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Master-Seminare zur Finanzwirtschaft

WS 2023/2024

Block course: 01.02.2024/ 08.02.2024

*Room: 01.02.2024, **tbd***

*Room: 08.02.2024, **tbd***

Date	Time	Topic
18.07.2023	**7:00 - 8:00 pm** Place of preliminary talk:	**Preliminary talk with topic allocation** online

Seminar I: ***The impact of climate change on real estate prices (4CP)***

01.02.2024, 1:15 – 6:15 pm:

I.1. The risk of sea level rise and its effect on coastal real estate prices
I.2. Hurricanes and their effect on real estate prices
I.3. The effect of climate change beliefs on real estate prices

Seminar II: ***The effect of pandemics on real estate prices (8CP)***

08.02.2024, 1:15 – 6:15 pm:

II.1. The effect of Covid-19 on residential real estate prices
II.2. Work-from-home, Covid-19 and their impact on commercial real estate prices
II.3 Effects of historical pandemics and epidemics on real estate prices

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The preliminary talk with topic allocation will take place **online** on **18.07.2023** at **7:00 pm.** Attendance at this talk will be expected from the seminar participants. Until **21.07.2023**, the first, second and third choice concerning the topic have to be submitted in the course “Seminarwahl” in **Stud.IP** and the registration for the seminar hast to be confirmed with a signature. The topic allocation will be announced **by 28.07.2023**. Participants will have the opportunity to swap their assigned topic with others **by 04.08.2023**. In this case please use the form given on the Internet. Attendance in the respective seminar session is required.

The outline and a short summary of the seminar paper have to be accomplished **until 10.11.2023** and have to be talked through with the supervising tutor. For a successful participation this talk is required. The papers have to be submitted in written and electronic form **until**

15.12.2023, 12 pm at noon at the secretariat of the department of finance (Abt-Jerusalem-Str. 7, 2nd floor). Papers submitted on a later date will not be accepted.

The seminar papers can be written either in German or in English language. The presentations can be given either in German or in English language. In contrast to the paper, the presentation will be performed in group work. Each group will also get the task to discuss another topic. This will be explained in detail by the supervising tutor.

Editing and literature notes:

The following notes shall facilitate the access to the topic and put editing focuses in evidence. However, an outline is not provided with this. **The stated literature is available on Stud.IP.**

Consider during the preparation of your paper in Seminar I (4 CP) that the extent must not exceed 12 pages plus appendix (three pages at the most). In Seminar II (8 CP) the extent of the paper must not exceed 24 pages plus appendix (six pages at the most). In addition, an overall margin of 5 cm has to be followed and a 12 point proportional font with 1.5-fold line pitch has to be used. Non-compliance of the extent and the editing notes will have negative consequences on the evaluation. Please consider the „Richtlinien zur Erstellung einer Seminararbeit“ on the department’s web site as well:

https://www.tu-braunschweig.de/fiwi/lehre/seminare/hinweise-zur-erstellung-der-arbeiten

Seminar I: The impact of climate change on real estate prices (4 CP)

Topic I.1: The risk of sea level rise and its effect on coastal real estate prices

First, explain by Atreya et al. (2013) how past floods influenced the prices of real estates. In the following, examine how the risk of sea level rise (SLR) affects coastal real estate prices. To do this, first describe the impact of climate change on coastal real estate prices in general. Subsequently, explain the procedure and model of Bernstein et al. (2019) in measuring the impact on SLR on real estate prices particularly under the consideration of the aspects climate change beliefs and rental prices and discuss the results. Compare and discuss the procedure, model and results afterwards with the study of Murfin and Spiegel (2020). Finally, draw a conclusion and give an outlook on how coastal real estate prices will change in the course of climate change.

Atreya, A./Ferreira, S./Kriesel, W. (2013): Forgetting the flood? An analysis of the flood risk discount over time. In: Land Economics 89(4), pp. 577–596.

Bernstein, A./Gustafson, M. T./Lewis, R. (2019): Disaster on the horizon: The price effect of sea level rise. In: Journal of Financial Economics 134(2), pp. 253–272.

Murfin, J./Spiegel, M. (2020): Is the risk of sea level rise capitalized in residential real estate? In: The Review of Financial Studies 33(3), pp. 1217–1255.

Topic I.2: Hurricanes and their effect on real estate prices

First, describe in general terms how natural disasters, particularly hurricanes, can affect real estate prices. Based on the studies provided, explain in detail the effects using the example of Hurricane Ivan or Sandy. Therefore, explain Morgan's (2007) or Cohen et al.'s (2021) model and the results obtained in the respective study. Then, based on Elsner (2006), discuss the effect of climate change on the occurrence of hurricanes and, using Fisher/Rutledge (2021), derive the resulting impact on real estate prices. Finally, draw a conclusion.

Cohen, J. P./Barr, J./Kim, E. (2021): Storm surges, informational shocks, and the price of urban real estate: An application to the case of hurricane Sandy. In: Regional Science and Urban Economics 90, pp. 103694.

Elsner, J. B. (2006): Evidence in support of the climate change–Atlantic hurricane hypothesis. In: Geophysical Research Letters 33(16).

Fisher, J. D./Rutledge, S. R. (2021): The impact of Hurricanes on the value of commercial real estate. In: Business Economics 56(3), pp. 129–145.

Morgan, A. (2007): The impact of hurricane Ivan on expected flood losses, perceived flood risk, and property values. In: Journal of Housing Research 16(1), pp. 47–60.

Topic I.3: The effect of climate change beliefs on real estate prices

First, provide a brief overview of how natural disaster risks affect prices in the real estate market and address the impacts and challenges of how climate change is affecting the market. Subsequently, based on the study by Bakkensen/Barrage (2022), discuss how the individual assessment of future risks, particularly beliefs about future climate impacts, are reflected in real estate valuations in the US Market. In doing so, also address the model and assumptions used of the study. Finally, compare the procedure and results of this study with the studies by Atreya/Ferreira (2015) and Baldauf et al. (2020) and draw a conclusion.

Atreya, A./Ferreira, S. (2015): Seeing is believing? Evidence from property prices in inundated areas. In: Risk Analysis 35(5), pp. 828–848.

Bakkensen, L. A./Barrage, L. (2022): Going underwater? Flood risk belief heterogeneity and coastal home price dynamics. In: The Review of Financial Studies 35(8), pp. 3666–3709.

Baldauf, M./Garlappi, L./Yannelis, C. (2020): Does climate change affect real estate prices? Only if you believe in it. In: The Review of Financial Studies 33(3), pp. 1256–1295.

Seminar II: The effect of pandemics on real estate prices (8 CP)

Topic II.1: The effect of Covid-19 on residential real estate prices

First, present the main events of the Covid-19 pandemic in chronological order. Focus primarily on events in the USA, Italy and Ireland and also go into the government measures to contain the Covid-19 pandemic. In the next step, based on a brief literature search, give an overview of the main determinants of real estate prices. Then examine how the Covid-19 pandemic is affecting residential real estate prices by presenting and comparing the data, the model and the results of the studies by Allen-Coghlan/McQuinn (2021), Cohen et al. (2022), Del Giudice et al. (2020) and D'Lima (2022). Focus on geographic differences in the impact of the Covid-19 pandemic on residential real estate prices when comparing the results. Finally, discuss the results critically and draw a brief conclusion.

Allen-Coghlan, M./McQuinn, K. M. (2021): The potential impact of covid-19 on the Irish housing sector. In: International Journal of Housing Markets and Analysis 14(4), pp. 636–651.

Cohen, J. P./Friedt, F. L./Lautier, J. P. (2022): The impact of the coronavirus pandemic on New York city real estate: First evidence. In: Journal of Regional Science 62(3), pp. 858-888.

Del Giudice, V./de Paola, P./Del Giudice, F. P. (2020): COVID-19 infects real estate markets: Short and mid-run effects on housing prices in Campania region (Italy). In: Social Sciences 9(7), pp. 1-18.

D'Lima, W./Lopez, L. A./Pradhan, A. (2022): COVID-19 and housing market effects: Evidence from U.S. shutdown orders. In: Real Estate Economics 50(2), pp. 303–339.

Topic II.2: Work-from-home, Covid-19 and their impact on commercial real estate prices

Illustrate how the Covid-19 pandemic affected the prevalence of work-from-home (WFH) arrangements and how commercial real estate (CRE) prices changed as a consequence of the pandemic. Show on the basis of Rosenthal et al. (2022) which factors impacted CRE price changes during the pandemic. Especially consider possible effects of WFH. How do Bergeaud et al. (2023) measure the prevalence of WFH? Present their empirical analysis and interpret their results on the effect of WFH prevalence on CRE prices. What are the limitations of their empirical model? Consider especially the possibility of an omitted-variable-bias. Take the limitations into account for the interpretation of the results. Compare the empirical analysis of Bergeaud et al. (2023) to Gupta et al. (2022), Milcheva/Xie (2022) and Rolheiser et al. (2022). Consider again possible limitations of the empirical models. How do they each measure the WFH impact on CRE? Do those studies align with the results of Bergeaud et al. (2023)? Discuss whether an effect of WFH on CRE prices can be confirmed based on the provided studies.

Bergeaud, A./Eyméoud, J.-B./Garcia, T./Henricot, D. (2023): Working from home and corporate real estate. In: Regional Science and Urban Economics 99, nr. 103878.

Gupta, A./Mittal, V./van Nieuwerburgh, S. (2022): Work from home and the office real estate apocalypse. Working paper.

Milcheva, S./Xie, L. (2022): Work from home and commercial real estate – Evidence from stock markets. Working paper.

Rolheiser, L./van de Minne, A./Ghosh, C./Wang, X. (2022): The price of work-from-home: Commercial real estate in the city and the suburbs. Working paper.

Rosenthal, S. S./Strange, W. C./Urrego, J. A. (2022): Are city centers losing their appeal? Commercial real estate, urban spatial structure, and COVID-19. In: Journal of Urban Economics 127, nr. 103381.

Topic II.3: Effects of historical pandemics and epidemics on real estate prices

Based on Francke, M./Korevaar, M. (2021), describe the historical outbreaks of plague in 17th century Amsterdam and cholera in 19th century Paris. In this context, explain for both cities how outbreaks of epidemics typically affect the urban growth and the housing market development. Next, outline how cholera and plague affected house prices in Paris and Amsterdam. Explain the empirical model used by the authors, describe the main results, and discuss the role of policy responses in shaping the trajectories of house prices and rents after the epidemics. Then, compare the findings of Francke, and Korevaar (2021) with those of Wong (2008), Ambrus et al. (2020), and Davis (2004). How do they each measure the impact of epidemics on housing prices? Are there any limitations of the empirical models used in each case? Highlight the key similarities and differences in the empirical results and critically discuss the findings.

Ambrus, A./Field, E./Gonzalez, R. (2020): Loss in the time of cholera: Long-run impact of a disease epidemic on the urban landscape. In: American Economic Review 110(2), pp. 475–525.

Davis, L. W. (2004): The effect of health risk on housing values: Evidence from a cancer cluster. In: American Economic Review 94(5), pp. 1693–1704.

Francke, M./Korevaar, M. (2021): Housing markets in a pandemic: Evidence from historical outbreaks. In: Journal of Urban Economics 123, nr. 103333.

Wong, G. (2008): Has SARS infected the property market? Evidence from Hong Kong. In: Journal of Urban Economics 63(1), pp. 74–95.