Congratulations to Assoc. Prof Joseph Ooi for winning two best paper awards at the American Real Estate Society’s 31st Annual Meeting in Ft. Myers, Florida. Some 255 papers were presented at the conference. Each award comes with a prize money of US$1,000.

His first paper, “Financial Flexibility & REIT Security Issuance”, won the best paper on Real Estate Investment Trusts, sponsored by the National Association of Real Estate Investment Trusts (NAREIT). Co-authored with his former student, Dr Wong W.C. of University Utara Malaysia, examines the role of financial flexibility in the financing decisions of Asian REITs. In general, Asian REITs maintain significant debt buffer in their balance sheet which approximates 25% of the total assets. As expected, REITs with bigger (smaller) unused debt capacity are more likely to issue debt (equity). It is also noted that REITs actively manage the debt buffer, and that maintaining financial flexibility is not costless to the firms. In particular, REITs that maintain large debt buffer tend to be associated with lower valuation.

His second paper, “Restricting Private Property Rights & House Prices: Evidence from a Natural Experiment”, won the best paper on Apartments, sponsored by National Multi Housing Council (NMHC). Co-authored with Dr Geoffrey Turnbull from University of Central Florida, the paper examine the economic impact of temporary restricting an owner’s right to transfer his property to others based on a natural experiment in Singapore. Unlike normal private condominiums, executive condominiums (ECs) are built and sold by private developers with restrictions on their transferability within the first ten years. Matching the ECs with comparable private condominiums, the paper finds that selling prices of new EC units are 16.1% to 17.2% lower than the otherwise identical private condominiums. The price discount on liquidity constraint helps to make private housing more affordable to middle-income families. After the fifth year when EC owners can sell their units to domestic residents, the price gap between ECs and private condominiums narrows to 9.8%. This indicates a binding constraint on ownership of real estate by foreign investors. Not surprisingly, the prices of executive and private condominiums converged after the tenth year when all the restrictions on private property rights are removed.

The American Real Estate Society (ARES), founded in 1985, is an association of real estate thought leaders. Members are drawn from academia and the profession at large, both in the United States and internationally. The Society is dedicated to producing and disseminating knowledge related to real estate decision making and the functioning of real estate markets.