

WITHIN-BANK TRANSMISSION OF REAL ESTATE SHOCKS

(WITH VICENTE CUNAT AND KATHY YUAN)

DEPARTMENT
OF LAND
ECONOMY

Environment,
Law, and
Economics

{WHERE} Mill Lane Lecture Room 4

{WHEN} Wednesday 16 November, 4-5pm

{SPEAKER}
Dragana Cvijanovic

{ABOUT THE SPEAKER}

Dragana Cvijanovic's research interests lie in the areas of corporate governance, empirical corporate finance, and real estate finance. Prior to joining UNC Kenan-Flagler and Leonard W. Wood Center for Real Estate Studies, she served on the faculty at HEC Paris. Dr. Cvijanovic also worked in the property hedge fund industry in the United Kingdom. She received a PhD in finance from the London School of Economics, where she has since been affiliated with the Financial Markets Group. She holds a master's degree in quantitative finance from the University of Belgrade (SECCF) and a BSc in computer science from University College London.

By considering banks as portfolios of assets in different locations, we study the transmission of negative real estate shocks across bank's business areas and geographical locations while controlling for local demand shocks and bank location-specific factors. Affected banks recognize capital losses and cut lending across the board indicating contagion across business lines and locations. They also roll over and fail to liquidate problematic loans, in addition to reducing their operational costs and depleting their liquidity. These results provide evidence of bank balance sheet transmission and amplification of real estate shocks.

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