Liquidity and price discovery in real estate assets

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Stellingen
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LIQUIDITY AND PRICE DISCOVERY IN REAL ESTATE ASSETS
Erik de Wit
Amsterdam, 8 september 2011

1. Asymmetric information in the housing market causes time-on-the-market to be a signal of bad quality. The result is that the probability of a sale decreases with time-on-the-market and the probability of withdrawing the house increases with time-on-the-market (Chapter 2)

2. The stock-flow matching model of Coles and Smith (1998) correctly predicts that the probability of a sale will drop substantially after the current stock of potential buyers has rejected to buy the house (Chapter 2)

3. In housing markets with asymmetric information and where list prices do no have any formal legal role, list prices signal unobserved properties of the house or the seller (Chapter 3)

4. Both list price reductions and time-on-the-market reduce transaction prices in the housing market (Chapter 3)

5. The probability of a list price reduction increases with time-on-the-market when sellers are uncertain about the value of their house (Chapter 3)

6. The price-volume correlation in the Dutch housing market is driven by shocks to the mortgage rate and shocks to sales volume (Chapter 4)

7. In low liquidity states of the housing market, house transaction price indices give a distorted view of valuations since many home owners choose not to participate in the market

8. Reducing the transfer tax in the Dutch housing market would permanently improve housing market liquidity, labor market mobility and consequently employment

9. The only reason people get lost in thought is because it is unfamiliar territory.

10. The quality of a dissertation is inversely related to its size.

These propositions are considered defendable and as such have been approved by the promotores Prof. dr. K.G.P. Englund and Prof. dr. M.K. Francke