Foreword

PricewaterhouseCoopers and SynerMark Investments are pleased to be the co-sponsors of this special issue of the *Journal of Real Estate Research* on real estate cycles. We applaud the efforts of the American Real Estate Society to create a forum for the sharing of ideas and articles on such relevant and applied topics as real estate cycles.

This special issue is a milestone in the development of theoretical and applied research on real estate cycles. It illustrates that research responds to concerns of the real estate investment community, formally addressing issues on the volatility and predictability of real estate cycles. Early studies of the 1970s and 1980s on national real estate cycles have evolved into the modeling of real estate cycles of individual real estate markets and submarkets, and property and sub-property types, as well as their impacts on property and portfolio decisions.

However, we cannot rest on our past or current knowledge base. Theories, applied models, and descriptive analysis respond to many ‘‘what’’ questions. We need to press on toward better explanatory models that answer the ‘‘why’’ questions. Why do we have real estate cycles? Why are cycles different across markets and within markets? Why does it appear that we will have cycles in the future? And why are real estate cycles important?

The biggest challenge facing future real estate cycle research is just beginning to rise above the horizon. From a distance, one can hear words like ‘‘integrated’’ and ‘‘holistic’’ associated with future real estate cycle models. For example, developing a real estate cycle model for a particular property type in a specific market based solely on economic, financial, or supply and demand characteristics for that property type will not suffice in the future. Forecasting downtown office supply and demand in the future may need to include hotel, retail and residential developments, each of which has its own cyclical but interrelated characteristics. We must recognize that individual properties and property types do not stand alone in the marketplace.

We can also hear the challenge of real estate cycles in international real estate markets with limited supply and demand time series data, and potentially unexpected findings and non-conforming cyclical patterns. Models developed and tested in the United States may not work in international markets, particularly developing, emerging or transitional market economies.

The good news is time. We have time to refine and test our theories and models. We also have time as we enter the twenty-first century, using new data assembled each year, to re-examine our fundamental ideas. There are many more special issues devoted to real estate cycles awaiting the global real estate societies. Enjoy the challenge!

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