crews Cutts**, (Freddie Mac), **Dr. Daniel P. McMillen** (University of Illinois at Chicago) and **Dr. Sandra J. Newman** (The Johns Hopkins University).



New Fellows from top clockwise L-R: Dr. Ingrid Gould Ellen, Dr. John Harding, Dr. Katherine O'Regan, Dr. François Ortalo-Magné, Dr. Todd Sinai, Dr. Dogan Tirtiroglu, Dr. Walter Torous and Dr. Geoffrey Turnbull.

The Advanced Studies Institute was pleased to recognize **Dr. Peter Mieszkowski** as the 2009 Halbert C. Smith Honorary Fellow [See article on "*Halbert C. Smith...*" page 12]. Dr. Mieszkowski is the Cline Professor of Economics and Finance at Rice University. His fields of specialization are public economics and urban economics. Dr. Mieszkowski has worked on a variety of applied distribution problems including tax incidence and the effects of trade unions, wage subsidies, and international trade on the distribution of income. In this area, his best-known work is on the incidence of the local property tax. He has consulted with the US Treasury and the Polish Ministry of Finance during the transition period in Poland, 1990-1992. More recently, Dr. Mieszkowski has become interested in health issues, including the social determinants of health. He is currently studying the evolution of the Medicaid insurance system and the leasing and taxation of mineral resources in the U.S. He spoke to the Weimer School on "The Common Pool Problem in the Development of Oil and Gas."



Dean David Ling with the very first Halbert C. Smith Honorary Fellow, Dr. Peter Mieszkowski, at the Awards Banquet, Saturday, January 18, 2009

Dr. Mieszkowski joins our distinguished honorary fellows, **Dr. Brian J.L. Berry**, **Dr. Benjamin Chinitz**, **Dr. Anthony Downs**, **Dr. Leo Grebler***, **Dr. John Kain***, **Dr. William Kinnard***, **Dr. Charles L. Leven**, **Dr. Sherman J. Maisel**, **Dr. Edwin Mills**, **Dr. Richard Muth**, **Dr. Dick Netzer**, **Dr. Chester Rapkin***, **Dr. Jerome Rothenberg**, **Dr. Anita Summers**, **Dr. George Tolley**, **Dr. Ralph Turvey**. and **Dr. Paul F. Wendt***. **Deceased*

May 14-17, 2009
Hoyt Fellows and Weimer School Session:
“The Future for Investment Real Estate”
and “A Tour de Force of Green and
Sustainable”

Weimer School Fellows and Hoyt Fellows need to reserve your places early for the May 14-17, 2009 Hoyt Fellows and Weimer School sessions. Hoyt Fellow, Paige Mueller, acting again as coordinator for the Hoyt Fellow session on Thursday preceding the Weimer School, has arranged another excellent program. Norm Miller, Weimer School Fellow and Faculty member, has arranged an impressive cast of speakers and panelists on "Green and Sustainable Real Estate." The agendas are provided below.

The Weimer School wishes to acknowledge support for the May session from the James A. Graaskamp Center for Real Estate, University of Wisconsin-Madison. Their generosity contributes significantly to the strength of the program.

Look for your registration materials and return the information as quickly as possible. A large attendance is anticipated and seating is limited.

Hoyt Fellows Session
Program Agenda
May 14, 2009

All Weimer School Faculty and Fellows, Post Doctoral awardees
and speakers are invited to breakfasts, lunches, and presentations at the Hoyt Center.

Thursday, May 14

"Government Bailouts - Economic Recovery or Long-term Drag?"

Economy - **Steve Malpezzi, PhD** - University of Wisconsin

Housing - **Susan Wachter, PhD** - *Co-Director* - Institute for Urban Research, Wharton

"Capital Markets - Light at the End of the Tunnel or a Train Wreck? What will it take for them to function again? What format and players will emerge?"

Michael Giliberto, PhD - *Managing Director*, JPMorgan Asset Management

Michael J. Acton - *Managing Director*, AEW Capital Management

"How long will this downturn last? Where will cap rates stabilize and what are expected peak-trough price changes? Any serious buyers out there?"

Bob White - *President*, Real Capital Analytics

Hans Nordby - *Director*, PPR

Ron Donohue, PhD - *EVP*, Hoyt Advisory Services

Moderator: **Hugh Kelly** - *President*, Real Estate Economics

- (Cont.)-

Hoyt Fellows Session - Program Agenda (Cont.)

Thursday, May 14 (Cont.)

"Investing in Real Estate - What opportunities and risks lie ahead? How is the industry reacting in regards to operating issues such as the regulatory environment, M&A, counter-party risk, fee structures, fund redemptions and fund-raising activities?"

Mark Roberts - Director of Investment Research, Invesco

Mary Ludgin, PhD - Managing Director and Director of Global Investment Research, Heitman

Laura Huntington - Managing Member, Institutional Property Consultants

Moderator: **Paige Mueller** - Senior Vice President, GIC Real Estate

"Green - \$ Savings? How Energy Star and Walkability Improve Results"

Jeff Fisher, PhD - Indiana University

Gary Pivo, PhD - University of Arizona

Open Discussion - Hot topics for research

Business Meeting - Hoyt Fellows

Reception at Hilton hotel - participants, spouses & guests

Hoyt Fellows Dinner - Other program participants are free for dinner on their own.

Weimer School Program Agenda May 15-17, 2009

All Hoyt Fellows are invited to participate. Sponsored by University of Wisconsin, Madison

Friday, May 15

Introductory Comments by Program Chair: Norm Miller

Academic Paper Series

"Investment Returns from Responsible Property Investments: Energy Efficient, Transit-oriented and Urban Regeneration Office Properties in the US from 1998-2008"

Gary Pivo, University of Arizona

"Doing Well By Doing Good? Green Office Buildings"

John Quigley - University of California, Berkeley, with **Piet Eicholtz**, Maastricht University and **Nils Kok**, Maastricht University

"Green Noise or Green Value? Measuring the Price Effects of Environmental Certification in Commercial Buildings"

Franz Fuerst - with **Patrick McAllister**, both from the University of Reading, Henley Business School

"Tenant Productivity in Green Buildings"

Norm Miller, University of San Diego, with **Dan Kohlhepp**, Granite Road LLC; **Jay Spivey**, CoStar; **David Pogue**, CB Richard Ellis; and **Mark Robinson**,

Weimer School Program Agenda - May 15-17, 2009 (Cont.)

Friday, May 15 (Cont.)

Panel Discussion: "Sustainability Strategies"

Erin English - *National Director of Sustainability* - Colliers International

David Pogue - *Director of Sustainability* - CB Richard Ellis

Jay Spivey - *Director of Analytics* - CoStar

Weimer School Faculty Meeting

Reception at Hilton Hotel - participants, spouses & guests invited

Dinner at Hilton Hotel - participants, spouses & guests invited

Saturday, May 16, 2009

Panel Discussion: *Investment Perspectives*

"Can socially driven investment funds realize market returns?"

Victoria Kahn - *Director of Sustainability* - ING Clarion

Dan Kohlhepp - *Former CEO, Crescent Resources LLC, now with Granite Road, LLC*

Andrew Nelson - *Vice President of Research* - RREEF, a division of Deutsche Bank

Keynote Speaker on "*Global Sustainability Efforts, Abu Dhabi, Masdar and more*"

Richard Epstein, AIA - *Senior Urban Designer/Architect* - RNL, Denver based firm

Panel Discussion: *Industry Leaders on Sustainability*

Doug Gatlin - *Vice President of Market Development* - USGBC

Brenda Morawa - *Principal* - BVM Engineering

Mark Robinson - *Partner* - Momentum Bay Associates

Comments, summary and some new research by Program Chair - Norm Miller

Reception at Hilton hotel - participants, spouses & guests

Dinner on own

Sunday, May 17, 2009

Weimer School Post-Doctoral Scholars Research Presentations

"The REIT Effect: Causes and Consequences"

Dr. Dirk Brounen, Erasmus University-Rotterdam

"Tracking Residential Market Movement"

Dr. Lum Sau Kim, National University of Singapore

"House Prices and Car Purchases"

Dr. Karen Pence, Board of Governors of the Federal Reserve System

Brunch at the Hoyt Center - participants, spouses, guests

Adjournment

January 2009 Weimer School Fellow Presentations..In Summary

Mean Reversion and Momentum: Another Look at the Price-Volume Correlation in the Real Estate Market

Danny Ben-Shahar

Based on behavioral finance and economics literature, we construct a theoretical framework in which consumers of newly constructed housing units perceive prices to follow a stochastic mean reversion pattern. Given this belief and the high carrying cost maintained by real estate developers, potential buyers opt to either exercise immediately or defer the purchase. We simulate the model within a real option framework by which we show that the optimal time to wait before exercising a purchase is positively related to the price level; hence, a negative (positive) correlation between transaction volume and price level (yield) emerges. Observing data on housing prices and new construction sales in Israel for the years 1998-2007, we apply an adaptive expectation regression model to test consumers' belief in both mean reversion and momentum price patterns. The empirical evidence shows that while consumers' demand pattern is simultaneously consistent with the belief in both momentum and mean reversion processes, the effect of the latter generally dominates. Moreover, while the data does not allow for testing the volume and price-level correlation, it does provide support to the positive volume-price yield correlation.

Housing Tenure and Labor Market Impacts: The Search Goes On

N. Edward Coulson and Lynn M. Fisher

We develop two search-theoretic models emphasizing firm entry to examine the Oswald hypothesis, the idea that homeownership is linked to inferior labor market outcomes, and compare their predictions to three extant theories. Using a suitable instrumental variable strategy, we estimate both micro and aggregate level regression models of wages and unemployment and compare the estimates to those predictions. We find that while homeowners are less likely to be unemployed, they also have lower wages, all else equal, compared to renters. In addition, higher regional homeownership rates are associated with a greater probability of individual worker unemployment and higher wages.

Crime and Urban Flight Revisited: The Effect of the 1990s Drop in Crime on Cities

Ingrid Gould Ellen and Katherine O'Regan

For most of the twentieth century, concerns with safety and high crime rates have beset U.S. cities, often cited as one of the chief 'urban blights' from which middle class, mobile (and typically white) households fled during the post-War period. But this picture changed dramatically in the 1990s, a decade during which the crime rate in the U.S. fell by a remarkable thirty percent. Building on the 'flight from blight' literature, this paper combines Census data with more than 20 years of data of Uniform Crime Report data to consider what effect (if any) the 1990s drop in crime rates had on urban population changes.

The Contagion Effect of Foreclosed Properties

John P. Harding, with Eric Rosenblatt and Vincent W. Yao

Previous research has shown that, after controlling for hedonic characteristics, prices of homes sold with nearby foreclosed properties are lower than those of homes without nearby foreclosures. However, it is unclear whether the observed price discounts are the result of an overall neighborhood decline in property values or whether foreclosures reduce the prices of nearby non-distressed sales as the result of a contagion effect. In this paper, we test for a contagion effect by simultaneously estimating the overall price trend and the price impact of nearby foreclosures using a modified repeat sales methodology. (*Cont.*)

The Contagion Effect of Foreclosed Properties (*Cont.*)

We find robust evidence that the presence of distressed properties results in lower sales prices for nearby non-distressed properties. The discount is roughly one percent per nearby foreclosed property and appears to be roughly proportional to the number of nearby distressed properties. The discount diminishes rapidly as the distance to the distressed properties increases.

The Leasing of Public Lands in the U.S. for Oil and Gas Development

Peter Mieszkowski

This talk surveyed a number of questions bearing on the development of oil and gas resources on Federal Lands in the U.S. One key issue is whether the present bonus bid system is an effective mechanism for capturing the economic rents earned on oil and gas production in an environment of rapidly changing prices. Also, the level of bonus bids may be determined by the rate at which leases are issued and how the rest of the fiscal system is structured.

Home Ownership and Retirement Risk

Todd Sinai

Conventional wisdom holds that one of the riskiest aspects of owning a house is the uncertainty surrounding its sale price, especially if one moves to another housing market. We show instead that for many households, home owning hedges their net exposure to housing market risk, because the sale price is expected to positively covary with house prices in the likely new markets. That expected covariance is much higher than previously realized because there is considerable heterogeneity across city pairs in how much house prices covary, and households tend to move between highly correlated housing markets. Taking these two considerations into account increases the estimated median expected correlation in real house price growth across MSAs from 0.36 to 0.67. Moreover, we show that households' tenure decision (whether to own or rent) is sensitive to this "moving-hedge" value. This effect attenuates as a household's probability of moving diminishes and thus the hedging value declines.

Cash Out Refinancing and the Unraveling of CDO Structures

Walter N. Torous

Highly correlated home prices /per se/ are not responsible for the recent unraveling of structured financial products on Wall Street. Rather, it is the fact that correlated home prices result in homeowners refinancing concurrently in market upswings that is to be blamed. As a result, in the event of a market downturn, defaults will tend to cluster and even the most senior tranches of CDOs will not be immune from default losses.

Antichresis Leases: Theory and Empirical Evidence from the Bolivian Experience

Geoffrey K. Turnbull and Ignacio Navarro

The antichresis lease in civil law countries requires a lump sum tenant payment which is returned when the lease ends. The custody of the lump sum is the property owner's compensation. We present an antichresis theory emphasizing tenant liquidity risk and owner input moral hazard. Monthly rent leases dominate when tenant consumption depends importantly on owner supplied inputs. However, the antichresis insulates owners from tenant liquidity risk while rent contracts do not, making antichresis leases more attractive for owners confronting tenant populations with greater liquidity risk. The empirical evidence from Bolivian property leases is consistent with the main model predictions.

Journal of Housing Economics

Special Issue on Subprime Mortgage Lending

The Subprime Crisis Research Program provided funding for a special issue of the Journal of Housing Economics, (Vol. 17, Issue 4, December 2008), dealing with subprime mortgage lending. Contributors to the issue were: **Richard Green**, **Anthony Sanders**, and **Susan Wachter**, who provided an overview of the Special Issue, with articles by **Anthony Sanders**, "*The Subprime Crisis and Its Role in the Financial Crisis*"; **Richard Green**, "*Imperfect Information and the Housing Finance Crisis: A Descriptive Overview*"; **Major Coleman IV**, **Michael LaCour-Little** and **Kerry Vandell**, "*Subprime Lending and the Housing Bubble: Tail Wags Dog?*"; **Christopher Foote**, **Kristopher Gerardi**, **Lorenz Goette** and **Paul Willen**, "*Just the Facts: An Initial Analysis of Subprime's Role in the Housing Crisis*," and **Jenny Shuetz**, **Vicki Been**, and **Ingrid Gould Ellen**, "*Neighborhood Effects of Concentrated Mortgage Foreclosures*."

The Journal of Housing Economics is edited by **Henry Pollakowski** (Weimer School Fellow and Faculty Member.) The Special Issue was edited by **Richard Green**, **Anthony Sanders** and **Susan Wachter**, all of whom are Weimer School Fellows, with Green and Wachter also Faculty members.

M \mathcal{S} ASI and Weimer School Events and Awards

2009 AREUEA Breakfast

M \mathcal{S} ASI sponsored its annual breakfast for Weimer and Hoyt fellows, Weimer Fellow Candidates, Post Doctoral Honorees, AREUEA Dissertation winners and M \mathcal{S} ASI winners recognized by AREUEA during the 2009 AREUEA meetings, January 3-5, 2009 at the San Francisco Marriott Hotel. The event was attended by more than 30 persons.

2008 AREUEA Dissertation Awards

HHI sponsored the 2008 Dissertation Awards, in honor of Dr. Maury Seldin, announced at the 2009 AREUEA Presidential Luncheon, held January 3-5, 2009 at the San Francisco Marriott Hotel. Recipients were **David Albouy**, University of California at Berkeley, **Michael Eriksen**, Syracuse University, and **Hui Shan**, Massachusetts Institute of Technology.

2009 ARES Breakfast

M \mathcal{S} ASI will host its annual breakfast at the April 2009 ARES meetings at the Monterey, CA Marriott April 1-4, 2009. Please return your invitation promptly when received.

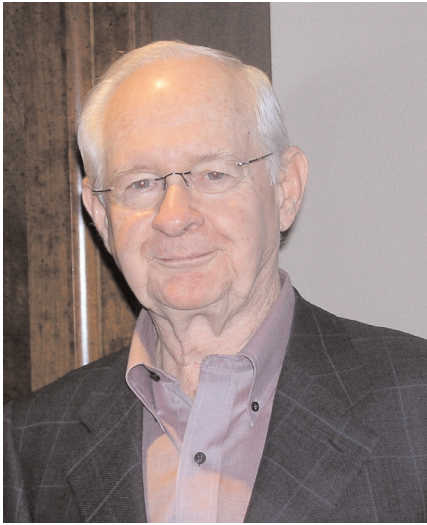
ARES Awards

The M \mathcal{S} ASI-sponsored prize for the "Best" Paper on Innovative Thinking, given at the 2008 ARES meetings, better known as the "Thinking Out of the Box" paper, was awarded to **Ping Cheng**, Florida Atlantic University, and **Zhenguo Lin** and **Yingchun Liu**, both of Fannie Mae, for "*The Real Estate Risk Premium Puzzle: A Solution*."

The M \mathcal{S} ASI- annual award for the "Best" 2008 research paper published in *ARES Journal of Real Estate Research* was presented to **John D. Benjamin**, **Peter Chinloy**, and **William G. Hardin III** for "*Institutional-Grade Properties: Performance and Ownership*."

AsRES Awards

The Maury Seldin Advanced Studies Institute will sponsor a "Best" Paper award at the AsRES - AREUEA International Conference to be held in Los Angeles, July 11-14, 2009.



**Halbert C. Smith,
M_SASI Board Director Emeritus
and Weimer School Faculty Emeritus**

Hal Smith, who was a 1983 Founding Fellow of the School of Post Doctoral and Advanced Studies in Real Estate and Land Economics (now the Weimer School) and one of the earliest Weimer School faculty members and director of HHASI (now M_SASI) retired from the ASI Board and Weimer School faculty effective November 30, 2008. Pursuant to the By Laws, the Board reluctantly accepted Hal's retirement and sincerely thanked him for his outstanding service to ASI and the Weimer School, where he has served in a number of capacities, including Dean of the School and most recently, Vice President of ASI.

Hal was named Director Emeritus and Faculty Emeritus and it is hoped that he will continue to assist in the development of ASI and the School.

Hal was involved in setting policies that have guided the Weimer School since its inception. Foremost among those policies have been emphases on selecting quality candidates for Weimer School Fellows, obtaining a diversity of candidates reflecting the multidisciplinary nature of real estate and land economics, and creating a congenial, professional format for presentation and discussion of current research and practice where individuals share ideas and get to know each other on a personal and professional basis.

Halbert C. Smith Honorary Fellows. Hal's insistence on quality in every aspect of the Weimer School makes it fitting that the M_SASI Board designated that Honorary Fellows henceforth are to be known as the Halbert C. Smith Honorary Fellows of the Weimer School of Advanced Studies in Real Estate and Land Economics. Honorary Fellows are distinguished senior scholars selected by the faculty based on their contributions to the body of knowledge over their careers. **Dr. Peter Mieszkowski** (Rice University) was inducted in January 2009 as the first Halbert C. Smith Honorary Fellow.



**Dr. Dan Kohlhepp is the
Hoyt Fellows Representative
on the M_SASI Board of Directors**

The Board of Directors of the Maury Seldin Advanced Studies Institute at the annual board meeting in November, 2008 elected Dr. Dan Kohlhepp to the M_SASI Board for a two-year term. Dan will represent the Hoyt Fellows, providing them with direct input into M_SASI board decisions.

Dan received his Ph.D. from The Ohio State University and was a real estate professor at the University of Oklahoma and Pennsylvania State University before entering into real estate consulting and development. Dan has been a developer and broker in Oklahoma City, a real estate investment advisor, and after selling his company, Potomac Realty Advisors, to USF&G, was responsible with USF&G for a \$1.5 billion portfolio of office, retail, multifamily, industrial and golf course communities. Most recently Dan was President, Commercial Division, Crescent Resources LLC, where he completed development of Potomac Yard, a 300-acre mixed use in-fill project in Northern Virginia. This project was recognized with several awards, including "green" awards. Dan is now principal in Granite Road, LLC. *(Cont.)*

Dr. Dan Kohlhepp is the Hoyt Fellows Representative on the M^SASI Board of Directors (*Cont.*)

Dan's experience and understanding of both the academic and practical business aspects of real estate make him a valuable member of the M^SASI Board, which oversees the Weimer School. His participation will further encourage interaction between the Hoyt Fellows and Weimer School Fellows. Welcome, Dan, and thank you for accepting this responsibility!

Thank You!

We would like to express our sincere appreciation to all contributors to the 2008 Homer Hoyt Institute Annual Development Campaign. The annual campaign is coordinated through HHI on behalf of the Hoyt Group entities: HHI, Hoyt Fellows LLC, the Maury Seldin Advanced Studies Institute (Weimer School), and the on-going Subprime Crisis Research Program managed by HHI. Donors directed all or a portion of their contributions to one or more of those entities.

In these difficult times, we truly thank our donors for remembering HHI and for their affirmation of the activities of the Hoyt Group organizations.

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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A Glimpse of January 2009 Weimer School...



Weimer Fellow 2009/10 Candidates, 1st Year Presenters: L-R: Max Biasin, Raphael Bostic, Amy Crews Cutts, Daniel McMillen, and Sandra J. Newman

**“Game Night” at Ron Donohue and Jeanne Takeda’s House,
Friday, January 16, 2009**



Reception and Awards Banquet, Saturday, January 17, 2009



L-R: Danny Ben-Shahar, Anthony Sanders, Yongheng Deng, Hal Smith and Wayne Archer

Geoffrey Turnbull talking with Peter Meiszowski

Reception and Awards Banquet, Saturday, January 17, 2009 (Cont.)



L-R: Weimer School guest, Stephanie Rauterkus and Weimer School Fellow, Grant Thrall



L-R: Cinda Smith, Brent Smith and Dean David Ling

CALENDAR OF EVENTS

MARCH 2009

NCREIF Winter Conference 2009

March 10-12
Cliff Lodge / Salt Lake City, Utah

PREA 2009 Spring Conference

March 25-26
The Mandarin Oriental Hotel /
Washington, D.C.

REITWise™ 2009: NAREIT's Law, Accounting and Finance Conference

March 25-27
La Quinta Resort & Club / La Quinta,
CA

The Counselors of Real Estate (CRE) 2009 Midyear Meetings

March 29 - April 1
The Waldorf Astoria Hotel / NYC

APRIL 2009

ARES 25th Annual Meeting

April 1-4
Monterey Marriott / Monterey, CA

IREM Leadership and Legislative Summit featuring IREM Capitol Hill Visit Day

April 18-22
JW Marriott / Washington, D.C.

APRIL 2009 (CONT.)

ARES 25th Annual Meeting

April 1-4
Monterey Marriott / Monterey, CA

MAY 2009

Urban Land Institute (ULI)

**Developing Green: The Future is
Now, Are You Ready?**

May 12-13
The Beverly Hilton / Beverly Hills,
CA

Weimer School and Hoyt Fellows LLC

May 14-17
Hoyt Center
North Palm Beach, FL

JUNE 2009

REITWeek: NAREIT's Investor Forum®

June 3-5
Waldorf Astoria Hotel / New York,
NY

AREUEA 37th Annual Mid-Year Mtg.

June 4-5
NAHB Headquarters

NCREIF Summer Conference 2009

June 16-19
Swissotel / Chicago, IL

JULY 2009

AsRES - AREUEA International Conference

July 11-14
Univ. of California - Los Angeles
(UCLA) Campus

OCTOBER 2009

CRE 2009 Annual Convention

October 11-14
The Hotel Monteleone
New Orleans, LA

NOVEMBER 2009

NAREIT Annual Convention

November 11-13
JW Marriott Desert Ridge
Phoenix, AZ

DECEMBER 2009

NCREIF Nuts & Bolts of Inst Real Estate

December 2- 4
Hyatt Regency on Wacker Drive
Chicago, IL

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Weimer School Reception and Awards Banquet Saturday, January 17, 2009 *(Cont.)*



L-R: Jean Fernald, Ed Fernald and Truman Hartshorn at the Weimer School Awards banquet, Saturday evening, January 17, 2009.

The Weimer School of Advanced Studies in Real Estate & Land Economics, 760 US Hwy. One, Suite 300, North Palm Beach, FL 33408, which is owned and operated by the Maury Seldin Advanced Studies Institute, Inc., a non-profit educational organization, admits students of any race, color, national and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It does not discriminate on the basis of race, color, national and ethnic origin in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school-administered programs.