



19th ANNUAL

 **AREUEA** International Meeting  
**Rotterdam 2010**

**June 17-19**

**Erasmus University, Rotterdam, The Netherlands**

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Agentschap NL  
Ministerie van Economische Zaken



NATIONALE HYPOTHEEK GARANTIE



ERASMUS RESEARCH  
INSTITUTE OF MANAGEMENT



June 17-19, 2010  
Erasmus University  
Rotterdam, The Netherlands



## Conference Program at a Glance

### Thursday, June 17

17.30-21.30 Welcome Reception Rotterdam City Hall (Coolingsingel 40, Rotterdam) BUSES LEAVE NOVOTEL AT 17.00 & AGAIN AT 18.00

### Friday, June 18

9.00-10.00 CONFERENCE OPENING CEREMONY BUSINESS SCHOOL – T3 LEVEL

10.15-12.00 SESSIONS A BUSINESS SCHOOL  
A1 HOUSE PRICE INDICES ROOM T3-16  
A2 REIT PERFORMANCE ROOM T3-20  
A3 MORTGAGE DYNAMICS ROOM T3-21

12.00-13.30 DELEGATE LUNCHEON BUSINESS SCHOOL

13.30-15.15 SESSIONS B BUSINESS SCHOOL  
B1 SUBPRIME ROOM T3-16  
B2 URBAN ECONOMICS I ROOM T3-20  
B3 HOMEOWNERSHIP ROOM T3-21

15.15-15.45 COFFEE BREAK & REFRESHMENTS BUSINESS SCHOOL – T3 LEVEL

15.45-17.30 SESSIONS C BUSINESS SCHOOL  
C2 SUSTAINABILITY ROOM T3-20  
C3 REAL OPTIONS ROOM T3-21  
C4 REAL ESTATE INVESTMENT AND RISK ROOM T3-25

18.00-22.00 GALA DINNER De Laurenskerk (GROTEKERKPLEIN 27, ROTTERDAM) BUSES LEAVE NOVOTEL AT 18.00 & RETURN AT 22.00

### Saturday, June 19

9.30-10.00 Coffee & Refreshments BUSINESS SCHOOL – T3 LEVEL

10.00-12.00 Sessions D BUSINESS SCHOOL  
D1 House Price Dynamics I ROOM T3-16  
D2 REIT Governance ROOM T3-20  
D3 Urban Economics II ROOM T3-21  
D4 Spatial Correlation ROOM T3-25

12.00-13.30 Delegate Luncheon BUSINESS SCHOOL

13.30-15.15 Sessions E BUSINESS SCHOOL  
E1 Real Estate Liquidity ROOM T3-16  
E2 House Price Dynamics II ROOM T3-20  
E3 Offices ROOM T3-21  
E4 REIT Corporate Finance I ROOM T3-25

15.15-15.45 Coffee Break & Refreshments BUSINESS SCHOOL – T3 LEVEL

15.45-17.15 Sessions F BUSINESS SCHOOL  
F1 Contracting and Intermediation ROOM T3-16  
F2 Housing Tenure and Tax ROOM T3-20  
F3 Housing Theory ROOM T3-21

18.00-22.00 Dinner Cruise DE MAJESTEIT (MAASBOULEVARD IN ROTTERDAM.) BUSES LEAVE NOVOTEL AT 18.00 & RETURN AT 22.00

Friday, June 18

9.00 – 10.00



**CONFERENCE OPENING CEREMONY**

Room: T3-Level

Friday, June 18

10.15-12.00

A1

**HOUSE PRICES INDICES**

Chair

**Larisa Fleishman, Hebrew University**

Room: T3-16

- 1 **The Accuracy and Robustness of House Price Index Methods**  
*Greg Costello, Curtin University and Yen Go and Greg Schwann, University of Melbourne*
- 2 **Measuring Local Individual Housing Returns from a Large Quarterly Transaction Database**  
*Tristan-Pierre Maury, Edhec Business School*
- 3 **Property Values and Comparable Sales**  
*Francois De Rosiers and Mariu Theriault, Laval University and Jean Dube, INRS-UCS*
- 4 **To What Extent are Self-Reported House Value Estimates Accurate?**  
*Dmitri Romanov, Central Bureau of Statistics, Larisa Fleishman, Hebrew University and Aviad Tur-Sinai, Tel Aviv University*

- Discussants**
- 1 Francois De Rosiers, Laval University
  - 2 Larisa Fleishman, Hebrew University
  - 3 Tristan-Pierre Maury, Edhec Business School
  - 4 Greg Costello, Curtin University

Friday, June 18

10.15-12.00

A2

**REIT PERFORMANCE**

Chair

**Yongheng Deng, National University of Singapore**

Room: T3-20

- 1 **REIT Performance and Market Timing Ability**  
*Richard Buttimer, Jun Chen and I-Hsuan Chiang, University of North Carolina-Charlotte*
- 2 **Testing the Predictability and Efficiency of Securitized Real Estate Markets**  
*Felix Schindler, Centre for European Economic Research, Roland Fuess and Nico Rottke European Business School*
- 3 **An Analysis of Shareholder Composition and Returns in Volatile Markets**  
*Dirk Brounen, Erasmus University, Nils Kok, Maastricht University and David Ling, University of Florida*
- 4 **REITs Return Behavior and Legal Infrastructure**  
*Minye Zhang, California State Polytechnic University-Pomona and Yongheng Deng, National University of Singapore*

- Discussants**
- 1 David Ling, University of Florida
  - 2 Yongheng Deng, National University of Singapore
  - 3 Felix Schindler, Centre for European Economic Research
  - 4 Richard Buttimer, University of North Carolina-Charlotte

Friday, June 18

10:15-12:00

A3

## MORTGAGE DYNAMICS

Chair

Richard Green, University of Southern California

Room: T3-21

- 1 **Optimal Mortgage Choice under Endogenous Delinquency and Default**  
*Michael Flanagan, Manchester Metropolitan University and Dean Paxson, University of Manchester*
- 2 **The Role of Information Asymmetry on Mortgage Loan Pricing**  
*Brent Smith and Kenneth Daniels, Virginia Commonwealth University*
- 3 **Sunk Costs and Mortgage Default**  
*Richard Green, University of Southern California, Vincent Yao, Fannie Mae and Eric Rosenblatt, Federal National Mortgage Association*

### Discussants

- 1 Brent Smith, Virginia Commonwealth University
- 2 Richard Green, University of Southern California
- 3 Michael Flanagan, Manchester Metropolitan University

Friday, June 18

12.00 -13.30



## DELEGATE LUNCHEON

Friday, June 18

13.30 – 15.15

B1

## SUBPRIME

Chair

Brent Ambrose, Pennsylvania State University

Room: T3-16

- 1 **The Subprime Virus: Theory and Evidence**  
*Brent Ambrose, Pennsylvania State University, Sumit Agarwal, Federal Reserve Bank of Chicago, and Yildiray Yildirim, Syracuse University*
- 2 **Subprime Mortgage Crises and the Giant Secondary-Market Institutions, Fannie Mae and Freddie Mac**  
*Belgin Akcay, Ankara University*
- 3 **Did the Danish Financial and Housing Market Indicators Warn Us?**  
*Jens Lunde, Copenhagen Business School*

### Discussants

- 1 --
- 2 Jens Lunde, Copenhagen Business School
- 3 Belgin Akcay, Ankara University

Friday, June 18

13.30 – 15.15

**B2**

## URBAN ECONOMICS I

Chair

Leah Brooks, University of Toronto

Room: T3-20

- 1 **Sprawl and Blight**  
*Robert Helsley, University of California-Berkeley and Jan Brueckner, University of California-Irvine*
- 2 **Redefining the City: An Empirical Analysis of Land Assembly**  
*Leah Brooks, University of Toronto and Byron Lutz, Federal Reserve Board of Governors*
- 3 **Federal Aid and Local Economies**  
*Gerald Carlino, Federal Reserve Board of Philadelphia and Robert Inman, University of Pennsylvania*

- Discussants**
- 1 Leah Brooks, University of Toronto
  - 2 Rober Inman, University of Pennsylvania
  - 3 Robert Helsley, University of California-Berkeley

Friday, June 18

13.30 – 15.15

**B3**

## HOMEOWNERSHIP

Chair

Eric Fesselmeyer, National University of Singapore

Room: T3-21

- 1 **Homeownership Externalities, Evidence from Rotterdam**  
*Ruben Cox, Dirk Brounen and Peter Neuteboom, Erasmus University*
- 2 **Costs and Risks of Homeownership**  
*Bert Kramer, Ortec Finance, Johan Conijn and Frans Schilder, University of Amsterdam*
- 3 **A Household-Level Decomposition of the Black-White Homeownership Gap Distribution**  
*Eric Fesselmeyer, Kiat-Ying Seah, and Kien Le, National University of Singapore*

- Discussants**
- 1 Kiat-Ying Seah, National University of Singapore
  - 2 Ruben Cox, Erasmus University
  - 3 Bert Kramer, Ortec Finance

Friday, June 18

15.15 – 15.45



## COFFEE BREAK & REFRESHMENTS

Room: T3-Level

Friday, June 18

15.45 – 17.30

C2

## SUSTAINABILITY

Chair

Nils Kok, Maastricht University

Room: T3-20

- 1 **Economic Returns to Energy-Efficient Investments in the Housing Market: Evidence from Singapore**  
*Yongheng Deng and Zhilian Li, National University of Singapore and John Quigley, University of California-Berkeley*
  - 2 **A Global Perspective on the Value of Green Buildings**  
*Andrea Chegut, Nils Kok and Piet Eichholtz Maastricht University and John Quigley, University of California-Berkeley*
  - 3 **Sustainability and the Dynamics of Green Building**  
*Nils Kok and Piet Eichholtz, Maastricht University and John Quigley, University of California-Berkeley*
  - 4 **On the Economics of Energy Labels in the Housing Markets**  
*Dirk Brounen, Erasmus University, Nils Kok, Maastricht University*
- Discussants**
- 1 Nils Kok, University of Maastricht
  - 2 Dirk Brounen, Erasmus University
  - 3 Yongheng Deng, National University of Singapore
  - 4 Andrea Chegut, University of Maastricht

Friday, June 18

15.45 – 17.30

C3

## REAL OPTIONS

Chair

Gianluca Marcato, University of Reading

Room: T3-21

- 1 **The Value of Delay, Preemption and Irreversible Investments**  
*Anthony Pennington-Cross, Marquette University*
  - 2 **Option Value Created and Destroyed by the Big Bang in the Berlin Housing Market, 1978-2007**  
*John Clapp, University of Connecticut and Thies Lindenthal, Maastricht University*
  - 3 **Real Options and Game Theoretical Approaches to Real Estate Development Projects**  
*Gianluca Marcato and Tommaso Gabrieli, University of Reading*
- Discussants**
- 1 Gianluca Marcato, University of Reading
  - 2 Anthony Pennington-Cross, Marquette University
  - 3 Thies Lindenthal, Maastricht University

Friday, June 18

15.45 – 17.30

C4

## REAL ESTATE INVESTMENT AND RISK

Chair

Steffen Sebastian, University of Regensburg

Room: T3-25

### Risk-Neutral Valuation of Real Estate Derivatives

- 1 *David van Bragt, Ortec Finance, Marc Francke, University of Amsterdam, Bert Kramer, Ortec Finance, and Antoon Pelsser, Maastricht University*

### Inflation Illusion and Liquidity Risk in Real Estate

- 2 *Kiat-Ying Seah, National University of Singapore*

### Real Estate Allocation and S&P 500 Firm's Defined Benefit Pension Plans

- 3 *Karen Lahey, University of Akron and T. Leigh Anenson, University of Maryland*

### Inflation-Hedging, Asset Allocation and the Investment Horizon

- 4 *Benedikt Fleischmann, Christian Rehring and Steffen Sebastian, University of Regensburg*

### Discussants

- 1 Benedikt Fleischmann, University of Regensburg
- 2 Karen Lahey, University of Akron
- 3 Marc Francke, University of Amsterdam
- 4 Kiat-Ying Seah, National University of Singapore

Friday, June 18

18.00 – 22.00



## GALA DINNER

**De Laurenskerk** (Grotekerkplein 27, Rotterdam)

**Buses leave Novotel at 18.00 & return at 22.00**

*St Laurenskerk was originally constructed in the 15th century. The church was rebuilt in 1940 after heavy bomb damage, but has retained much of its splendour.*



Saturday, June 19

9.30 – 10.00



COFFEE & REFRESHMENTS

Room: T3-Level

Saturday, June 19

10.00 – 12.00

D1

HOUSE PRICE DYNAMICS I

Chair

Marc Francke, University of Amsterdam

Room: T3-16

- 1 **Comparing Market Rents from a User Cost and a Reaction Model**  
*Marc Francke, University of Amsterdam*
- 2 **Bank Lending and Residential Property Prices in South Africa**  
*Matthew Ocran, Nelson Mandela Metropolitan University*
- 3 **Measuring Quality of Life in Italian Cities: Estimates from Hedonic House Price Models**  
*Luca Stanca, Emilio Colombo and Alessandra Michelangeli, University of Milan-Biocca*

- Discussants**
- 1 Matthew Ocran, Nelson Mandela Metropolitan University
  - 2 Luca Stanca, University of Milan-Bicocca
  - 3 Marc Francke, University of Amsterdam

Saturday, June 19

10.00 – 12.00

D2

REIT GOVERNANCE

Chair

David Downs, Virginia Commonwealth University

Room: T3-20

- 1 **The Role of Sponsor in Asian REIT IPOs**  
*Seow-Eng Ong, Joseph Ooi and Woei Chyuan Wong, National University of Singapore*
- 2 **What Drives CEOs to Take on More Risk? Some Evidence from the Laboratory of REITs**  
*Roland Fuess, Joachim Zietz, and Nico Rottke, European Business School*
- 3 **Real Estate, Governance, and the Crisis**  
*Erkan Yonder, Nils Kok and Piet Eichholtz, Maastricht University*
- 4 **The Determinants of Fund Openings: The Case of German Real Estate Funds**  
*David Downs, Virginia Commonwealth University and Steffen Sebastian, University of Regensburg*

- Discussants**
- 1 Steffen Sebastian, University of Regensburg
  - 2 Erkan Yonder, Maastricht University
  - 3 Joseph Ooi, National University of Singapore
  - 4 Roland Fuess, European Business School

**Saturday, June 19**

**10.00 – 12.00**

**D3**

**URBAN ECONOMICS II**

Chair

**Maarten Jennen, Erasmus University**

Room: T3-21

**Consumption of Real Assets and the Clientele Effect**

- 1 *Anna Chernobai, Syracuse University and Ekaterina Chernobai, California State Polytechnic University-Pomona and University of Nuertingen*

**Immigration and Urban Housing Market Dynamics: The Case of Haifa**

- 2 *Arno van der Vlist, Daniel Czamanski and Henk Folmer, University of Groningen*

**External Economies and the Spatial Form of Office Markets Across the U.S. Metropolitan Areas**

- 3 *Ruben Cox and Maarten Jennen, Erasmus University and Yuming Fu, National University of Singapore*

**Cultural Amenities and the Location Choice of Dutch Households in a Residential Sorting Model**

- 4 *Mark van Duijn, VU University and Jan Rouwendal, Free University*

**Discussants**

- 1 Maarten Jennen, Erasmus University  
2 Ekaterina Chernobai, California State Polytechnic University-Pomona and University of Nuertingen  
3 Mark van Duijn, VU University  
4 Arno van der Vlist, University of Groningen

**Saturday, June 19**

**10.00 – 12.00**

**D4**

**SPATIAL CORRELATION**

Chair

**Peter Westerheide, Centre for European Economic Research**

Room: T3-25

**Liquidity-Induced Spatial Autocorrelation in Real Estate Prices**

- 1 *Siu Kei Wong, Chun Wah Li, Chung Yim Yiu and Kwong Wing Chau, University of Hong Kong*

**Spatial and Temporal Dependence in House Price Prediction**

- 2 *Xiaolong Liu, University of Amsterdam*

**Social Return on Investment of Mutual Support Based on Housing Projects**

- 3 *Peter Westerheide and Sarah Borgloh, Centre for European Economic Research*

**Discussants**

- 1 Peter Westerheide, Centre for European Economic Research  
2 Siu Kei Wong, University of Hong Kong  
3 Xiaolong Liu, University of Amsterdam

**Saturday, June 19**

**12.00 – 13.30**



**DELEGATE LUNCHEON**

**Saturday, June 19**

**13.30 – 15.15**

**E1**

## **REAL ESTATE LIQUIDITY**

Chair

**David Ling, University of Florida**

Room: T3-16

- 1 **The Pricing of Liquidity in Real Estate**  
*James Shilling, DePaul University, Yuichiro Kawaguchi, Waseda University and J. Sa-Aadu, University of Iowa*
  - 2 **Short Sales and Fundamental Value**  
*Melissa Porras Prado and Dirk Brounen, Erasmus University*
  - 3 **REITs: Liquidity and Real Estate Risk**  
*Dragana Cvijanovic, London School of Economics*
  - 4 **Investor Sentiment and Asset Pricing in Public and Private Markets**  
*David Ling, Andy Naranjo and Benjamin Scheick, University of Florida*
- Discussants**
- 1 David Ling, University of Florida
  - 2 Dragana Cvijanovic, London School of Economics
  - 3 James Shilling, DePaul University
  - 4 Melissa Porras Prado, Erasmus University

**Saturday, June 19**

**13.30 – 15.15**

**E2**

## **HOUSE PRICE DYNAMICS II**

Chair

**Peter Neuteboom, Erasmus University**

Room: T3-20

- 1 **Are Canadian House Prices More Closely Linked to Fundamental Drivers than U.S. House Prices?**  
*Cynthia Holmes, York University, Tsur Somerville, University of British Columbia, Judith Clarke, University of Victoria and Marsha Courchane, CRA, International*
  - 2 **Interest Rates and Non-Fundamental Fluctuations in Home Values**  
*Albert Saiz, University of Pennsylvania*
  - 3 **House Prices and Income Shocks**  
*Jan Rouwendal, Free University*
  - 4 **Hedging House Price Risk in International Markets**  
*Dirk Brounen and Peter Neuteboom, Erasmus University*
- Discussants**
- 1 Jingnan Xu, Erasmus University
  - 2 Jan Rouwendal, Free University
  - 3 Cynthia Holmes, York University
  - 4 Albert Saiz, University of Pennsylvania

**Saturday, June 19**

**13.30 – 15.15**

**E3**

**OFFICES**

Chair

Room: T3-21

**Jim Clayton, Cornerstone Real Estate Advisers**

- 1 **Yield Development in the Real Estate Office Market: The Effect of Obsolescence**  
*Leonie Koerhuis and Aart Hordijk, Delft University of Technology*
- 2 **Office Market and Labor Market: The Case of Germany**  
*Michael Voigtlander, Instiut der deutschen Wirtschaft Koin*
- 3 **Pro-Cyclical Leverage, Liquidity and Commercial Property Values**  
*Jim Clayton, Cornerstone Real Estate Advisers and Lian Peng, University of Colorado-Boulder*

**Discussants**

- 1 Jim Clayton, Cornerstone Real Estate Advisers
- 2 Aart Hordijk, Delft University of Technology
- 3 Michael Voigtlander, Instiut der deutschen Wirtschaft Koin

**Saturday, June 19**

**13.30 – 15.15**

**E4**

**REIT CORPORATE FINANCE**

Chair

Room: T3-25

**Robert Edelstein, University of California-Berkeley**

- 1 **Why Do REITs Issue Convertible Debt?**  
*Joseph Ooi and Chiang-Meng Ang, National University of Singapore*
- 2 **Elective Stock Dividends and REITs: Evidence from REIT Dividend Policy During the Financial Crisis**  
*Desmond Tsang, McGill University, Andrew Spieler, Hofstra University and Erik Devos, University of Texas-El Paso*
- 3 **The Economics of Property Acquisitions and Dispositions by REITs**  
*Milena Petrova, Syracuse University and David Ling, University of Florida*
- 4 **Chinese Listed Property Companies Engaged in Earnings Management?**  
*Robert Edelstein, University of California-Berkeley and Qiulin Ke, Nottingham Trent University*

**Discussants**

- 1 Robert Edelstein, University of California-Berkeley
- 2 Milena Petrova, Syracuse University
- 3 Joseph Ooi, National University of Singapore
- 4 Andrew Spieler, Hofstra University

**Saturday, June 19**

**15.15 – 15.45**



**COFFEE & REFRESHMENTS**

Room: T3-Level

**Saturday, June 19**

**15.45 – 17.15**

**F1**

**CONTRACTING AND INTERMEDIATION**

Chair

**Philip Seagraves, Georgia State University**

Room: T3-16

- 1 **Negotiating the Gender Gap: Real Estate Agent Performance at the Bargaining Table**  
*Philip Seagraves, Georgia State University*
- 2 **The Impact of Litigation of Infrastructure Sitting on Residential Property Values in Paris's Suburban Zones**  
*Hai Vu Pham and Arnaud Simon, University of Paris Dauphine and Andre Torre, INRA, Agroparistech*
- 3 **Optimal Multiple Listing Service Size and Commission Rate in Residential Real Estate Markets**  
*Abdullah Yavas and Lingxiao Li, University of Wisconsin-Madison*

**Discussants**

- 1 Lingxiao Li, University of Wisconsin-Madison
- 2 Phillip Seagraves, Georgia State University
- 3 Hai Vu Pham, University of Paris Dauphine

**Saturday, June 19**

**15.45 – 17.15**

**F2**

**HOUSING TENURE AND TAX**

Chair

**Gary Painter, University of Southern California**

Room: T3-20

- 1 **The Impact of the Taxpayer Relief Act of 1997 on Housing Turnover in the U.S. Single Family Residential Market**  
*Andrea Heuson, University of Miami and David Ling, University of Florida*
- 2 **Housing Decisions Under Uncertain Income**  
*Guozhong Zhu, Peking University*
- 3 **Optimal Portfolio Choices-House Resale Risk Hedging, and the Determination of Housing Rental Prices**  
*Gang-Zhi Fan, Konkuk University, Seow-Eng Ong and Ming Pu, National University of Singapore*
- 4 **What Happens to Household Formation in a Recession? Evidence from the United States**  
*Gary Painter, University of Southern California*

**Discussants**

- 1 Gary Painter, University of Southern California
- 2 Seow-Eng Ong, National University of Singapore
- 3 Andrea Heuson, University of Miami
- 4 Guozhong Zhu, Peking University

**Saturday, June 19**

**15.45 – 17.15**

**F3**

**HOUSING THEORY**

Chair

**Greg Costello, Curtin University**

Room: T3-21

- 1 **Land Leverage Dynamics in Housing Markets**  
*Greg Costello, Curtin University*
- 2 **Cross-Border Mortgage Interest Rate Deductibility and its Impact on Housing Markets in the Dutch Border Regions**  
*Thies Lindenthal and Piet Eichholtz, Maastricht University*
- 3 **Housing Channels of Monetary Policy Transmission in European Industrial and Transition Countries**  
*Stanimari Milcheva and Steffen Sebastian, University of Regensburg*

- Discussants**
- 1 Stanimari Milcheva, University of Regensburg
  - 2 Greg Costello, Curtin University
  - 3 Thies Lindenthal, Maastricht University

**Saturday, June 19**

**18.00 – 22.00**



**DINNER CRUISE**

**De Majesteit** (Maasboulevard in Rotterdam)

**Buses leave Novotel at 18.00 & return at 22.00**

*Paddle steamer De Majesteit is among the biggest, most luxurious paddle steamboats in Europe*