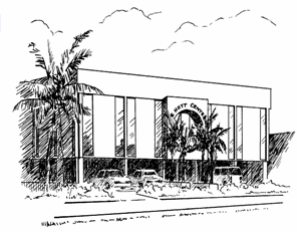




# NEWS FROM **M<sub>S</sub>ASI & HF LLC**

Maury Seldin Advanced Studies Institute    Hoyt Fellows LLC  
Weimer School of Advanced Studies  
in Real Estate and Land Economics



VOLUME XXVII, ISSUE I (SPRING 2011)

## January 2011 Session

### Weimer School of Advanced Studies in Real Estate and Land Economics

Reporting on their research at the January 13-16, 2011 session of the Weimer School to complete requirements to become Weimer School Fellows were Dr. Andrea Heuson (University of Miami), "**Professional Regulation and Housing Appreciation Rates;**" Dr. Martin Hoesli (University of Geneva), "**Land Leverage and House Prices;**" and Dr. Seow Eng Ong (National University of Singapore), "**IPOs of Asian REITs: Role of Sponsorship.**" Dr. Robert Buckley (Rockefeller Institute), the 2011 Halbert C. Smith Honorary Weimer School Fellow, spoke on "**Three Funerals and a Wedding: Why is Housing Policy So Bad?**" See "2011 Weimer School Fellows," page 2 and "January 2011 Weimer School Presentations...In Summary," pages 4 and 5.

First-year candidates presenting their proposed research topics were Dr. Steven C. Bourassa (University of Louisville); Dr Gary Engelhardt (Syracuse University); Dr. Robert W. Helsley (University of California – Berkeley); Dr. Colin Lizieri (University of Cambridge); Dr. Henry G. Overman (London School of Economics); and Dr. Gary D. Painter (University of Southern California).

The January session was well-attended with more than forty candidates, faculty, Weimer School Fellows and invited guests in attendance, including Hoyt Fellows Hugh Kelly (Real Estate Economics), Bill Mundy (Mundy Farms), Andy Davidson (Andrew Davidson and Company, Inc.) and Jack Coyle (Coyle, Lynch and Company).

Over the years the Weimer School sports program has included golf, deep sea fishing, and aquatic sports. This session formally introduced the challenging eye and hand coordination sport of pinball, which has become a traditional evening experience at the home of Ron Donohue. With two or three notable exceptions, players demonstrated that they had spent their youth in libraries, but were no less enthusiastic competitors and earned their T-shirts emblazoned "Property of Weimer School Athletic Department: PINBALL."



L-R: Dr. Martin Hoesli , Dr. Andrea Heuson, Dr. Henry Overman and Dr. Seow Eng Ong



Weimer School participants at the Friday, January 14 session.

**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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## 2011 Weimer School Fellows



**ANDREA J. HEUSON** received a Ph.D. in Finance, with concentrations in Financial Institutions and Real Estate, from the University of Illinois. Dr. Heuson has published articles on mortgage finance and other fixed-income markets in numerous academic journals while teaching valuation, international finance, management of financial institutions and real estate finance in undergraduate, graduate and executive level programs. Dr. Heuson serves as a consultant on real estate brokerage and appraisal licensing for the State of Florida. She is the Treasurer of the American Real Estate and Urban Economics Association. Dr. Heuson's current research examines differential rates of house price appreciation.

**MARTIN HOESLI** is a Professor of Real Estate Finance at the University of Geneva (Switzerland), the University of Aberdeen (U.K.) and the Bordeaux Business School (France). He holds a Ph.D. in finance from the University of Geneva. He is an academic fellow of the Urban Land Institute and a fellow of the Royal Institution of Chartered Surveyors. He is a past president of the European Real Estate Society and currently serves on the EPRE board and on the board of the Swiss Financial Analyst Association. Dr. Hoesli has written six books and numerous articles and is on the editorial board of several international real estate journals.



**SEOW ENG ONG** is a Professor of Real Estate at the National University of Singapore. He holds a Ph.D. in Finance and Master in Business from Indiana University. His research interests include securitized real estate and REITs. As a CFA charter holder, SE has substantial work experience in investment and portfolio management. He is the Vice Chairman (Education) for the Urban Land Institute, South Asia council, and an independent director of a real estate investment trust listed on the Singapore Exchange. He is also a leading member of the academic steering committee for the Asian Public Real Estate Association. He is a past president of the International Real Estate Society as well as past president of the Asian Real Estate Society. SE is currently on the board of the American Real Estate and Urban Economics Association (AREUEA).

## 2011 Halbert C. Smith Honorary Fellow

### Dr. Robert Buckley

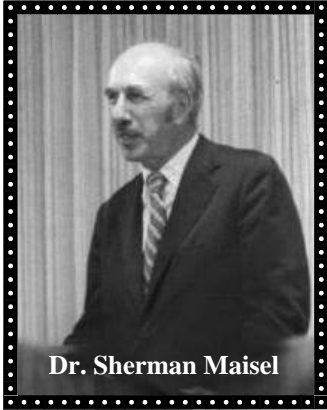


(Above) Dean David Ling presenting Dr. Robert Buckley with his certificate.

**ROBERT BUCKLEY** joined the Rockefeller Foundation in 2008. As a Managing Director, he provides leadership and strategic direction for select Foundation initiatives, particularly related to urbanization in developing countries.

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

Prior to his work with the World Bank, he 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. Dr Buckley received a Ph.D. in Economics from The University of Kentucky and a Bachelor's degree in Economics from St. Peter's College.



Dr. Sherman Maisel

## IN MEMORIUM

DR. SHERMAN MAISEL

(1918-2010)

1985 WEIMER SCHOOL HONORARY FELLOW

Our sincere condolences are extended to the family of Dr. Sherman Maisel. Educated at Harvard (Ph.d. in 1949), Dr. Maisel spent his academic career at the University of California—Berkeley School of Business which he joined in 1948 and returned to in 1972, retiring in 1986 as California State Professor of Real Estate and Urban Economics, with the Berkeley Citation for distinguished achievements. Dr. Maisel

helped found the Center for Real Estate and Urban Economics, one of the first university centers in the country and still an active contributor to real estate and urban research.

President Johnson appointed Dr. Maisel to the Federal Reserve Board where he served from 1965 to 1972. As a governor of the Federal Reserve, he contributed to the development of the modern mortgage market and to policies aimed at smoothing real estate cycles. He was a contributor to the Brookings Model, the first large scale model of the U.S. economy. Dr. Maisel's work has been published in 14 books and more than 100 academic articles.

Dr. Maisel enjoyed a distinguished and productive career. He was a rare academician who directly influenced governmental policy.

*- Excerpted from Haas School of Business bio and other sources.*

### <sup>M</sup><sub>S</sub>ASI Has a New President: Jeff Fisher



Jeff Fisher

The board of directors of the Maury Seldin Advanced Studies Institute, at the November 2010 board meeting, unanimously elected Jeff Fisher as president of <sup>M</sup><sub>S</sub>ASI, the home of the Weimer School of Advanced Studies in Real Estate and Land Economics. Jeff succeeds Ron Racster in this planned transition and assumes oversight of <sup>M</sup><sub>S</sub>ASI activities. David Ling was reappointed Dean of the Weimer School. Racster remains as chairman of the <sup>M</sup><sub>S</sub>ASI board until the expiration of his term in the Fall of 2011. Ron expressed the unanimous opinion of the directors that the future of <sup>M</sup><sub>S</sub>ASI and the Weimer School will be in excellent hands.

Board members and staff surprised Racster with a wonderful dinner, presentations, and reminiscences of relationships and events experienced over the years.

*"I was deeply moved by the comments and camaraderie—it was a dinner and evening to remember! <sup>M</sup><sub>S</sub>ASI and the Weimer School will prosper in the years ahead under the guidance of the incoming generation. Thank you all for a wonderful evening." — Ron Racster*



Dr. Norm Miller presenting Ron with a crystal memento at the dinner in his honor.



L-R: At the dinner in Ron's honor: Atty. Tom Howard, Rachel Seldin, Ron Racster and Dan Kohlhepp

## 2011 Weimer School Presentations...In Summary

### **Three Funerals and a Wedding: Why is Housing Policy So Bad?**

Dr. Robert Buckley, Rockefeller Foundation  
2011 Halbert C. Smith Honorary Fellow

The presentation discussed “Three Funerals and A Wedding,” a somewhat apocryphal description of how housing policy has been designed in a number of countries: the United States, South Africa, and Russia as examples of not only ineffective, but quite costly policies. In the U.S., housing finance policy led to the world financial crisis. South Africa, on the other hand, has followed one of the most engaged housing subsidy programs in history, subsidizing almost 3 million units over the past 15 years, in part as an effort to compensate for the oppression of apartheid. Unfortunately, despite this and other efforts, income distribution has gotten less equal, suggesting that one of the main targets of the policy has not been achieved. Similarly, in Russia, 20 years after reforms were initiated little has been done to implement policies and incentives to improve the management of the housing stock. The presentation discusses some explanations for why this situation might arise. Some of the speculations for why this occurs is that there is fiscal illusion in designing and implementing policies and political constraints that lead to costly policies and the idiosyncratic behavior of housing markets across countries.

### **Professional Regulation and Housing Appreciation Rates**

Dr. Andrea Heuson, University of Miami

This research seeks to determine whether or not the degree to which a state screens real estate license applicants is related to volatility in returns in local housing markets. Using the OFHEO “All Transactions” Index and an estimation period of January 1989 to December 2008, housing returns are estimated for more than 200 individual SMSAs and then compared to national housing returns in a format similar to traditional CAPM analysis. SMSA betas are then regressed against fundamental variables identified in previous research and measures of licensing strictness to determine whether or not the ease with which a real estate license can be attained in a state is related to excess housing returns in the states’ SMSAs.

Empirical results indicate that that the effect is second-order, but that “excess” housing appreciation and depreciation rates are larger than the national average in states where the initial and renewal screening of real estate professionals is less strict.

### *Professional Regulation and Housing Appreciation Rates (Continued)*

Furthermore, this appreciation and depreciation is not attributable to a set of underlying market fundamentals such as relative growth in income, the inelasticity of the supply of vacant land in the area, the strictness of local land use regulation or the tendency of homeowners in an SMSA to extract home equity.

The results establish a clear and consistent positive link between excess volatility in housing returns and the laxity of screening of real estate licensees. In addition, it is possible to isolate exactly which of four possible screening methods is most related to limits on excess volatility in housing returns. Specifically, more frequent renewal of real estate licenses, (which allows a state to screen out agents who have sparked complaints or legal proceedings), and reference to a national licensee association complaint database have greater power than either a fingerprint requirement or a criminal background check.

Taken as a whole, the results of the research suggest that weak screening of real estate licenses occurred in states that exhibited excess positive and negative returns to housing during the recent expansion and contraction in residential markets. Extending the results to a policy perspective suggests that efforts to prevent a reoccurrence of the housing crisis should include a review of the stringency of real estate licensing requirements in every state.

### **Land Leverage and House Prices**

Dr. Martin Hoesli, University of Geneva

A house is a bundle of land and improvements, with the weights of the two components varying both over time and across locations. The land intensity or “leverage” of a property is captured by measuring the ratio of land to total value using transactions data for single-family homes in Switzerland over the period 1978 to 2008. Hedonic models are used to develop time series of land prices and land leverage. Then error correction models are estimated for both house prices and land leverage. The importance of interacting land leverage with fundamentals is shown when assessing the determinants of house prices. House price changes are shown to be affected by changes in real construction costs, in real GDP per capita, and in the growth of the population aged 30 to 49, while land leverage changes are a function of changes in real construction costs and in real GDP per capita.

*(Summaries continued on next page)*

## IPOs of Asian REITs: Role of Sponsorship

Dr. Seow Eng Ong,  
National University of Singapore

This paper tests the significance of sponsors in REIT IPOs *vis-à-vis* quality certification, signal of firm value, and commitment to alleviate moral hazard concerns. We model the REIT pricing and sponsor share retention decisions within a simultaneous decision framework as motivated by Grinblatt and Hwang (1989). We find positive and significant bidirectional relationship between the fraction of shares held by the sponsor in IPO and underpricing which is consistent with Grinblatt and Hwang's (1989) signaling model. Our results also support the commitment hypothesis that developers that spin off REITs tend to hold more shares at IPO possibly to compensate investors for the potential moral hazard problems in the aftermarket.

## Valuation Scholars and Experts Reunite and Engage at Clemson University Valuation Colloquium November 11-13, 2010



L-R: Elaine Worzala (Clemson University) and Nick French (Oxford Brookes University)

Fifty real estate professionals and academicians met in Greenville, SC at a colloquium focused on the current state of the valuation community and to share and explore alternative ways to think about "Issues That Vex and Perplex the Valuation Profession: Valuation Theory and Methods," particularly in these very trying times for the real estate industry.

The 2010 colloquium followed a colloquium in 1962 led by Richard U. Ratliff at the University of Wisconsin-Madison and in 1984, led by William N. Kinnard, Jr. at the University of Connecticut. The 2010 colloquium was designed to mimic the previous two events where a very diverse set of scholars and practitioners were invited to participate and share their expertise.

The 50 participants from six different countries in the two-day 2010 event were a mix of older, more seasoned researchers as well as younger individuals from the academic and practitioner valuation communities. The hope was that the different groups would share and learn from each other about older methods and models and newer more contemporary ones. The steering committee was comprised of Jeff Fisher, Ken Lusht, CF Sirmans, Nick French and Elaine Worzala. In addition, Maury Seldin played a key role in helping organize the trends for the conference and set the conference program.

After each set of papers, a panel discussed the themes that came out of the presentations. The main topics included the exploration of a new paradigm for real estate that includes expanding our research methods to branch out to other fields including complexity economics and behavioral economics; issues facing the global valuation community including sustainability and globalization of standards; valuation and contamination; valuation and education; alternative tools for valuation; and finally valuation in the public sector including for eminent domain and conservation easements. Full details of the program as well as reflective essays by some of the participants in the colloquium on the various themes will be uploaded on to the Hoyt Wiki site ([www.wiki.hoyt.org](http://www.wiki.hoyt.org)) in the near future. All formal papers presented at the colloquium will be published in a forthcoming issue of the *Journal of Property Investment and Finance*. Finally, plans are already in place to hold a similar colloquium at Oxford Brookes University (U.K.) in July 2012, the fiftieth anniversary of the historic 1962 colloquium. (Conclusion on page 8)

**2011 Hoyt Fellow—Weimer School Program**  
**The Hoyt Center**  
**Thursday, May 12—Sunday May 15, 2011**

**Book your flight and register early.** Return registration materials to Carol Reynolds / [weimer@hoyt.org](mailto:weimer@hoyt.org), 561-694-7621.

**An Outstanding Program!** The Hoyt Fellows program is coordinated by Hans Nordby; the Weimer School program by Jeff Fisher, Norm Miller and David Ling (Commercial), and Henry Pollakowski and Susan Wachter (Housing). Post-doctoral honorees present on Sunday. Program details are on [www.wiki.hoyt.org](http://www.wiki.hoyt.org).

**Hoyt Fellow and Weimer School registrants are encouraged to participate in all sessions.**

**Thursday, May 12, 2011 - Hoyt Fellows Session**

\*\*\* Breakfast buffet at 8:00 a.m.\*\*\*    \*\*\* Session commences at 8:30 a.m.\*\*\*

**Radically Different Opinions for a Refreshingly Different Conference**

Topic	Speakers
"The Cycle – What Time Is It?"	Glenn R. Mueller, <i>University of Denver</i>
"Frozen Assets and Zombie Buildings – When Do They Return from the Dead?"	Paul Briggs*, <i>Office of the Comptroller of the Currency</i> ; Dan Nee*, <i>Starwood Capital</i> ; Hans G. Nordby, <i>PPR</i> ; Anatole Pevnev, <i>Townsend Group</i> ; Andy Warren, <i>The Principal Financial Group</i> and Tyler Wiggers*, <i>New York Federal Reserve</i>
"Euro Implosion: How Likely, How Bad?"	Douglas J. Herzbrun, <i>CB Richard Ellis Investors</i> Sotiris Tsolacos, <i>CoStar Analytics UK</i>
"Does Size Matter? Extra Large Assets, Why Investors Love Them and Whether They Outperform"	Michael C. Hudgins, <i>JP Morgan Asset Management</i> Gregory H. Mackinnon, <i>Pension Real Estate Association</i>
"Risk Curves – Where Do You Want To Be?"	Brad Case, <i>National Association of Real Estate Investment Trusts</i> TBD*

\*\*\* Hoyt Fellows Business Meeting follows presentations \*\*\*    \*\*\* Reception - 5:00 p.m. - Hilton Hotel \*\*\*

\*\*\* Hoyt Fellows Dinner - 6:30 p.m. (Hoyt Fellows only) \*\*\*

**Friday, May 13 - Weimer School Convenes**

All Hoyt Fellows are invited to participate

\*\*\*Breakfast buffet at 8:00 a.m.\*\*\*    \*\*\*Session commences at 8:30 a.m.\*\*\*

**Session on Commercial Real Estate**

Topic	Speakers
"Fear and Loathing in....[pretty much everywhere]: Things We Should Remember [but probably won't] from the Financial Crisis"	Michael Giliberto, <i>S. Michael Giliberto &amp; Co., Inc. &amp; Columbia University</i>
"Commercial Property Transaction Price Indices: Some Perspective After the First Five Years"	David M. Geltner, <i>MIT</i>
Panel Discussion: "Index Fest: A Smorgasboard of Commercial Real Estate Rent, Price and Total Return Indices"	<u>Panel Chair:</u> David M. Geltner, <i>MIT</i> <u>Panelists:</u> Xudong An, <i>San Diego State University</i> ; Brad Case, <i>NAREIT</i> ; Jeffrey Fisher, <i>Indiana University and NCREIF</i> ; Michael Giliberto, <i>Columbia University</i> ; Norman G. Miller, <i>University of San Diego</i> ; Gary E. Pivo, <i>University of Arizona</i> and James Valente, <i>IPD North America</i>

(Continued on next page)

**Friday, May 13th, (Continued)**

Topic	Speakers
"Lessons Learned From the Dark Side"	Mike E. Miles, <i>Guggenheim Real Estate, LLC</i>

**Afternoon Session - Housing: Location, Dynamics, Finance**

"Detecting Housing Price Bubbles" (with Seth Giertz)	James R. Follain, <i>Rockefeller Institute of Government</i>
"Subprime Mortgages and the Housing Bubble" (with Jan Brueckner and Leonard Nakamura)	Paul S. Calem, <i>Board of Governors of the Federal Reserve System</i>

\*\*\* Weimer School Faculty Meeting Follows Presentations \*\*\*  
 \*\*\* Reception at Hilton Hotel - 6:30 p.m. \*\*\*      \*\*\* Dinner at Hilton Hotel - 7:30 p.m. \*\*\*

**Saturday, May 14, 2011 - Weimer School Session**

\*\*\* Breakfast buffet at 8:00 a.m. \*\*\*      \*\*\* Session commences at 8:30 a.m. \*\*\*

**Housing: Location, Dynamics, Finance (Continued)**

Topic	Speakers
"Do Foreclosures Cause Crime?"	Ingrid Gould Ellen, <i>New York University</i>
"Housing Price Appreciation and Mortgage Underwriting"	Stephen L. Ross, <i>University of Connecticut</i>
"Interest Rates and Non-Fundamental Fluctuations in Home Values"	Albert Saiz, <i>University of Pennsylvania</i>
"Mortgage Finance and Housing Outcomes in Korea"	Kyung-Hwan Kim, <i>Sogang University</i>
"Agglomeration and Fundamental Supply Elasticity: Evidence from Starbucks Retail Locations"	Thomas Davidoff, <i>University of British Columbia</i>
"Real Option Value and the Dynamics of Housing Prices" (with Piet Eichholtz and Thies Lindenthal)	John M. Clapp, <i>University of Connecticut</i>

\*\*\* Reception at Hilton Hotel - 6:00 p.m. \*\*\*      \*\*\* Dinner on Own \*\*\*

**Sunday, May 15, 2011 - Weimer School Session**

\*\*\* Breakfast buffet at 8:00 a.m. \*\*\*      \*\*\* Session commences at 8:30 a.m. \*\*\*

**Weimer School Post-Doctoral Scholars Research Presentations**

Topic	Speakers
"Can 'Lemons' Explain Housing Market Liquidity?"	(Kelvin) Siu Kei Wong, <i>Hong Kong University</i>
"Real Estate Risk Premium Puzzle"	Zhenguo (Len) Lin, <i>Mississippi State University</i>
"Does Government Investment in Local Public Goods Spur Gentrification? Evidence from New Residential Development, and Restaurant Opens in Beijing" (with Prof. Matthew E. Kahn, UCLA)	Siqi Zheng, <i>Tsinghua University – China</i>
"Residential Land Values and Walkability"	Stephanie Yates Rauterkus, <i>University of Alabama at Birmingham</i>
Weimer School Adjournment	

**Valuation Scholars and Experts Reunite and Engage at Clemson University Valuation Colloquium**  
*(Continued from page 5)*

Financial support for the event was provided by the Maury Seldin Advanced Studies Institute, the Homer Hoyt Institute, the Richard H. Pennell Center for Real Estate Development, Greenfield Advisors and the Appraisal Institute. In-kind sponsorships were provided by Oxford Brookes University, ARGUS and Emerald Publishing.

*Our thanks to Elaine Worzala, Weimer School Fellow and Professor of Real Estate and Director, the Pennell Center for Real Estate Development, Clemson University, for the content of this article.*

**2011 EVENTS**

<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>
<p><b>ARES 2011 Meeting</b>            April 13-16, 2011            Seattle Waterfront Marriott            Seattle, Washington</p>	<p><b>Hoyt Fellows Meeting &amp; Weimer School Session</b>            May 12-15, 2011            May 12th (Hoyt Fellows)            May 13-15 (Weimer School)            The Hoyt Center            North Palm Beach, FL</p>	<p><b>AREUEA</b>            2011 Mid-Year Meeting            June 2-3, 2011            Washington, DC</p>

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