

Curriculum Vitae

Cynthia Holmes, PhD

Contact Information

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Academic Position

Assistant Professor, Real Estate,
College of Business, Florida State University,
August 2004 - present

Research Interests

Real estate finance and economics, housing economics and policy.

Education

- Doctorate, Real Estate Finance and Economics, University of British Columbia, 2005
- Masters of Business Administration, Specialization Finance, Concordia University, 1995
- Bachelor of Science, Major Mathematics, Minor Computer Science, McGill University, 1989

Teaching experience

- Real Estate Feasibility Analysis, Florida State University (2004-present)
- Principles of Real Estate, Florida State University (2004-present)
- Real Estate Investment, Western Washington University (2003)
- Real Estate Finance, University of British Columbia (2001-2003)

Publications

Dynamics of the Affordable Housing Stock: Microdata Analysis of Filtering, with Tsur Somerville,
Journal of Housing Research 12(1), 2001.

Abstract: This paper addresses the shortage of good-quality affordable housing for low-income households. We model the movement of individual housing units in and out of the stock of units affordable to low-income households, and relate these movements to unit, neighborhood, and market characteristics and conditions. Formally, we estimate the effects of these factors on the changing status of a unit currently defined as affordable using a multinomial logit methodology. Our empirical results suggest that movements are more sensitive to variation in neighborhood conditions than to unit characteristics or movements in market rents or prices.

Is there a role for commercial mortgages in a mixed asset portfolio?, Real Estate Institute of B.C.
INPUT Magazine, Spring 2003, Volume 28 (1) [Practitioner-oriented journal]

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Forthcoming

Multifamily Mortgage Lending: A Comparison of the U.S. and Canada, joint with Michael LaCour-Little

International Real Estate Review

Abstract: We combine bank loan portfolio data from two distinct sources to compare and contrast multifamily mortgage financing in Canada and the U.S. After some comparison of the multifamily housing markets in the two countries, we compare and contrast loan pricing and non-price terms in the two distinct environments. Although limited by a relatively small sample, we offer some preliminary assessment of loan performance over the same time period (1996-2000), controlling for observable risk factors. Results suggest that longer loan terms are available in the U.S. due to the availability of secondary market outlets, but pricing and performance are otherwise similar, conditional on risk characteristics

First-round revise and resubmit

A Multiple Factor Asset Pricing Model for Commercial Mortgages

First-round revise and re-submit, Real Estate Economics

Abstract: This paper contributes to the commercial mortgage literature and the multiple factor asset-pricing literature by creating a model for commercial mortgage returns. The result of an initial analysis using the five Fama and French (1993) factors is that the sensitivities of commercial mortgage returns and corporate bond returns to all factors are statistically indistinguishable. However, further analysis was performed using factors associated with real estate returns, and the result is that unlike corporate bonds, commercial mortgage returns are sensitive to the factor that measures growth in personal consumption.

The Outcome of Commercial Mortgage Delinquency: Foreclosure or Reinstatement

First-round revise and re-submit, Real Estate Economics

Abstract: When a commercial mortgage borrower fails to make a scheduled payment, two potential outcomes can eventually arise. Either the borrower reinstates the loan and resumes payment or the lender forecloses on the property. The following question arises: under which situation does each outcome occur? I investigate this question using a game-theoretic model and multinomial logit empirical tests on a disaggregate dataset. My key finding is that the outcome is based on the relative values of variables that include the borrower's equity in the secured property and the rate of property appreciation. Empirical tests confirm that the characteristics of loans across delinquency outcomes are distinguishable.

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First-round revise and resubmit, continued

Commercial Mortgage Guarantees

First-round revise and re-submit, Real Estate Economics, June 2006

Abstract: This paper investigates the role of commercial mortgage guarantees in default. Childs, Ott and Riddiough (1996) use an options-based theoretical model to show that recourse should reduce the likelihood of default. This paper tests that prediction empirically using a database from a Canadian lender. The advantage of using a Canadian dataset is the prevalence of recourse lending not seen in the U.S. I find a negative relationship between default and the presence of a guarantee, supporting the Childs, Ott and Riddiough (1996) prediction. In addition, several other questions related to guarantees in a commercial mortgage context can be addressed using the dataset. First, I investigate how the characteristics of guaranteed loans differ from non-recourse loans. I find that guarantees are not offered primarily on loans that have a high loan-to-value ratio. Instead, the presence of a guarantee is linked to the legislative environment of the province where the secured property is located. Second, I examine the effect of a guarantee on the contract rate. The key finding is that the rate reduction offered by a lender for guaranteed loans is negligible. The implication is that the lender is benefiting from the recourse tradition in Canada, by enjoying the reduction in default risk with negligible spread reduction costs.

Working papers

A Longitudinal Analysis of Pension Funds' Allocation to Real Estate, joint with Sean Finucane and Dean Gatzlaff

Abstract: The proportion of a pension fund's portfolio that is invested in real estate varies based on the characteristics of the pension fund and conditions in the market. Using a large panel database, we analyze the changes in the real estate allocation cross-sectionally across the individual pension funds and longitudinally in time. We find that cross-sectional differences in real estate allocations are related to characteristics of the pension funds, but that longitudinal changes in real estate allocations are related to the returns to real estate and other investments.

Estimating Transaction-Based Price Indices for Local Commercial Real Estate: An Examination of Alternative Methodologies using Property Tax Data, joint with Dean Gatzlaff

Abstract: This study evaluates the feasibility of constructing transaction-based commercial property indices using widely available property tax records. It examines the reliability of alternative transaction-based estimation methods using data for a single state (Florida) and then compares the resulting estimates with regional-measures of the NCREIF institutional property index (NPI) and other benchmark indices. The methods examined include hedonic, repeat-sales and assessed-value (Clapp and Giacotta, 1991) techniques, as well as more recently developed procedures (Fisher, Gatzlaff, Geltner and Haurin, 2003; and Fisher, Geltner and Pollakowski, 2005). These estimates will make possible a meaningful comparison of our indices, the NPI, and the NCREIF-based indices reported by the Commercial Real Estate Data Library at MIT. Because our property tax database includes both institutional and non-institutional held properties, it provides a unique opportunity to investigate the relative price movements between these two property segments.

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Working papers, continued

An Empirical Test of the Equity Dilution Hypothesis, joint with Michael LaCour-Little

Abstract: The equity dilution hypothesis states that the presence of unobserved junior liens adversely affects first mortgage loan performance. An important implication of this hypothesis, if correct, is that house price appreciation may actually increase the probability of mortgage default if that appreciation prompts subsequent junior lien financing. Here we provide an empirical test of the equity dilution hypothesis using a random sample of a major lender's loan portfolio, including loans originated between 2001 and 2005. Results suggest that borrowers with a higher probability of a junior lien also have higher probabilities of delinquency and/or default, providing further support for the hypothesis. In addition, we also explore the likelihood that a second mortgage is initiated simultaneously with the first mortgage with the same lender, and the role of the simultaneous-close second mortgage on the loan outcome.

Conference Presentations

Estimating Transaction-Based Price Indices for Local Commercial Real Estate: An Examination of Alternative Methodologies using Property Tax Data, joint with Dean Gatzlaff, AREUEA Annual Meeting, January 2007

A Longitudinal Analysis of Pension Funds' Allocation to Real Estate, joint with Sean Finucane and Dean Gatzlaff, AREUEA Annual Meeting, January 2006

Multifamily Mortgage Lending: A Comparison of the U.S. and Canada, joint with Michael LaCour-Little, AREUEA International Meeting, August 2005

Commercial Mortgage Guarantees, AREUEA Annual Meeting, January 2005

Commercial Mortgage Delinquency, Foreclosure and Reinstatement: An Empirical Investigation, Real Estate Research Institute, April 2003

A Multiple Factor Asset Pricing Model for Commercial Mortgages, AREUEA Annual Meeting, January 2003.

Characteristics of Commercial Mortgages, presented at AREUEA Annual Meeting, Doctoral Session, January 2002 and ARES Doctoral Session, April 2002.

Dynamics of the Affordable Housing Stock: Microdata Analysis of Filtering, with Tsur Somerville, presented by co-author at AREUEA Mid-year meeting, May 2000.

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University and Departmental Service

- Real estate curriculum committee member (2004-present)
- Real estate program executive advisory board member (2004-present)
- Real estate network conference steering committee member (2004-present)
- Faculty senator (2006-present)

Invited Talks

- University of Exeter, 2005
- Florida State University, 2004
- Queen's University, 2004
- Virginia Commonwealth University, 2004
- University of San Diego, 2004
- College of Charleston, 2004
- University of Regina, 2004
- Simon Fraser University, 2004
- University of British Columbia, 2003

Occasional Reviewer

- Real Estate Economics
- The Quarterly Review of Economics and Finance

Selected Grants and Fellowships

- 2006 Real Estate Research Institute, \$15,000
- 2006 FSU Assistant Professor Grant, \$15,000
- 2002 Real Estate Research Institute, \$5,000
- 2002 and 2001 Herbert Fullerton Fellowship, \$6,000,
- 2001 and 2000 Real Estate Council Scholarship, \$500,
- 2000 Alan G Creer Fellowship, \$4,800
- 1998 and 1999 Entrepreneurship Fellowship, \$11,500

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Memberships

- American Real Estate and Urban Economics Association
- American Real Estate Society

Professional Experience

- Senior Mortgage Portfolio Analyst, Standard Life Assurance Company, March 1996 to June 1998. Responsibilities included underwriting new commercial loans, negotiating the workout of delinquent loans, managing the diversification of the Pooled Mortgage Fund and setting the prime interest rates for commercial mortgage lending.
- Strategic Planning and Financial Analyst, Standard Life Assurance Company, May 1993 to March 1996. Responsibilities included the 5-year projections of revenues and periodic research reports on topics of interest to product managers.
- Programmer-Analyst, Standard Life Assurance Company, May 1989 to May 1993. Primary responsibility was the programming of actuarial calculations for annuity computer systems.