

THEME: REAL ESTATE

Before the advent of corona, this newsletter was to have the position of real estate within regional science as a theme: what are themes we currently work on, what are possible avenues for the future, what are our relationships with real estate researchers outside regional science, and, last but not least, what do we teach? The newsletter editors are grateful for the two submissions received, and more contributions are welcome, so that we can continue this topic in the next newsletter. Contributions from Latin America, Asia and Africa are particularly welcome.

REGIONAL SCIENCE AND REAL ESTATE: TWO WORLDS DRIFTING APART?

Edwin Buitelaar, Professor of Land and Real Estate Development at Utrecht University

REAL ESTATE IS not an academic discipline in itself, in the sense that it does not have its own body of distinctive theories and methods that ties together its knowledge. It is nevertheless a subject of research and education, in universities, research institutes and business schools. For a proper understanding of real estate, it should be approached from an interdisciplinary perspective, which combines urban economics/regional science, finance, law, urban planning, organisational studies and management. This is because real estate is a multifaceted object or phenomenon. It requires both regional science and finance because real estate offers accommodation to businesses and households on the one hand and offers a return to investors as a financial asset on the other. Urban planning and management are required because we need to understand both the coming about of real estate (i.e. real estate development) and the management of it once it is operational (i.e. property, asset and portfolio management).

An interdisciplinary field needs experts that are willing to stretch beyond their own discipline and engage with others. It is my observation that this attitude is under pressure as a result of disciplinary specialisation. And this is the result of the institutionalised (or self-imposed) pressure to publish (a lot) in A-journals. Books, such as general textbooks, policy reports or other socially relevant outlets are much less credited. Although publishing by journal articles helps to have some form of quality control and some form of performance measurement, it harbours the risk of producing one-trick ponies. The probability of having an article accepted in a highly rated journal increases if one focuses on particular niches rather than covering a subject with more breadth.

A specific form of disciplinary specialisation that I seem to notice in regional science and urban economics, is what I call methodological specialisation. Increasingly, the focus appears to be on methodological innovation and improving statistical identification strategies, rather than on trying to understand the empirical phenomena. Coming up with an instrumental variable (IV), however far-fetched they sometimes are, becomes the aim rather than the 'instrument'. This is because the endogeneity police are never far away.

In the case of real estate, there is a specific, additional problem. Real estate markets (commercial real estate rather than housing markets) are inherently 'thin': there are few heterogeneous transactions. This causes problems for the availability and quality of datasets. This, too, does not help the popularity of real estate as a research object within regional science.



The thematic niche tendency and the preoccupation with advanced econometrics implies that regional science research (and education) into real estate is partial and tends to only scratch the surface. Interdisciplinary research and a greater methodological variety are needed to connect the different subthemes within real estate and to gain a better insight in the underlying mechanisms that determine what we see at the surface.

REGIONAL SCIENCE 20+

Arno J. van der Vliet, Department of Economic Geography at the University of Groningen

ONE OF MY colleagues asked me the other day about the future of Regional Science. This signaled two things. First, I sensed a kind of urgency as if Regional Science had no longer anything to offer. Second, this revealed that my colleague must be considerable younger than I am. I recall similar discussions in the 1990s being a grad student in my 20s. Admittedly, the issue did not cross my mind thereafter until my colleague's question only recently.

A simple search in EBSCO/ECONLIT gives a long list of papers in all kind of Journals on the future of regional science. So the future of Regional Science: is it pointy or pointless? Recent years have seen a further specialization within Regional Science and Urban Economics. The specialization perhaps does not relate to the specific topic but in terms of narrative and approach. It also lead to more and more specialized conferences and workshops each with its own style and preconceptions. At least that is what I sense.

These developments in Regional Science and Urban Economics seems a little orthogonal to what Heckman and Singer (2017) describe as an abductive approach. The authors indicate that, I cite: 'Abduction is the process of generating and revising models, hypotheses, and data analyzed in response to surprising findings.' (p.298). Indeed, in the reflection of different perspectives is the glittering of diamonds.

The current outbreak of Covid-19 provides a perfect test case, or if you want a quasi-natural experiment, of how combining research approaches brings about new knowledge and understanding. Knowledge and understanding which is urgently needed. Knowledge on the transmission and spatial diffusion, and on societal implications of Covid-19 is almost absent. This includes many aspects typically covered in regional science and urban economics broadly defined. Also 2020+.

References

Heckman, J.J. en B. Singer (2017) Abducting Economics. American Economic Review: Papers & Proceedings. 107:298-302

