



MONTHLY BRIEF

JOURNAL PUBLICATIONS+WORKING PAPERS

- Published in *Real Estate Economics*, the paper "[Riskiness of Real Estate Development: A Perspective from Urban Economics and Option Value Theory](#)," by **David Geltner, Anil Kumar, and Alex Van de Minne** defines a new construct for urban economic and investment analysis, which revisits the conventional wisdom that investment in real estate development is riskier than investment in stabilized property assets. This new construct, referred to as a "development asset value index" (DAVI), is a value index for newly developed properties (only) in a given geographical property market.
- Published in *Journal of Property Investment & Finance*, "[Bricks, mortar, and proptech: The economics of IT in brokerage, space utilization and commercial real estate finance](#)," by **Albert Saiz** focuses on three important avenues for the diffusion of IT in commercial real estate: online brokerage and sales, the commoditization of space and Fintech in mortgage and equity funding. Saiz provides thoughts about the likely impact of the innovations on their markets, guided by economic and finance theory, and previous experience.
- MIT/CRE Working Paper Series:**
 - In "[Market Adoption of Healthy Buildings in the Office Sector: A Global Study from the Owner's Perspective](#)," **Zhengzhen Tan, Siqi Zheng, Juan Palacios, and Carl Hooks** conducted interviews with executives from 15 real estate corporations that own office buildings across the globe. They find that owners are adopting diverse healthy building attributes that are driven by end-user's health and wellbeing demand regardless of whether they are adopting health-focused building certificate systems. The strategies for pursuing the healthy building market range from risk mitigation to proactive pursuit of new growth opportunities. Private equity funds and real estate investment trusts (REITs) firms tend to focus on the former, while direct real estate investment firms are more likely to adopt proactive strategies that lead the adoption curve.
 - "[The Financial Impact of Healthy Buildings: Rental Prices and Market Dynamics in Commercial Office](#)," by **Natasha Sadikin, Irmak Turan, and Andrea Chegut** posits that while the benefits of healthy spaces have long been qualitatively understood and appreciated, they have not been financially analyzed to derive their value and impact on economic decision-making. Sadikin et al. use CompStak and Healthy Building public databases from Fitwel and WELL to operationalize a real estate hedonic model in order to ascertain the value of healthy spaces on the effective rent of offices spaces in ten different cities within the United States.
 - "[The Geography of Housing Subsidies](#)," by **Yashar Blouri and Simon Büchler** investigates the heterogeneous impact of the US federal mortgage interest deduction (MID) on households' location and tenure decisions. Blouri et al. find that repealing the MID decreases homeownership rates more strongly in central areas because owner-occupiers migrate to the countryside. Welfare increases because positive externalities arising from less congested housing markets and undistorted tenure decisions outweigh productivity losses.

ACADEMIC+INDUSTRY PROGRAMS

- The [MIT/CRE Research Seminar Series](#) features distinguished scholars in the real estate finance field and provides a rigorous discussion platform for basic research. Seminars are held on Tuesdays from 12–1 p.m. ET via Zoom; please contact [Lindsey Goodwin](#) for more information.
 - On February 23, Erasmus University Rotterdam's **Matthijs Korevar** presented "[Baby Booms and Asset Booms: Demographic Change & the Housing Market](#)," generating some terrific insights and discussions.
 - In the March 9 seminar, **Bill Wheaton** gave an engaging and thought-provoking presentation of "The (R)evolution in retailing: Impacts on Real Estate."
 - On March 23, Laval University's **Olivier Schöni** presented his new working paper coauthored by Simon Büchler and Alex Van de Minne, "Intrinsic Real Option Value: Empirical Evidence from Commercial Real Estate Investors."
- MIT/CRE Professional Education Program:**
[Developing Health-Centered Communities: The Next Revolution in Real Estate](#)
Online (Live Virtual) | April 20-May 7, 2021
[REGISTER NOW](#)
 - Offered by the MIT/CRE and Harvard Medical School in partnership with MIT Professional Education, this program focuses on trailblazing new concepts, strategies and technologies. The program brings together leading researchers, architects, urban planners, and real estate professionals, along with physicians, epidemiologists, and health tech entrepreneurs.
 - Participants will gain a strategic vision for how professionals in health care and the built environment can work together to build projects that create value, promote healthy living, support aging-in-place, and develop communities that thrive.
 - On March 30 from 8:30–9:30 a.m. ET, join the program team via [Zoom](#) for a virtual open house and Q+A session to learn more about the program.
- MIT/CRE Online Short Course Portfolio:**
The past year has shown that online learning is not only valuable, it's essential. The MIT School of Architecture and Planning and the MIT/CRE's collaboration with GetSmarter enables an online learning experience that is both high-touch and personalized for the working professional.
 - In the **Commercial Real Estate Analysis and Investment** online short course that starts on April 7, participants will develop an understanding of interactions within the broader real estate system, including the space and asset markets. The program also provides participants with the tools to evaluate and manage a property portfolio based on economic principles and data. [REGISTER](#)
 - The **Data Science in Real Estate** online short course offers participants key insights from MIT faculty and industry experts in the real estate, finance, and IT sectors. Starting on May 5, this program equips participants with a data science tool kit that enables them to identify/interpret patterns in order to analyze property risks and opportunities. [REGISTER](#)
- The [MIT/CRE Thought Leader Lecture Series](#): instructive, engaging, and sometimes provocative discussions with real estate professionals who are uniquely positioned to provide valuable perspective on the important topics influencing the industry today. In the past month, **Alison Novak** MSRED/MCP'06 (Sidewalk Labs) spoke on February 23 about technology in urban spaces, and **Michael Beckerman** (CEO of CREtech) and **Steve Weikal** spoke on March 16 about the proptech landscape. For more information and to register, please visit the link above.
- The [MIT China Seminar](#), co-organized by Professor **Yasheng Huang** of the Sloan School and Professor **Siqi Zheng** of the School of Architecture and Planning, is a periodical gathering of scholars from a variety of disciplines interested in mainly contemporary China research. On March 25, it featured Lizhi Liu from the McDonough School of Business and Georgetown University who presented "From Click to Boom: The Political Economy of E-commerce in China."
- Industry Talks:**
 - On March 25 at 10:00 a.m. PST, Facility Executive Magazine hosted a webinar featuring Head of Industry Relations **Steve Weikal** and ARC Facilities CEO Suri Suriyakumar in a wide-ranging discussion about leveraging technology to access critical, but static, building information. Although new buildings are getting smarter, legacy building information is often trapped in digital files in desk top servers or, worse yet, stored in hard copy paper format. This webinar addressed how new and transformative digital solutions are emerging to change how buildings operate.
 - As part of Boston Bisnow Digital Summit *Into the Future: Boston's Path to Healthy Buildings*, MIT-SUL's **Zhengzhen Tan** had a great discussion with C.A. Webb, Joelle Jahn, John Cannistraro and Matt McCambridge on driving wellness in an age of uncertainty. Topics included insights into occupier's wellness needs and strategies to influence behavior, the most cost-effective and efficient ways of retrofitting existing buildings, and how to identify the barriers to improve or invest in new and old buildings.
 - Podcast host Jackie Falla recently interviewed **Steve Weikal** for FMForward, the popular thought leadership podcast from the International Facilities Management Association. They discussed how technology and innovation continue to impact facilities management, how COVID has altered current strategies, and what lies ahead post-COVID. Listen to the podcast [here](#).
- Industry Impact:**
 - Steve Weikal** was named to the leadership board of [CREtech Climate](#), a new intelligence platform focused on the impacts of climate on commercial real estate. The initiative includes a number of large industry stakeholders, including FifthWall, Oxford Properties, Savills, RXR, and EY, a longtime partner of the MIT/CRE.
 - MIT/CRE partner JLL referenced "The Financial Impact of Healthy Buildings," coauthored by researchers **Natasha Sadikin, Dr. Andrea Chegut, and Dr. Irmak Turan**, in their recent article "[Why Healthy Buildings are Good for the Bottom Line](#)." The article emphasizes the benefits of the tenant experience and its effects on ROIs.

MSRED+ALUMNI UPDATES

- MSRED course Sustainable Real Estate: Economics and Business launched a new teaching case called [EDGE: Reinventing Sustainable Real Estate in the Digital Age](#), written by **Zhengzhen Tan** and her coauthor. On March 15 the protagonist of the case, CEO and founder of [EDGE Coen van Oostrom](#), joined the classroom discussion and talked about net-zero, real estate innovation, and digital transformation.
- Real Estate Development Studio, taught by Professor **Kairos Shen**, had a virtual NYC field trip on February 26, during which the class was able to hear from several notable guest speakers:
 - Hudson Yards: Philippe Visser, Related Companies
 - Rockefeller Center: EB Kelly, Tishman Speyer
 - Domino Sugar: Patti Limansubroto, Two Trees Management
 - Rafael Vinoly Architects: Chan-li Lin
- Jiri Sýkora** CFA, MSRED '19, placed on Forbes' 30 Under 30. Sýkora is an investment manager for PPF Real Estate and has been responsible for the group's commercial real estate in London. Read more [here](#)

LAB+PI UPDATES

- The Sustainable Urbanization Lab hosted a series of four **SUL Tech Talks** during this year's IAP. Links to watch all of the recordings are now available on the [SUL's website](#).
 - January 15: "Introduction to NLP: Dictionary and Word Occurrence based approaches for Sentiment Classification and Topic Modeling" by Nicolas Guetta-Jeanrenaud
 - January 22: "Advanced NLP Methods: Multilingual Sentiment and Topic Classification using Embedding Models" by Nicolas Guetta-Jeanrenaud and Ajkel Mino
 - January 29: "Urban and Real Estate Data Visualization: Building interactive maps and dashboards" by Matias Williams
 - February 5: "Smart Face-Masks: Building Electronic Face-mask to study mask-wearing behavior" by Yuchen Chai
- REI Lab researchers **Dr. Andrea Chegut, Helena Rong, Tony Yang, Dr. Irmak Turan, and Minkoo Kang** were featured in the March issue of a Korean publication [Monthly Design](#). The article details the lab's overall objectives, its interdisciplinary approach to [design real estate](#), and how analyzing the intersection of finance and design will change the industry moving forward.
- SUL researcher **Adriano Borges Costa** and team **Siqi Zheng, Tabea Sonnenschein, Camila Ramos, and Raj Mehta** recently launched [Access to Vibrancy](#), an exploration of urban vibrancy and how transit extensions promote vibrant urban places.
- REI Lab researcher **James Scott** discussed the challenges of digital twin rollout in Christie Moffat's recent Bisnow article, "[Digital Twins Could Help CRE Reduce Emissions in a Big Way—But First, the Technology Needs to Become More Accessible](#)." Consulting Managing Director John D'Angelo of Deloitte and Cityzenith CEO Michael Jansen were also featured.
- REI Lab researcher **Diego Fernandez** and Lab Director **Dr. Andrea Chegut** presented their research "Retail Branch Footprints: Measuring Impacts from Real Estate & Technology" at Prologis' internal seminar on March 2. The group discussed urban vs. non-urban logistics locations and how they affect sustainability, as well as some of the technologies that can help both ecommerce and traditional retail strategies.

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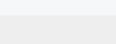
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