

# Doctoral Dissertations

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This section of the *Journal* publishes summaries/abstracts of dissertations related to a broad cross-section of real estate issues. Areas of interest include, but are not limited to, government policy and planning, real estate business and industry issues, property, contract and transaction types, real estate decision-making processes, market analysis, and related methodological and theoretical issues. If you are aware of any real estate related dissertation(s) that may not appear in standard sources and that you think would be of interest to our readers, please contact the editor.

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**Alpanda, Sami.** University of Minnesota, 2004. Two Essays on Macroeconomics and Finance: Japanese Land and Equity Values in the 1980s and United States Equity Values in the 1970s.\*

This dissertation investigates two striking market movements: (1) the Japanese real estate “bubble” in the late 1980s and (2) the U.S. stock market crash of 1973. This work’s findings concerning the Japanese property “bubble” are highlighted in the first essay. This essay uses a growth model to determine how much of the movement in land prices can be attributed to market fundamentals. In the model, corporations can issue land-collateralized debt to reduce their tax liabilities and the government follows a land tax policy that is countercyclical to land prices. These features of the model magnify the effect of small shocks by reducing the required rate of return on land. Calibrating the model to Japanese data reveals that the observed changes in market fundamentals can largely account for the movements in land prices, but only if these changes were expected to be highly persistent.

**Cheung, Kwok C.** University of Minnesota. Taxation Management and the Structure of Transactions: Evidence of Source of Profits and Real Property Gains.

This dissertation investigates the source of profits and real property gains, as well as how the structure of transactions affects taxpayers and stakeholders decision-making process. The study estimates a series of binary logits to examine the relative significance of factors. The results provide managers with a better understanding of the structure of business transactions in the presence of taxes. The empirical results indicate that the location of services has a positive and significant effect on the source of profits, while three factors (financial ability, circumstances of property disposal and purchaser intention at time of acquisition) significantly impact the judicial decisions on gains from real property transactions. In addition, an extensive review of the corporate tax structure in the Asia-Pacific region, international corporate tax research and

implicit taxes theories is conducted, which provides the institutional setting for this work's empirical work.

**Coleman, Kim M.** Howard University, 2004. A Tiebout Simulation Model for Analyzing Middle Class Flight.

This work examines the problem of middle class flight. This phenomenon causes significant loss in tax revenues due to a lowering in both real property tax and individual income tax revenues. Accordingly, local governments seek to anticipate the impact of changes in real tax policies and public services to develop policy proposals that attract middle class residents. In order to analyze middle class flight, this work aggregates data for five jurisdictions, which provide data for three types of taxes in the Washington, D.C. area, having one hundred types of utility maximizing households. The results produce nonstandard findings from other median voter analysis. Finally, the combination of aggregate and tax data yields insights about the distributional effects of a complicated tax structure and service policies.

**Combs, Daniel.** University of Central Florida, 2004. Predicting Licensing Examination Performance with Cognitive Style and Reactive Behavior Pattern Assessments.

This dissertation investigates the performance of examinees of the Florida real estate licensing exam. The examinees' responses to a questionnaire comprising the Long-Dziuban Inventory and the Cognitive Strengths Task List based on Sternberg's theory were cross tabulated with a pass/fail dummy variable to identify differential passing proportions based on reactive behavior pattern and/or cognitive strength. The results reveal a moderate, but statistically significant, relationship between exam performance and cognitive strength, with analytical types and creative types having the greatest exam success. The results of this dissertation do not establish a definitive relationship between the Long and Sternberg constructs; however, it does provide the impetus for future research into the relationship between exam performance and cognitive styles with predictive models of those most likely to succeed in real estate as a likely consequence.

**Davis, Cyrus M.** California State University–Fullerton, 2004. Bubbles in Metropolitan Housing Markets Across the United States.\*\*

Employing data from 46 differing MSAs over a 32-year period, the existence of speculative bubbles in U.S. housing markets are examined for in this thesis. When MSAs are looked at individually, the results are mixed and, in general, do not support the existence of speculative bubbles. Specifically, at the local level there appears to be other critical factors driving property value. When viewing the U.S. housing market as a whole (combining data from all 46 MSAs), statistical evidence supporting a modest bubble exists. In addition, the study's empirical results support the hypothesis of the existence of housing bubbles when similar MSAs are combined, as well as when property is subdivided by region, high verses low density property and coastal verses inland property.

**Goga, Soraya E.** Rutgers–The State University of New Jersey–New Brunswick, 2005. Changing Spaces: An Examination of the Decentralization of Office Space in Johannesburg, 1972–1997.

In this dissertation, the process of urban spatial change is examined and attempts are made to determine its drivers. Specifically, during South Africa's fourth property cycle and the beginning of its fifth, the location of high value office space in the Johannesburg Metropolitan Region changed. These properties moved from the central business districts (CBD) to the city's northern suburbs. This change contradicts location investment decisions made in the previous three

cycles. The findings of this work suggest that supply of capital, changing imperatives of local government, political factors and deracialization of the CBD are key factors driving this relocation. On the other hand, economic growth seems to have played no role.

**Jacobs, Michele M.** University of Texas–Arlington, 2004. *Real Estate, Terrorism and Secure Design: Implications for Landscape Architecture.*\*\*

Building security and planning, as well as the role played by building designers and landscape architects, are all examined. The threat of terrorists' attacks and the possibilities for securing spaces, as well as a look at issues facing building owners, are included. Interviews are conducted to compare to the conventional wisdom found in the extant literature. The interviews are with property managers, asset managers and development managers for retail and commercial properties in major markets. In addition, risk management and insurance information are reviewed. This study concludes with a summary of the findings and the implications these findings have for the industry.

**Kim, Jungik.** University of Illinois–Urbana-Champaign, 2004. *An Assessment of the Discommodity Effects of Swine Production on Rural Property Values: A Spatial Analysis.*

This dissertation develops a spatial hedonic model for the purpose of measuring the impact of confined animal feeding operations (CAFOs) on residential assessed property values. Rural assessed property values are significantly affected by the presence of CAFOs, and the impacts decay rapidly to 1.75 miles after which there is no impact. Consistent with the literature on hedonic estimation, model functional form matters. In this study, a linear Box-Cox model performed better than the conventional approaches utilized in previous CAFO studies. Using assessed property values as the dependent variable overcomes selection bias from using sale prices, which is of particular concern in rural settings where transactions are less frequent. Interestingly, as a factor, wind direction does not significantly impact housing valuation.

**Kelly, Lynne J.** George Washington University, 2005. *The Relative Effect of Property Type and Country Factors in Reduction of Risk of Internationally Diversified Real Estate Portfolios and Measuring Contagion Across National Real Estate Securities Indices.*

The cross-sectional volatility and correlation structure of national real estate securities index returns are examined in the presence of property type and country-specific factors. Employing cross-sectional analysis on data from seventeen countries and four differing property types, this work finds that property type specialization explains only a small portion of the variation in national real estate securities index returns relative to country factors. These results imply that country diversification provides superior benefits relative to property type factors. However, the importance of "country effect" appears to be declining over time. Additional work in this dissertation evaluates contagion among national real estate securities indices. The coincidence of abnormal return shocks within and across regions are measured and characterized.

**Lin, Zhenguo.** University of Wisconsin–Madison, 2004. *Liquidity and Pricing Biases in the Real Estate Market.*

This dissertation relates the micro-analytic foundations of price dynamics in the real estate market with those describing real estate transactions, which are based on the notion that real estate is a heterogeneous good traded in decentralized markets characterized by costly search. This work argues that the lack of liquidity in both residential and commercial markets is caused by a combination of the time required for sale and the uncertainty of the marketing period. This randomness violates the fundamental assumption of immediate execution found in the competitive market paradigm. Findings demonstrate that there are two pricing biases in the

current real estate valuation approach and seek to provide a corrective approach. In addition, the current approach both understates risk and overstates return, which helps us understand observed premiums that are too large to be explained by standard finance theories.

**Rogers, William H.** Colorado State University, 2004. *Assessing the Market for Institutions: The case of Homeowner Associations.*

The aim of this dissertation, which is separated into three chapters, is to: (1) demonstrate how the use of space can change the application of established economic theory and practice and (2) investigate the impact that restrictive covenants have on the housing market. Chapters One and Two provide evidence that community associations provide value for the homeowners who use them. The first chapter concentrates on traditional hedonic analysis, while the second reexamines the question with more recently developed spatial econometric techniques. Chapter Three explores the voting process employed in most homeowner associations. A dataset for all homeowner associations in Greeley and Windsor Colorado is employed in this study.

**Stortelers, Justin C. A.** University of Texas–Arlington, 2004. *Pricing Options on Vacant Land Using the Black-Scholes Option Pricing Model.*

Options to purchase land are an important financial tool and commonly used in real estate when developers are looking to tie-up potentially desirable sites or to accumulate land for development. The market for these options is often assumed to be highly inefficient due to the infrequency of trades and the private nature of these transactions. To date, however, there has been very little research on how they should be priced. This thesis explores the methods that various investors use to price these call options on real property and tests whether they tend to price above, at, or below the value determined by the Black-Scholes option pricing model. The general conclusions reveal that the majority of investors either apply a percentage to the land value or casually estimate an option price. Furthermore, these options on average price above the value determined by the Black-Scholes model.

**Stutes, Gregory W.** University of Kansas, 2004. *The Distribution of Real Estate: A Nineteenth Century Perspective.*

None of the hypotheses offered as an explanation for declining wealth inequality after the United States civil war have provided an adequate explanation. This dissertation reexamines this issue using new data sets and improved inequality measures that allow for the evaluation of the impact of changes arising from within and between demographic subgroups. The focus of this study is on real estate, the primary asset in most individuals' portfolio. An understanding of the distribution of real estate provides insights into the distribution of wealth and the decline in inequality between 1850 and 1870. The findings of this work suggest that in the presence of the economy becoming more urban and industrialized, the tendency toward greater equality within urban areas and within occupations caused aggregate inequality to fall. Furthermore, greater equality among the foreign-born population also contributed to the decline between 1850 and 1870.

**Zonta, Michela M.** University of California–Los Angeles, 2004. *The Role of Ethnic Banks in the Residential Patterns of Asian-Americans: The Case of Los Angeles, California.*

Ethnic solidarity theories and mortgage lending research are combined in this dissertation to explore how the ethnic home mortgage market contributes to the patterns of residential settlement of Asian-Americans in Los Angeles. Using data provided through the Home Mortgage Disclosure Act, this study tests the following hypotheses: (1) Asian home mortgage seekers have a higher propensity than white home mortgage seekers to apply for loans at Asian

banks than conventional banks and (2) Asian banks have a higher propensity to grant loans to Asian home mortgage seekers than conventional banks. Findings point to the role of social capital, cultural affinity and geographic context affecting both the propensity of Asian mortgage seekers to apply for loans at Asian banks, as well as credit flows to Asian communities from these same banks. Furthermore, consistent with the geographic contingency hypothesis, the location of homes in Asian neighborhoods significantly affects conventional and Asian banks' propensity to grant loans to Asian home mortgage seekers.

\* Indicates dissertations in which only a chapter or a significant part of the work is devoted to government policy and planning, real estate business and industry issues, property, contract and transaction types, real estate decision-making processes, market analysis, methodological and theoretical issues, or other real estate related issues.

\*\* Indicates Masters Thesis work.

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