

Report Type

Mid Term Award Report

Full Name

Dr Eva Steiner

Your E-Mail Address

[es434@cam.ac.uk](mailto:es434@cam.ac.uk)

Faculty/Department

Land Economy

Project Title

Capital expenditures and the property cycle: Evidence from Real Estate Investment Trusts

Project Abstract

Recent research finds a disposition effect in REIT property holdings. We propose a value-add investment strategy as an alternative explanation. The main value-add mechanism in property investment is capital expenditure (CAPEX). However, CAPEX is a real option whose exercise depends on its moneyness, which is a function of the economic environment. We will study the drivers and implications of variation in REIT CAPEX through the property cycle to explore the empirical evidence for the proposed rational explanation for the alleged disposition effect in REIT property holdings. Our results may also guide practitioners in their choice of an optimal CAPEX reserve.

Activities and Achievement

My application referred to the Visitors Scheme announced at the CERF Working Lunch on 22 October 2014. Under the scheme, I have invited my co-author, Prof Brent Ambrose from PSU, to visit Cambridge from 12-16 October 2015, in order to: (i) work on our joint research project, as outlined above, (ii) present a paper to the Cambridge Finance group (scheduled for 15 October 2015), and (iii) present a paper to the Department of Land Economy (scheduled for 14 October 2015). As far as the research project is concerned, we're working on the development of our model and are in the process of collecting the required data for the empirical analysis.

Dissemination

We hope to disseminate our findings by presenting them at international academic and potentially industry-related conferences and we aim to publish our findings in a peer-reviewed academic journal. Of course we will fully acknowledge the support from CERF in all relevant outputs.

Outputs

None available yet.

Major Difficulties and Any Other Issues

None.

Web Links

None available yet.

Additional Information

n/a