



## CERF Fellow Report

Please note this information will be published on the CERF website.

### 1. Personal Details

<b>Name and Faculty:</b>	Dr Eva Steiner, Department of Land Economy
<b>Date:</b>	16 March 2016
<b>CERF Fellowship Period:</b>	2014-2016

### 2. Research Update

<b>Research Title and Abstract</b>  Please tell us your CERF Funded Research Title and Abstract	<b>Title:</b> Real Estate and Leverage  <b>Abstract:</b> Debt plays a crucial role in real estate investment given the suitability of real assets as collateral. However, the drivers of capital structure choices in real estate investment trusts (REITs) remain unclear. At the same time, the fall out from the recent global financial crisis shows the economic cost of sub optimal REIT capital structure. In my CERF research programme, I have evaluated the efficiency of REIT capital structure choices throughout the market cycle, and suggested implications for risk and capital management strategies.
<b>Key Research findings to date:</b>	I have evaluated the capital structure choices of US REITs in the run-up to the financial crisis of 2007-2009. I find that risk-reducing adjustments to capital structure ahead of the crisis are a component of managerial skill and discipline with significant implications for firm value during the crisis. More generally, I show that REIT firm value is highly sensitive to capital structure choices. From a high base level of leverage, I document a strong negative relationship between leverage and value. Further, I find that unsecured debt, which commits management to the preservation of debt capacity, has a positive effect on value.



### 3. Web links to your work

We would like to provide CERF Managers with web links to the research output of CERF Funded Projects and the following information:

- links to your research outputs
- publications generated during the CERF fellowship
- seminars, conference presentations, press releases and other academic activities

#### **Publications and working papers (immediately related to CERF project 2014-2016):**

“REIT capital structure choices: Preparation matters,” Forthcoming in Real Estate Economics, with A. Pavlov and S. Wachter ([Abstract and download](#))

“One size does not fit all: REIT capital structure and firm value,” Working Paper, 2015, with T. J. Riddiough ([Abstract and download](#))

*Version published as EPRA sponsored research report ([Summary](#))*

*Featured in IPE Real Estate Magazine, Special Listed Real Estate Issue 2014 ([Summary](#))*

#### **Seminars and presentations (of work related to CERF project 2014-2016):**

2016: AREUEA Annual Conference, seminar at Cornell University

2015: AREUEA Annual Conference (presentation given by co-author), seminar at Penn State University, AREUEA National Conference, NAREIT Conference (presentation given by co-author)

2014: AREUEA Annual Conference, Cambridge Long-Term Investor Conference, AREUEA National Conference (presentation given by co-author)

### 4. Additional information

Is there any other information you would like to share with us about your work to date?

n/a

***Please return completed form to The Administrator, [admin@cerf.cam.ac.uk](mailto:admin@cerf.cam.ac.uk)***