



第一屆泛海房地產金融研討會 The First Fanhai Real Estate Finance Workshop

2018年12月12日星期三

Wednesday, 12th Dec. 2018

上海市黃浦區中山南路318號東方國際金融廣場11層1108紐約廳

318 S. Zhongshan Rd, Oriental Financial Plaza, Huangpu Dist.

Format

❖ **Keynote Speech:**

60-min presentation (questions are welcome during the presentation)

❖ **Regular Papers:**

25-min presentation + 10-min discussion + 10-min Q&A

Confirmed Speakers/Discussants/Session Chairs

1. De Giorgi, Giacomo Geneva School of Economics and Management, University of Geneva
2. Deng, Yongheng Wisconsin School of Business, University of Wisconsin-Madison
3. Gao, Huasheng Fanhai International School of Finance, Fudan University
4. Guo, Xiangyu Fanhai International School of Finance, Fudan University
5. He, Jia School of Finance, Nankai University
6. He, Zhiguo Booth School of Business, University of Chicago
7. Hu, Xiaozhong Shanghai Municipal Planning, Land and Resources Administration
8. Jiao, Yang Fanhai International School of Finance, Fudan University
9. Ma, Chang Fanhai International School of Finance, Fudan University
10. Ouyang, Min School of Economics and Management, Tsinghua University
11. Qian, Jun Fanhai International School of Finance, Fudan University
12. Rogers, John International Finance Division,
Board of Governors of the Federal Reserve System
13. Wang, Xiabin Fanhai International School of Finance, Fudan University
14. Wang, Yongqin School of Economics, Fudan University
15. Wei, Shang-Jin Columbia University and Fanhai International School of Finance,
Fudan University
16. Xing, Jing Antai College of Economics and Management,
Shanghai Jiao Tong University
17. Yu, Tiejing Carroll School of Management, Boston College
18. Zhu, Lei Fanhai International School of Finance, Fudan University



Schedule

- 8:30 - 8:55 Registration and Reception
- 8:55 - 9:00 Welcome Speech by Jun Qian, Executive Dean of FISF

• Session 1 Paper Presentation Session Chair: Lei Zhu

- 9:00 - 9:45 “Understanding Misreporting: Responses to a Housing Transaction Tax Notch in China”
by *Xiixin Wang*

Abstract: In China, for second-hand housing transactions, a business tax is levied on reported housing transaction prices once prices are above a certain threshold. Thus, reported prices could deviate from true prices in response to the tax notch, creating an incentive for misreporting. We obtain from a large real estate broker company a unique dataset that includes both true and reported prices of second-hand housing transactions in Shanghai, which allows us to directly study the misreporting behavior. A simple tax evasion model predicts a three-segment misreporting pattern against true prices: no misreporting for houses with true prices below the notch; reported prices equal the notch value for true prices in a certain range above the notch; reported prices are a certain value below the true prices for true prices well above the notch. The empirical misreporting pattern is remarkably consistent with the theoretical predictions. Further evidence reveals rich heterogeneity of misreporting at both extensive and intensive margin. The heterogeneous misreporting patterns can be parsimoniously reconciled by a descriptive model where people misperceive the true price when making decisions and rule out alternative explanations including other taxes and fees, heterogeneous misreporting costs, and housing loans. In addition, we explore how various factors may affect the misreporting pattern both theoretically and empirically, including the impact of a tax rate change and the impact of a policy that imperfectly curbs evasion by setting a lower bound for misreporting. We also explicitly discuss potential alternative forms of the misreporting cost function and test against them. As tax rate increases by 1 percentage point, the decreased tax evasion amounts to 11.3 percent of the tax liability when there is no misreporting.

Discussant: *Jing Xing*

- 9:45 - 10:30 “The Financing of Local Government in China: Stimulus Loan Wanes and Shadow Banking Waxes”
by *Zhiguo He*

Abstract: China’s four-trillion-yuan stimulus package fueled by bank loans in 2009 has led to the rapid growth of shadow banking activities after 2012. Local governments financed the stimulus through bank loans in 2009, and resorted to non-bank debt financing after 2012 given the rollover pressure from bank debt coming due, a manifestation of the stimulus-loan-hangover effect. Cross-sectionally, provinces with greater bank loan growth in 2009 experienced more Municipal Corporate Bonds issuance during 2012-2015, together with more shadow banking activities including Entrusted loans and Wealth



Management Products. We highlight the market forces behind the regulation changes on local government debt post 2012.

Discussant: *Min Ouyang*

10:30 - 11:00

Tea Break

• **Session 2** **Keynote Speech**
Session Chair: Shang-Jin Wei

11:00 - 12:00 **“Understanding the risk of China's Local Government Debts and Its Linkage with Property Markets”**
by Yongheng Deng

Abstract: The intertwining of local Chinese housing markets with government fiscal policies is the direct result of China’s recent economic growth and fiscal reforms that have forced local governments to rely on land sales to fund infrastructure projects via a unique funding mechanism known as Local Government Financing Vehicles (LGFVs). We study the linkage between the solvency of LGFV debt and local housing market risk. Our results show that in areas with higher expected house price growth LGFVs issue debt with lower risk premiums. However, in contrast to concerns about excessive local government debt being fueled by surging property prices, we show that LGFVs do not take advantage of this pattern by issuing more bonds during the booming period of housing markets.

12:00 - 13:00

Buffet Lunch

• **Session 3** **Paper Presentation**
Session Chair: John Rogers

13:00 - 13:45 **“Local Estimates of House Price-to-rent Ratio in Tokyo Housing Market”**
by Xiangyu Guo

Abstract: House sale and rental prices usually lie at the heart of the growing literature examining house price bubbles. In these studies, time series price-to-rent ratios are most commonly used. However, the characteristics of houses on sale and rental units are different and exhibit spatial variations. In this paper, we spatial estimates of house prices and rents, based on the locally weighted quantile approach and the decomposition. The geographic quantile version of locally weighted regressions can place greater weight on observations closer to the target point, which produces unique quantile coefficients for each observation. This approach allows the distribution of predicted values to vary smoothly over space. Based on a spatial version of decomposition, the counterfactual prediction of price-to-rent ratio is estimated for each individual unit. The methodology is applied to a large sample of condominium sale and rent micro level data in Tokyo over 1986-2016, which covers the greatest bubble of the Japanese market. The results show the boom start from downtown and expensive houses while the bust begin with remote suburban and low prices area.

Discussant: *Giacomo De Giorgi*



13:45 - 14:30 **“Capital Flows, Tangible Assets and Real Estate Prices: Micro Evidence from the German Boom”**
by *Chang Ma*

Abstract: The post-2009 German real estate boom is puzzling since it was accompanied by a domestic credit contraction in real terms and a current account surplus, while capital flew into Germany from the rest of the euro area. In this paper, we show that banks can amplify real estate booms even when credit is contracting at the aggregate level by stimulating economic activity of firms, sectors, and regions with a relatively higher share of tangible assets. To achieve identification, we instrument changes in international capital flows and regional variations in real estate prices with sovereign spreads in South Europe and the geographic distribution of refugees across German cities. We find that both commercial and residential real estate prices increase in tandem with capital inflows from the euro area. However, only commercial real estate amplifies the local business cycle. Using bank-firm-level data, we also document that banks lend more to firms, sectors, and regions with more tangible assets, and higher lending leads to higher commercial real estate prices with a positive spillover to the residential sector.

Discussant: *Jia He*

14:30 - 15:00

Tea Break

• **Session 4 Paper Presentation**
Session Chair: Tiejing Yu

15:00 - 15:45 **“Corruption as Collateral”**
by *Min Ouyang*

Abstract: We explore the role of corruption in assisting finance, when conventional collateralized lending is limited in economies like China. We build an agency-friction theory, in which corruption helps the bank to overcome the soft-budget constraint and induce entrepreneurs to invest in high quality projects and repay their debts. When the anti-corruption campaign causes collateral damage on corruption-backed finance, banks' search for yields leads to alternative lending based on pledging physical asset or stock shares; accordingly, the price of physical assets and the amount of equity pledge rise. We examine the regional-level and the firm-level data from China, and find evidence supporting our theory. We argue the anti-corruption campaign alone without further financial-market institutional reforms may hinder financial intermediation, giving rise to undesirable consequences.

Discussant: *Yongqin Wang*



15:45 - 16:30 **“Geographic Fragmentation in a Knowledge Economy”**
by Yang Jiao

Abstract: During past decades, substantial skill and occupation relocation took place across U.S. cities: Big cities attract more skilled workers and become more specialized in cognitive-intensive occupations. Motivated by empirical literature on the association between information and communications technology (ICT) adoption and production fragmentation, we develop a spatial equilibrium model with domestic production fragmentation to analyze the impact of a reduction in the costs of cross-city production teams—e.g., communications cost—on spatial distribution of skills and economic activities. The model generates predictions consistent with the observed empirical patterns, including more spatial segregation of skilled and unskilled workers, and occupation specialization across U.S. cities over time. In contrast to findings in the international offshoring literature, in which there are winners and losers, we find Pareto welfare gains for all agents with heterogeneous talents, together with a substantial measured labor productivity increase at the aggregate level.

16:30 - 16:45

Tea Break

• **Session 5** **Policymaker's session**
Session Chair: Yuanhong Li

16:45 - 17:15 **“上海 2035 新规划下的新导向” (New Urban Planning of Shanghai in 2035)**
胡晓忠 (上海市规划和自然资源局建管处)

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