Internationalisation of real estate research

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Outline of Lecture

• Motivations to do higher degree research courses (PhD and M.Sc)
• Road to attaining a higher research degree (M.sc. Phd)
• What are you expected of in your research?
  – Originality in research
  – Contribution of research
  – Significance of research
• What is real estate research?
• Internationalization of real estate research
Why do you choose to do a PhD course?

• To aspire to be a researchers/ professors
• To fulfill desire for knowledge pursuits
• To acquire skills in scientific research
• To advance society welfare through research findings
• To help career advancement in the current job
• To attain personal affirmation and a sense of achievement
• .....
Road to attaining a PhD

• Coursework requirements
  – Strengthening foundation
  – Broadening the analytical and quantitative skills

• Defining a research question
  – an unproven statement or proposition of a phenomenon of interest

• Writing a thesis
  – What is a thesis?
  – It is a position that you wish to argue

• Defending your findings
  – There has to be a coherent storyline to push forward an argument.
Meeting the expectations

• Significance of study
  – Paradigm shift of your work
  – Why is it important? Why do you do real estate research?
  – Do you know something that others don’t know? What are these?
  – For who? Who care about these?

• Contributing of study
  – Knowledge of the current state of development in the subject area
  – limitations of the past research and what gaps do your research help to fill

• Originality of study
  – Old wine new bottle or new wine old bottle?
  – New empirical methodology, new dataset or new results with old data and old methodology
  – New evidence on old debates (issues)
  – Challenges: to add new knowledge in a way that hasn’t been done before
The first important step…

• To find a good supervisor is utmost important
  – Select a supervisor, not an institution.
  – Do some search to find out the Best professor in your area of interest
  – The Best professor is always popular!

• Changing your supervisor
  – If the subject areas and topics are totally different
  – Cannot get along with your supervisors

• Role of good supervisor
  – Not just correct your grammar errors in paper
  – Pushing your “envelope” and provoke your thought process
  – Pulling you back when you derail off track in your research
Real Estate Research

• Knowledge pursuit, innovation and creation
• Applied versus Basic Research
  – Applied research is concerned with application of scientific theory to specific real-life problems
  – Basic/pure research aims to advance theoretical knowledge and deals with causal processes and explanation
• Market versus Fundamental Research
• Real estate is a multi-disciplinary subject encompassing economics, finance, sociology and urban policies, engineering and architectures
• Differences between US and UK models
• Quantitative research versus qualitative research
Real estate research

“A real estate business is simply any enterprise which provides expertise for the conversion of space-time to money-time” – Prof James A. Graaskamp (1991), pg54

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Objectives of Research

• Research is a systematic process of inquiry to find answers to problems of interest
• Researchers are interested in understanding reasons and intentions behind individual action
• Three levels:
  – Documentation of facts and observations
  – Evidence to demonstrate analytical ability
  – Original contribution to existing knowledge which are worthy of publication
• General purpose of research
  – To inform and to convince
• Scientific approach - is a means not an end
• Research design – tools & problems
  – A systematic process involves a sequence of steps
The Research Methodology (Process)

[Define the Research Problem at the start]

The Research Process

• Major components:
  – Management-Research Question
  – Literature Review
  – Conceptual Framework / Theoretical Model
  – Research Design/Research Methodology
    • Sampling Design / Pilot Testing
    • Data Collection
    • Statistical Methods
  – Analysis of Results
  – Conclusion & Implications
  – Recommendations
Selecting a research question

- The most important part of a research process
- Not so much on “What” question
- Think of “how” and “why” questions
- Academic versus Market Research
- Importance of the questions - Why do we care?
  - Puzzle
  - Unexplained phenomenon
  - New Issue
  - New Approach
- Read widely and speak to right people in the fields – no pain, no gains!
Formulation of a Research Question

• Albert Einstein:

“The formulation of a problem is far more often essential than its solution, which may be merely a matter of mathematical or experimental skills.

To raise new questions, new possibilities, to regard old problems from a new angle requires creative imagination and marks real advance in science.”
Selecting an interesting research question - Some strategies

Charles Ward (Reading U)

- Replication over time
  - Any innovation? Why expect changes over time?
- Replication over space
  - Why expect changes over space?
- Adapting methodology from another discipline
  - Is methodology appropriate?

John Glascock (Cincinnati U)

- Novel data set
- Novel methodology
- Novel research question

• To avoid common pit-falls
  - “I have a great methodology, I just need a good problem to apply it to!”
  - “I have a great data set, just tell me what I can do with this!”
General framework

- Research question (why?)
- Hypothesis (statement of why)
- Research methodology (how and where?)
- Main Findings (what do you learn?)
- Implications and Limitations (who should learn?)
Theory

• Set of systematically inter-related concepts, definitions and propositions that are advanced to explain and predict phenomena (facts).

• Not the opposite of fact. More complex than a hypothesis

• “Good empirical research is guided by theory”

• Roles of theory
  (1) Narrows range of facts
  (2) Suggests system to impose
  (3) Summarizes what is known
  (4) Used to predict further facts
Hypotheses

• Are you able to explicitly state the hypotheses?
  – Hypothesis is a testable part of a theory
  – Based on theory or well accepted principles
  – Theory links concepts, hypothesis links variables

• Differentiates from fishing expedition (exploratory research) and data mining exercises

• Null versus alternate hypotheses

• What are the expected relationships?
  – Stock market and mini-skirts
  – What basis for expectations?
“Nuts and bolts” in research

• Research design/blueprint for meeting objective
• Data sources and costs
  – secondary data
  – survey
  – experiment
  – simulation
• Data availability
  – Annual, monthly, etc
  – Data Collection can be very time consuming
  – Know what you need to collect and how you are going to analyze
• Methods and techniques
  – Multivariate and advance time-series techniques
  – To avoid “using a big hammer to hit a small nail”
What is Good Research?

- Purpose clearly defined
- Research process detailed
- Research design thoroughly planned
- High ethical/standards applied
- Limitations frankly revealed
- Adequate analysis
- Findings presented unambiguously
- Conclusions justified
Internationalization of Real Estate Research
Beyond Asia- THE ROAD TO WORLD-CLASS STATUS

Acknowledged world-wide leadership in our areas of core competence.

• **Indicators**
  – amount and proportion of external funds
  – funded research status
  – number of higher degree students

• **Attainments**
  – Reviewers of Journal Papers
  – Editorial Board Members
  – Contribution to Special Issues of Journals
  – Keynote Speakers
  – Citations
  – Awards
Level of Internationalisation?

- How do you measure?
- By publication in international refereed journals?
- By collaborations with international authors?
  - US/European researchers publish / research on Asia topics
  - Asian researchers publish on US / European topics
  - Internationalization of RE topics?
- By research topics/areas?
  - Cross-country / studies on US markets by local researchers
- Impact factor?
  - Difficult to assess
  - Citations by international papers/ researchers
International Refereed Journals

- Non-real estate journals
  - Finance & economic main-stream journals
  - Planning, regional science, environmental journals

- Real estate journals
  - US based RE journals
    - REE, JREFE, JRER
    - Other journals: JUE, JHE, JREPM, etc.
  - European RE journals
    - JPIF, JPR
  - Asia-Pacific journals
    - IRER, PRPRJ
How have International/Asian Researchers performed?

• Based on the paper by “Chan, Hardin, Liano, and Yu, 2008 JRER)

• Weighted scope of top US professor = 8.25, and top Asia researcher = 3.5, and top European researcher = 4.08 (2001-2006 periods)
An internal benchmarking of top US professors’ outputs

- This analysis was done as an internal benchmarking exercise in 2004
- One part of the analysis is to examine the research “footprint” of top real estate professors
- Methodologies: Sample 48 prominent professors in real estate and urban planning areas
- Abstract their publication data from Web of Science (WOS)
- As of 2004, the 48 sample professors published in 97 journals and total of 1189 papers.
- Where do they published?
- We examine their publication trends in 9 tier-1 journals identified by NUS
Distributions of publications of sample professors

![Bar chart showing distributions of publications across different journals.]

- **Total**
- **% of total papers**

- **Tier-1 Journals**
  - REAL ESTATE ECONOMICS
  - J REAL ESTATE FINANCE
  - J URBAN ECON
  - URBAN STUDIES
  - J HOUS ECON
  - INT J URBAN REGIONAL
  - J REAL ESTATE RESEARCH
  - J PROPERTY RESEARCH

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Distributions by number of papers

- REAL ESTATE ECONOMICS: 70.45%
- INT J URBAN REGIONAL: 0.00%
- URBAN STUDIES: 0.00%
- J HOUS ECON: 5.34%
- J URBAN ECON: 10.96%
- J REAL ESTATE FINANCE: 0.00%
- J PROPERTY RESEARCH: 2.23%
- J REAL ESTATE RESEARCH: 1.50%
- Others (89 journals): 1.56%

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Publication profile by author concentration

No of Authors

% Author concentration

No of Authors

% Author concentration

DRE Tier-1 Journals

J REAL ESTATE FINANCE
REAL ESTATE ECONOMICS
URBAN STUDIES
J URBAN ECON
J HOUS ECON
J REAL ESTATE RESEARCH
J PROPERTY RESEARCH
INT J URBAN REGIONAL
Publication distribution
(by cumulative citation of sample professors)
Who are the top 20 professors by REE counts?

- Daniel Quan
- Tsur Somerville
- Sandra Newman
- Colin Lizieri
- Nancy Wallace
- Robert Edelstein
- JM Quigley
- Stuart Gabriel
- J. Webb
- T.J. Riddiough
- A. Yavas
- Stephen Malpezzi
- Peter Colwell
- Jay Sa-Aadu
- J. Shilling
- Brent Ambrose
- David Geltner
- CF Sirmans
- Kerry D. Vandell

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Typical research topics of Asian Researchers

- Main-stream finance and economic topics
  - Difficult to break-into
  - Housing, finance, policy
  - How would local questions be made relevant?

- RE specific topics
  - Global / international issues
    - REIT and securitization
    - Real Estate Stocks
    - Local vs international markets

- Local issues
  - Housing questions
Constraints and weaknesses

• Asian RE research
  – RE capital markets are relatively young, but developing rapidly
  – Data constraints – limited time series, and homogeneity of data across country
  – Country factors – currency, market transparency, and institutional differences

• Direct RE markets
  – Localized focus/nature of research topics
  – Replicating methodology with different dataset?
  – Policy- / market-based / industry-specific research
Opportunities and threats

• “Laggard” compared to RE research in US and European
  – If no breakthrough in research questions, or issues were disconnected from main-stream literature
• Large pools of graduate research students pursuing higher degree research courses / phd in US and top European universities
• The scale of asian capital markets will rival US and European markets with the emergence of two Asian giants (China & India)
• Japan market research – mushrooming and become internationalized
  – Language barriers and accessibility to public data-base
• My personal experience in studying Asian REIT markets
  – 7 REIT markets in Asia – Japan, Korea, Taiwan, Thailand, Malaysia, Singapore, Hong Kong
  – Data are not accessible in Korea, Taiwan and Thailand
  – Japanese database in English is also limited
  – Challenges: offer different insight and different stories into the main-stream finance and economic theories
  – US REIT market – homogenous and same regulations apply. Asia REITs – different tax regime and tax-transparency varies from markets to markets
  – Why are these differences in market / institutional features significant? How would they contribute to better understanding the mainstream finance theories?
Challenges

• The space of US/Europe top international refereed journals remain relatively constant over time
• More and more people are targeting these journals for promotion & tenure purposes
  – “Open sky treaty”?  
  – Selection of non-US publications  
  – How do break the dead-locks!  
  – How do make the research more visible  
• Cross-border flows of real estate capital  
  – Public vehicle in overseas markets  
  – Debt securities  
  – Active hedge funds  
• Is the market efficient?
Some parting thoughts

• Value a good supervisor
• Attend methodology modules
• Attend seminars and workshops
• Read widely, especially academic journals
• Practices make perfect!
• Luck and Effort!

Thank you