

**SYNOPSES**  
**REAL ESTATE REVIEW**  
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- **The Integration of European Mortgage Credit Markets: Progress and Challenges** by *Kenneth Rhoda and Joshua Buch*. Despite the government efforts in the European Union member countries to integrate their mortgage credit markets, this article shows striking evidence of wide differences in the sizes of the residential mortgage market as compared to 20 years ago. Also, there exist differences among mortgage interest rates of those countries although the differences are less wide. The article concludes that the studied 15 member countries still have a long way to go before reaching their goal of having a unified mortgage market in the European Union.
- **Flood Hazards and Elevation: A Semi-Parametric Approach** by *John Lavendis*. This article addresses the hypothesis that the government's insurance program has priced the risk of flooding too cheaply by using a semi-parametric hedonic technique. The author uses available data of sale price, amenities, and neighborhood characteristics for over 3000 single family homes sold in Greater New Orleans between 10/2005 and 8/2006 and shows that the value of a home does not increase monotonically with elevation. Or in lay terms, a house with less flood risk doesn't have greater value.
- **Real Estate Valuation for Financial Reporting: the Hazards of Mark-to-Market Valuations** by *Robert Owens*. This must read article takes a look at the "arcane" but pertinent financial reporting standards that are being used internationally with pressure on US standards to go the same route. The international standards purport to bring much more "real" world value to the real estate assets on corporate books, by following a mark-to-market method. The author points out the counterintuitive: more frequent adjustments to the financial reporting for corporations to show current value (even if declining) will actually bring more subjectivity and the potential for overvaluing is inherent in such subjective attempts to "improve" information. The author proposes municipal-style accounting which emphasizes revenues and expenditures on assets in a descriptive manner which would provide more and better information through expanded footnoting of financial statements.
- **Benefits of Direct and Securitized Real Estate Allocations within a Mixed-Asset Portfolio** by *Karen Mitchell Smith*. By examining returns, volatility, and correlations, the author compares pension fund investments in direct real estate investments with indirect investments in REITs. The author argues that real estate is still a conservative investment, and recommends both direct and indirect investments for pension portfolios while acknowledging that the returns from direct investments still outpace the indirect returns from the REITs.

- **Construction Fraud: Homeowners at Risk** by *Katherin Barker Cagwin and Grover Kearns*. As homeowners and homes are increasingly targeted by fraudsters, the article provides examples of actual cases that illustrate and define construction fraud schemes against homeowners.
- **Critical Review: *Last Harvest*** by *John Sheff*. The author takes a post-2008 look at the widely read *Last Harvest* by Witold Rybczynski. This article reviews the successes, and limits of success, with the efforts to bring a Neo-traditional community to the Philadelphia suburbs. The review is a bit of finance, a bit of design, and a good read all around.