

Tagliaferri Lecture 2021 : Capital Shocks, Real Estate Risks and the Effects of the Global Financial Crisis in US Cities

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Wednesday 23rd June 2021, 4 - 5.30

{SPEAKER}

Professor Philip
McCann, University
of Sheffield
Management
School

ABSTRACT

This paper exploits a uniquely-detailed dataset of USD 1.4 trillion worth of real estate transactions to examine how the features of US cities relate to investment pricing and risk. Our analysis identifies how parts of the urban system were differently affected by the global financial crisis and provides a powerful explanation of why US economic growth suddenly went from spatial convergence to divergence. We demonstrate that in 'normal' times real estate investment markets price in the differences between places, whereas in a context of financial shocks the features of a locality become important in determining capital allocations. In particular, large urban centers become an extension of the bond market, increasing local capital availability and improving capital pricing terms, whereas the capital markets move against smaller and less prosperous places.

{ABOUT THE SPEAKER}

Philip McCann holds the Chair in Urban and Regional Economics in Sheffield University Management School, and is also the Tagliaferri Research Fellow in the Department of Land Economy at the University of Cambridge. He is one of the world's most highly cited scholars in urban and regional economics and his research has won academic awards in several countries. Philip has previously been a Special Adviser to two different EU Commissioners for Regional Policy, and has also advised four OECD directorates, the European Investment Bank, and government bodies in government bodies in several countries.

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