

CERF Fellow Report

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Research Title and Abstract:

Behavioural biases as an indicator for asset value uncertainty

Buyers and sellers of heterogeneous goods in thin markets are brave: Despite the lack of long histories of transactions and the absence of sufficiently high numbers of comparable sales, they still form opinions on values, agree to trade and thereby serve as trailblazers for subsequent transactions. Without hard data and economic models at hand, these pioneering investors are hypothesized to be more susceptible to behavioural biases and price heuristics than investors in markets where more and better information is available.

This project empirically investigates whether behavioural biases are more widespread in markets with relatively high uncertainty regarding fundamental asset values. As some of these biases are easy to observe, their prevalence can serve as a readily available indicator for asset value uncertainty.

Research findings to Date:

The research programme is ongoing and has not yet produced a working paper output.

Links to your research outputs:

n.a.

Publications generated during the CERF fellowship

- Lindenthal, T. “Beauty in the Eye of the Home-Owner: Aesthetic Zoning and Residential Property Values” (forthcoming). *Real Estate Economics*.
- Lindenthal, T., Eichholtz P. and D. Geltner (forthcoming). “Land Assembly in Amsterdam, 1832-2015”. *Regional Science and Urban Economics*.

- Lindenthal, T. (forthcoming). “Estimating Supply Elasticities for Residential Real Estate in the UK“, in: Huang, B., Cao K. and E. Silva (Eds.) *Comprehensive Geographic Information Systems: Socio-economic applications*. Elsevier.

Seminars, conference presentations (since Aug. 2016)

- ASSA/American Real Estate and Urban Economics Association (AREUEA) Annual Meeting, Chicago (Jan. 2017). Presented research paper titled “Beauty in the Eye of the Home-Owner: Aesthetic Zoning and Residential Property Values”

Press releases and other academic activities

n.a.

Comments

Since the last report in August 2016, my research productivity was a mixed bag: On the positive side, I steered two well-seasoned working papers to publication in leading field journals (*Real Estate Economics* and *Regional Science and Urban Economics*) and contributed a chapter to a 3-volumes reference published by Elsevier. I also completed my full teaching stint for this academic year and served as the course director for the MPhil programme in real estate finance, which is largest MPhil programme at my department. In addition, I became the Director of Studies for Land Economy at St John’s College.

On the less positive side, I did make only modest progress in the development of new working papers, most prominently my CERF research project. With rather light teaching and administrative obligations in the months ahead, I am confident to catch up soon.