

**THE UNIVERSITY OF WISCONSIN**  
**Department of Real Estate and Urban Land Economics**  
**Spring session - 2010**  
**RE977 Seminar in Urban Land Economics**

**Instructor**

Erwan Quintin, Assistant Professor, Real Estate Department  
Office: 5257 Grainger Hall Office hours: by appointment  
Phone: 608-262-5126  
E-mail : [equintin@bus.wisc.edu](mailto:equintin@bus.wisc.edu)  
URL: <https://mywebspace.wisc.edu/quintin/web/>

**Course Objective and Requirements**

This course's dual objective is to read frontier papers in – or relevant for – real estate and urban economics and to give you a chance to practice presenting academic work.

We will cover most of the papers listed below as well as any reasonably recent paper in the field which you want to suggest or, better yet, your own work. In fact, I encourage you to use this forum to present work at early stages of development. This is a unique opportunity to receive advice and feedback from your classmates and myself. In addition, you will find that forcing yourself to describe your research question and plan of attack to a live audience at an early stage is a very productive exercise that will save you lots of time in the future.

You will be required to make at least two presentations over the course of the semester, each of a standard lecture length. Papers (whether from my list or not) and dates will be allocated on a first come, first serve basis. Make your choices early. Once I present a paper, it's off the list.

When no student presentation is scheduled, I will present papers from the list as well as some of my current work every now and again.

## List of papers

The list below is organized around three areas in which I am currently writing or planning to write.

### 1. Models of foreclosure

- (a) "Making Sense of the Subprime Crisis," K. Gerardi, A. Lehnert, S. M. Sherland, and P. S. Willen, Atlanta Fed Working Paper, 2009
- (b) "Decomposing the Foreclosure Crisis: House Price Depreciation versus Bad Underwriting," K. Gerardi, A. H. Shapiro, and P. S. Willen, Atlanta Fed Working Paper, 2009
- (c) "Home Equity, Foreclosures, and Bailouts," C. Garriga and D. Schlagenhaut, mimeo 2009
- (d) "Mortgage Innovation and the Foreclosure Boom," D. Corbae and E. Quintin, mimeo 2009
- (e) "Recourse and residential mortgage default: theory and evidence from U.S. states," A. C. Ghent and M. Kudlyak, Richmond Fed Working Paper, 2009
- (f) "Foreclosures and House Price Dynamics: A Quantitative Analysis of the Mortgage Crisis and the Foreclosure Prevention Policy," B. Eyigungor and S. Chatterjee, mimeo 2009
- (g) "Mortgage Default, Foreclosure, and Bankruptcy," W. Li, M. J. White, NBER Working Paper No. 15472, 2009

### 2. Optimal mortgage design

- (a) "Bankruptcy and Collateral in Debt Constrained Markets," T. J. Kehoe, D. K. Levine, Minneapolis Fed Staff Report 380, 2006
- (b) "A Theory of Financing Constraints and Firm Dynamics," G. L. Clementi, H. Hopenhayn, 2006, The Quarterly Journal of Economics, vol. 121(1), pages 229-265
- (c) "Equilibrium Default," H. Hopenhayn and I. Werning, MIT mimeo, 2009
- (d) "Repeated principal-agent relationships with lending and borrowing," F. Allen, 1985, Economics Letters, Elsevier, vol. 17(1-2), pages 27-31
- (e) "Efficient Allocations with Hidden Income and Hidden Storage," H. Cole and N. Kocherlakota, Narayana R, 2001, Review of Economic Studies, vol. 68(3), pages 523-42

- (f) “Optimal Long-Term Financial Contracting,” P. M. DeMarzo and M. J. Fishman, *Review of Financial Studies* 20(6):2079-2128.
- (g) “Dynamic Security Design: Convergence to Continuous Time and Asset Pricing Implications,” B. Biais, T. Mariotti, G. Plantin, J.C. Rochet, *Review of Economic Studies*, 2007, Volume 74 Issue 2, 345–390.
- (h) “Optimal Mortgage Design” , Tomasz Piskorski and Alexei Tchisty, *Review of Financial Studies*, forthcoming
- (i) “Borrower Mobility, Adverse Selection, and Mortgage Points“, J. Brueckner, *Journal of Financial Intermediation*, Volume 3, Issue 4, September 1994, Pages 416-441
- (j) “Mortgage Choice: Whats the Point?,” R. Stanton and N. Wallace, *Real Estate Economics* 26: 173-205, 1998.
- (k) “Adjustable and Fixed Rate Mortgages as a Screening Mechanism for Default Risk,” L. Posey and A. Yavas, *Journal of Urban Economics*, Volume 49, 2001, Pages 54-79
- (l) “Optimal mortgage design when transaction costs constrain mobility,” A. C. Goodman and R. W. Wassmer, *Journal of Housing Economics*, Volume 2, Issue 1, March 1992, Pages 17-36
- (m) “Adverse Selection in a Model of Real Estate Lending,” V. V. Chari and R. Jagannathan, 44, *Journal of Finance*, (June 1989): 409-508.

### 3. Cyclicalities of housing investment

- (a) “Are Consumer Durables Important for Business Cycles?,” M. Baxter, *Review of Economics and Statistics* 78 (1), 1996, 147-155.
- (b) “Housing and the Business Cycle,” M. Davis and J. Heathcote, *International Economic Review*, 2005, vol. 46 (3), p. 751-784
- (c) “Why Does Household Investment Lead Business Investment Over the Business Cycle?,” J. Fisher, *Journal of Political Economy*, Vol. 115, pp. 141-168, February 2007
- (d) “Home Production Meets Time to Build,” P. Gomme, F. E. Kydland and P. Rupert, *Journal of Political Economy*, University of Chicago Press, vol. 109(5), 2001, pages 1115-1131
- (e) “First-Time Home Buyers and Residential Investment Volatility,” J. D.M. Fisher and M. Gervais, mimeo 2009