

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.

Crossney, Kristen B. Rutgers, The State University of New Jersey, 2006. *The Paradox of Predatory Lending: An Examination of Mortgage Lending in Philadelphia, Pennsylvania.*

Predatory lending, as defined by the presence of excessive loan contract terms or rates, is examined for Philadelphia, Pennsylvania. Using public mortgage and property data, the study detects a spatial clustering of predatory lending practices in socioeconomically challenged areas; specifically, racial minorities are indicated to be more greatly affected than whites. Additionally, subprime lender activity is highly correlated with areas that experience predatory practices. Results indicate that areas prone to predatory practices are also likely target areas for federal housing policy, and the existence of such predatory lending practices may be caused by federal housing policy itself.

Driemeyer, Laura B.* Boston University, 2006. *Rising from the Ashes: The Transformation of Nineteenth Century Building Culture in Charlestown, Massachusetts.*

Written in five chapters, this historical work provides insight into the building, construction, and legal aspects of Charlestown, Massachusetts, as capitalism reshaped the city's building culture. Charlestown, destroyed at the Battle of Bunker Hill in 1775, provided "an architectural tabula rasa" for skilled craftsmen in that geographic area. While the first chapter provides background information on the area, the second chapter examines the culture of the individuals who built houses in Charlestown in the late eighteenth and early nineteenth centuries, including the profitable nature of building that allowed many craftsmen to join the landed class. The third chapter focuses on the use of Massachusetts' mechanics' lien law as craftsmen became entrepreneurs. Chapter Four investigates housing development, and Chapter Five discusses the influence of domesticity on architecture in Charlestown prior to its annexation to Boston in 1873.

Erickson, Luke V.** Utah State University, 2006. *Defining Predatory Mortgage Lending in Utah: A Professional's Perspective.*

Using a panel of twelve mortgage lending professionals from Utah, the study creates a qualitative environment in which concepts and themes are analyzed. The results of the study indicate that "predatory mortgage lending" is often used more liberally than the strict, generally-accepted definition would indicate. The panel of professionals indicates that two useful tools for preventing predatory lending are pre-homebuyer education programs and public school financial literacy education.

Fernandez, Miguel.** Utah State University, 2006. *The Role of Multifamily Real Estate Investments in Retirement Planning.*

This study explores individuals' use of multifamily real estate as investments for retirement planning. An investigation into the factors that affect such use of real estate [as defined by the owners' Retirement Savings Motive (RSM) variable] is conducted using data from the 1995 Property Owners and Managers Survey. Individuals exhibiting an RSM are more likely to be white, to be male, to have income over \$100,000, to own more than thirty units, and to be located in the Midwest. Similar results are obtained in predicting owners who reported profitable investment practices. Finally, logistic regression is used to relate the likelihood of owning multifamily real estate for retirement purposes.

Godbey, Matthew W.* University of Kentucky, 2006. *The Fiction of Gentrification.*

This dissertation provides a critique of gentrification—both the actual refurbishing of neighborhoods and the sociopolitical ideology that supports it. Using examples from popular American culture—literature, film, mainstream media, real estate publications, newsletters, and websites—the author reviews the implications of gentrification and neoliberalism in general, especially the effects on issues that garner attention in policy debates.

Hayunga, Darren K. Louisiana State University and Agricultural and Mechanical College, 2006. *Spatial Diversification, Dividend Policy, and Credit Scoring in Real Estate.*

Using three essays, this work examines three areas of real estate finance. The first essay examines the spatial aspects of large-scale commercial real estate portfolios vis-à-vis the heterogeneity, immobility, and localized markets that dominate real estate assets. Results of the first essay indicate the need for portfolio managers to diversify portfolios based on the distance between properties. The second essay focuses on Real Estate Investment Trusts (REITs) and the dividend payout activities of those large investment vehicles. The findings of the second essay are that REITs base their dividend payouts on contemporaneous earnings, prior dividends paid, and firm volatility. The third and final essay presents an investigation of mortgage prepayment and default using credit scoring as the key variable; credit scores are found to be a necessary input in option pricing models for prepayment and default.

Heintzelman, Martin D.* University of Michigan, 2006. *Essays on the Economics of Common Property and Public Goods.*

Chapter One examines the effect on property values of Massachusetts' Community Preservation Act (CPA). Through an analysis of transaction-level data, the author compares towns that pass the CPA to those that do not. Using fixed-effects analysis, the short-run effects of the CPA are measured, while hedonic analysis provides estimates of the long-run benefits of the CPA. The remainder of the dissertation is focused on public goods: the tragedy of the commons and interstate river-water allocations.

Hill, Matthew D. Mississippi State University, 2006. *The Determinants and Market Value of REIT Cash Holdings.*

This work examines Real Estate Investment Trusts (REITs) and their holdings of relatively low levels of cash. REITs must pay 90% of their earnings as dividends in order to retain tax-exempt status; however, there is another mechanism—the depreciation expense—which could allow REIT advisors to accumulate cash. In essence, advisors have the opportunity to accumulate cash but choose not to. Using a sample of publicly traded REITs from 1997 to 2005, holdings of cash are examined with respect to operating and financial ratios. Results from the primary analysis indicate multiple motivations to hold less cash. The second analysis examines internal versus external advisors and the effects of each type on cash holdings, with internal advisors holding less cash, an indication that internal advisors' incentives are more properly aligned with shareholders than are external advisors. Finally, the dissertation examines the market value of REIT cash holdings. REIT cash is valued by the market at a rate of \$0.13 per \$1 to \$0.17 per \$1, indicating a significant reduction in the perceived benefit of holding cash.

Ivester, Sukari K. University of Chicago, 2006. *A Tale of Two Communities: The Relationship between Community Development, Community Health, and Social Capital.*

An examination of two case study communities, this dissertation is focused on the relationship between community development, community health, and social capital as divested urban areas face potential gentrification. Although these two communities follow different paths of urban change, the dissertation argues that both will face the same result: displacement of incumbent residents and loss of affordable housing, though the end result will be reached at different speeds. Analysis is conducted using qualitative and quantitative data from observation, community meetings, newspaper articles, Home Mortgage Disclosure Act (HMDA) data, Census data, Community Reinvestment Act (CRA) data, the Chicago Association of REALTORS®, and other sources. Results indicate that federal, state, and local urban policy has encouraged gentrification and loss of affordable housing.

Massenburg, Raymond D. University of Illinois at Chicago, 2006. *Race Related Context and Social Consequences of Residential Foreclosure: A Study of Chicago Neighborhoods.*

Foreclosure is examined in the context of race for a number of Chicago neighborhoods. Four research questions are proposed: (1) Did race impact neighborhood foreclosure rates? (2) Did the foreclosure rate attract subprime lenders? (3) Did the foreclosure rate increase social disorder? and (4) Did the foreclosure rate decrease homeownership from 1990 to 1995? Results support findings of prior research in that race and class are related to foreclosure rates. Further, results suggest that foreclosure results in destabilization of neighborhoods. The need for future research into the role of subprime lenders in neighborhood destabilization is identified.

Nanda, Anupam. University of Connecticut, 2006. *Essays on the Determinants of Housing Prices.*

Residential real estate values vary spatially and temporally, and there are a number of identifiable characteristics that affect property prices. Included among these characteristics are those that are affected by governmental policies, laws, and regulations. This dissertation examines characteristics that affect housing values in light of regulatory and governmental decisions. Specifically, three research questions are raised: (1) Why do states adopt property disclosure laws? (2) How do property disclosure laws affect property values? and (3) Do home buyers pay for test scores or demographic composition?

Petrova, Milena T. University of Florida, 2006. *Do Buyer and Seller Motivations Affect Transaction Prices in Commercial Real Estate Markets? Evidence from Tax Deferred Exchanges and Other Conditions of Sale.*

This dissertation analyzes heterogeneous buyer and seller motivations in real estate transactions. In particular, the work focuses on tax-deferred exchanges. Using a sample of fifteen metropolitan areas, significant positive price effects are found in relation to replacement property exchanges. Participants in tax-delayed exchanges should be aware that higher replacement prices may offset tax deferments. Additionally, the study established an important framework for analysis of a national exchange market. The study also investigates out-of-state buyers, sale-leasebacks, portfolio transactions, and condominium conversions, again finding positive price premiums associated with these special motivations. The results demonstrate the effects of heterogeneous motivations and sensitivity across property types and markets on commercial transactions.

Seah, Kiat-Ying. University of Wisconsin at Madison, 2006. Pension Plan Allocation to Real Estate When Plan Trustees Have Reputational Utility.

A disconnect exists between actual and predicted real estate investment allocation by pension trustees. While current risk/return models predict that pensions should allocate as much as 49% of their assets to real estate, these models are based on broad-brush objective functions that are not appropriate for pensions. The study derives a reputational utility model to explain pension trustees' reputational concerns. Using pension data from 1990 to 2004, the model estimates pension real estate allocation in the 4%–7% range, a much lower total than previously predicted using traditional models. Further simulations indicate that real estate will only gain prominence in pension allocation strategies if the equity premium shrinks or when market idiosyncratic risk is high.

Tsang, Desmond. University of California at Berkeley, 2006. Comparing the Quality of Alternative Summary Performance Measures in the Real Estate Investment Trust (REIT) Industry.

The Real Estate Investment Trust (REIT) industry is characterized by use of the Funds from Operations (FFO) measure, a non-GAAP measure of performance rather than net income. The first stage of this work compares FFO to net income. Beginning with the quality of accruals in FFO and net income, the comparison indicates that there are significant differences in the quality of these two summary performance measures. Accrual quality is shown to be higher for FFO than for net income. Further, items omitted from FFO but included in net income, including depreciation accruals, are of low quality in predicting future cash flows. The insignificance of depreciation accruals is attributed to estimation error and managerial manipulation, as well as market inflation. The second portion of the dissertation focuses on forecastability of FFO and Earnings per Share (EPS), finding that, contrary to common expectations, analysts are less able to forecast GAAP-based EPS than they are able to forecast FFO. Again, differentials are attributed to managerial incentives and potential for manipulation.

Wu, Zhonghua. University of Wisconsin at Madison; 2006. Three Essays in REIT Corporate Finance.

Three essays related to Real Estate Investment Trusts (REITs) are developed. First, REIT sensitivity to the use of bank lines of credit is examined. Banking relationships are found to ease financial constraints and increase firm investment. Second, these banking relationships are studied with respect to their effect on REIT financial policies. Results suggest that there is a bridge financing aspect to REIT financial policy; commercial banks underwrite a significant portion of REITs' public debt and equity offerings. Also, relationship banking is shown to result in favorable borrowing terms for REITs. Third, an investigation is conducted regarding a possible relationship between bank mergers and REIT mergers. Bank mergers reduce regional banking competition, increasing the cost of financing for small REITs. REIT concentration is linked to bank concentration within regions—more concentrated bank markets lead to more

concentrated REIT markets. Results suggest that bank mergers create an incentive for REITs to consolidate.

* 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 of particular interest.

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