

# 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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**Aydin, Recai.** University of Houston, 2005. Long-run Effects of E.P.A. Designations of Superfund Sites on Housing Values in Houston.

This dissertation extends earlier studies of the impact of Superfund sites on housing values in Houston, Texas. Specifically, post-remediation price recovery is investigated. The findings reveal that a significant degree of post-remediation price recovery has occurred; however, full price recovery has yet to be achieved 20 years after the original Superfund designation. In addition, while the direct impact of proximity to Superfund sites declines substantially with the passage of time, the persistence of demographic effects on price account for a large portion of the resistance in price recovery. Therefore, while remediation partially ameliorates the negative price impact associated with toxic site proximity, there remains a significant amount of inertia in the price recovery process. This conclusion adds additional support to the conventional wisdom in urban economics literature that reverse tipping of neighborhoods is difficult and problematic.

**Benefield, Justin.** University of Alabama, 2006. Performance Differences in Property-Type Diversified Versus Specialized Real Estate Investment Trusts: A Portfolio Approach.

This dissertation uses standard performance ranking methodology to investigate whether the performance of Real Estate Investment Trusts (REITs), which have chosen to diversify by property type, differ from the performance of REITs that have remained more specialized in their property holdings. The results of this study suggest that the introduction of property-type diversification into REIT asset holdings can provide benefits in the form of decreased reliance on rental cash flows from any one industry. However, property-type diversification can potentially lead to decreased performance due to inferior management expertise in each of the chosen property types, as well as to increased management costs associated with closing that particular expertise gap.

**Carrillo, Paul Ernesto.** University of Virginia, 2006. An Equilibrium Search Model for Buyers and Sellers and an Empirical Application for the Real Estate Market.

This dissertation investigates for intermediation effects caused by improvements in online information delivery. Using a two-sided equilibrium search model, this work looks at the impact of technology on property price and marketing time. The manuscript's theoretical model modifies the framework of existing equilibrium search models in the labor literature to capture five important characteristics of the housing market: (1) buyer and seller search behavior; (2) heterogeneity in agents' motivation to trade; (3) transaction costs; (4) a trading mechanism that exhibits posted prices and bargaining; and (5) the availability of an online advertising technology. Multiple Listing Services data is employed to estimate the theoretical model. Results indicate that, on average, only 3% of the relevant information that home buyers collect before making a purchase decision is obtained through online advertising. In addition, improvements in online information displayed by real estate ads decrease equilibrium prices while simultaneously increasing the time that a property stays on the market.

**Choi, Seok Joon.** Syracuse University, 2005. Three Essays on Agent Behavior in United States Housing Market.

The first two essays of this dissertation investigate for discrimination by rental agents, using data from the 2000 Housing Discrimination Study. The manuscript's analysis distinguishes between two kinds of rental agents (brokers and property management specialist). Findings suggest that that discrimination is present in the data and is caused by both agents' own prejudices and their response to the prejudices of their clients. The third essay examines the decision to include utilities in the rent and its effect on rents. Using transaction-level data from the 2000 Housing Discrimination and 2002 American Housing Survey studies, this essay finds evidence that the inclusion of utilities in the rent by landlords attracts more customers. Hedonic rent estimations reveal that the decision to include the cost of utilities raises rent, all else being equal. In addition, neighborhood characteristics, such as racial composition, median housing value, and percentage of home ownership all significantly impact rents.

**Cunningham, Christopher Robert.** Syracuse University, 2005. Uncertainty, Zoning and Land Development.

Essay one, of this three-essay dissertation, employs a dataset rich in parcel characteristics and real property transactions from Seattle, Washington to test two predictions of real option theory with respect to land markets. Specifically, greater volatility delays development and increases property price. Evidence supports both predictions suggesting that developers consider their real options when deciding to invest. The second essay examines the imposition of an Urban Growth Boundary around Seattle. The findings indicate that the regulation lowers the likelihood of development outside the boundary 28% to 39%. However, once the boundary is imposed, price volatility no longer retards development, suggesting that the regulation would have performed better in the absence of real options considerations. The third essay tests whether the existing rate of homeownership in a community affects the intensity of subsequent land development. Specifically, if homeowners have a greater taste for restrictive zoning, then increasing the rate of homeownership may impede other goals, such as limiting sprawl or integrating neighborhoods. Evidence supporting this hypothesis is found. In addition, regional planning laws, which constrain zoning by cities, are found to partially ameliorate these tendencies.

**Dudley, James Scott.\*** University of Texas at Arlington, 2005. Default Prediction for Commercial Mortgage Backed Securities.

This work investigates commercial mortgage default, which has become a topic of concern due to the emergence and continued growth of the secondary mortgage market. Given the significant

development of the commercial secondary mortgage market, it is important to develop an efficient method of monitoring collateral performance and generate models that accurately predict mortgage default. This work investigates the relationship between the appearance of a loan on a “watchlist” and its eventual outcome. Models are created to show the level of correlation and significance, if any, with loan delinquency. Results are provided, as well as analytical commentary on their impact.

**Kang, In-Sung.** Florida State University, 2006. Politics, Institutions, and the Implementation of Growth Management Policy in Florida Cities.

This dissertation derives from two questions: (1) To what extent do city governments engage in policy actions to restrict development and manage growth; and (2) How do local political institutions shape the restrictiveness of local growth management? Using data collected from the State of Florida comptroller, survey data, and the International City Management Association’s 2001 Form of Government Survey, this dissertation identifies variations in the exercise of growth management powers across Florida cities. This research focuses on the implementation and exercise of discretionary powers, as well as policy adoption in relation to growth management based on a political market approach. Varying econometric techniques (spatial modeling, ordered probit, and probit analysis, among others) are employed to test the hypotheses.

**Kincal, Gokce.\*** The University of Texas at El Paso, 2005. Wealth Effects and the El Paso Housing Market.

The major purpose of this study is to examine the effects, if any, from changes in financial variables on the El Paso residential real estate market. New and existing sales data are combined with data that proxy financial conditions in neighboring Mexican communities for the purpose of analysis. A literature review of relevant studies, data, and econometric techniques, empirical results, and conclusions are provided in Chapters 2, 3, 4, and 5, respectively. Results of this study are generally robust with the existing literature.

**Shin, Seungwoo.** Cornell University, 2005. Early Termination Study on Securitized Commercial Mortgage Loans.

The forecasting accuracy of early termination hazard rates models through prepayment and default for securitized U.S. commercial mortgage loans is investigated in this dissertation. This work makes five main contributions to the literature. First, early works are compared to one another for their efficiency in forecasting default. Generally speaking, there is little difference in their relative performances. Second, consistent with the option theoretic approach, this work confirms the efficacy of including the level, slope, and volatility of an interest rate term structure model in increasing the forecasting power of default models. Third, based on Shumway’s method, this study shows that early termination hazard prediction is improved when monthly observation intervals are employed instead of quarterly data. Fourth, this work tests the impact of introducing delinquency and special serviced status as an explanatory variable in order to better explain default hybrids: distressed prepayment and strategic default. Fifth, a specification proposed in this paper with respect to individual vacancy rate and delinquency and special serviced status shows the best forecasting performance with respect to the Shumway method.

**Wiley, Jonathan A.** University of Alabama, 2006. Three Essays on Asymmetric Information in Real Estate Markets.

This dissertation is a compilation of essays on asymmetric information in real estate markets. The first essay presents a theoretical model of the decision to disclose property condition defects

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by real estate brokers. The model's comparative statics reveal a number of factors that should influence the broker's decision, including market conditions, insurance, commission structures, and the legal environment in which the broker operates. The second essay examines the topic of agency disclosure based on the results of a recent survey. The findings of this study indicate that there are some problems with the effectiveness of the current practices. The third essay investigates the impact of institutional investment on the turn-of-the-month effect, using a sample of REITs over the period 1980 to 2004. This study finds that there is a significant change in the turn-of-the-month effect following federal rules changes that govern REITs in 1993 and that the level of institutional holdings can account for some of this change.

**Yang, Rui.** University of Texas at Dallas, 2005. Does Suburban Development Help Produce Economic Segregation in United States Metropolitan Areas?

This manuscript examines whether or not current suburban development patterns are significant contributors to the changes in economic segregation. This research employs U.S. Census and PUMS data to investigate this empirical question. Empirical findings demonstrate economic segregation decreased significantly for all racial and ethnic groups during the 1990s, reversing the earlier increasing trend from 1970 to 1990. Also, this work identifies six specific indicators to characterize contemporary suburbanization patterns: (1) urban density gradients; (2) population densities; (3) relatively rapid growth of city peripheries; (4) homogeneity of new growth; (5) exclusivity of local zoning; and (6) inaccessibility of jobs. The findings of this study suggest that as a group, these contemporary suburbanization patterns make a significant difference in changes to economic segregation. However, the individual effect of each indicator is not robust.

**York, Abigail M.** Indiana University, 2005. Land Use Institutions in an Urbanizing Landscape.

This dissertation investigates land use institutions in an urbanizing landscape. Statistical analyses uncover the relationship between zoning and land cover change and forest fragmentation. A game theoretic model highlights conditions as to when to expect zoning compliance, especially when GIS reduces information costs. An institutional analysis and agent-based model explore the creation of alternative land use institutions. Five conclusions are derived from this study: (1) zoning is driving some conversion of land to urban uses; (2) zoning could be used more effectively to reduce forest fragmentation; (3) adoption of online GIS technology could improve zoning enforcement through a reduction in citizen monitoring costs; (4) viable alternatives to zoning exist for open space preservation and cooperative management; and (5) government insensitivity and changing citizen preferences drive the demand for alternative institutions.

\* Indicates Masters Thesis work.

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