

## ESTIMATING THE RENTAL ADJUSTMENT PROCESS

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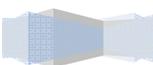
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### **Abstract**

Rental adjustment equations have been estimated for a quarter century. In the U.S., models have used the deviation of the actual vacancy rate from the natural rate as the main explanatory variable, while in the UK, drivers of the demand for space have dominated the estimation. The recent papers of Hendershott (1996) and Hendershott, Lizieri and Matysiak (HLM, 1999) fall into the former category. We re-estimate these equations using alternative formulations but can do little to improve them overall. However, we identify econometric concerns with the specifications. We then derive a model incorporating both supply and demand factors within an Error Correction framework, and show how the U.S. and UK traditions are special cases of this more general formulation. We next estimate this equation using data from the City of London office market. Our initial specification of this more generalized model is greatly superior to the vacancy rate model. Finally, we estimate a two-equation variant with a separate vacancy rate equation; this model also performs much better than that of HLM. Importantly, our model passes standard modern econometric requirements for unit roots and co-integration. We find little evidence of special or temporal variation in natural vacancy rates.

**Keywords:** rent change, vacancy, office markets, London, Sydney



# AN ANALYSIS OF OFFICE INVESTMENT DEPRECIATION – HEDONIC MODELING OF ITS SOURCES

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## **Abstract**

This paper is an extension of a previous paper published in *The Journal of Valuation and Property Services*, Volume 2, 1999. It attempts to develop a systematic statistical methodology for the analysis of office depreciation. An appropriate functional form, which avoids potential bias as well as links depreciation to physical deterioration, building and site obsolescence, is selected. A hedonic model for the City of Kuala Lumpur offices rental depreciation aims to explain rather than to predict the phenomenon as the cross-section analysis of rental market in 1996 was undertaken. The perceived importance of variables in causing depreciation is identified and explained in detail. The result indicates that depreciation of offices in the city of Kuala Lumpur is largely dominated by physical deterioration and building obsolescence compared to site obsolescence.

**Keywords:** impact of depreciation, physical deterioration, obsolescence and hedonic modeling



# STRATEGIES TO REVITALISE THE SECURITISED PROPERTY INDUSTRY IN MALAYSIA\*

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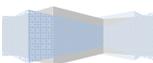
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## Abstract

Malaysia is the first Asian country to develop listed property trusts in 1989. However despite an eleven year lead in the industry, the development of the listed property trust industry has been slow. Currently only four property trusts are listed on the Kuala Lumpur Stock Exchange. Three of the property trusts are listed since 1989 with the fourth listed in 1997. Despite regulatory changes by the authorities that allow greater investment flexibility, property investment portfolios of existing trusts have not expanded in a significant manner. The purpose of this paper is to examine the development of listed property trusts in Malaysia and discuss the problems faced by the listed property trust industry. Suggestions to improve the industry encompass measures to enhance supply and demand for listed property trust units from investors. In addition, recommendation to make listed property trusts a more attractive investment option is also suggested.

**Keywords:** listed property trust, unit holding analysis. Demand and supply

*\*This article is based on a paper presented at the 17th American Real Estate Society Annual Conference, held at Coeur d' Alene, Idaho, U.S.A. on 18- 21 April, 2001.*



# THE FUTURE OF HONG KONG'S RESIDENTIAL MARKET: POLARISATION AND SEGMENTATION

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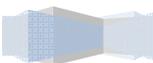
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## **Abstract**

The objective of this paper is to analyse the possible future changes in Hong Kong's private residential property market. We begin by introducing some background information of Hong Kong's residential market. We then go on to present two possible structural changes in the private residential property market. First, the price differentials between luxury and mass residential properties are anticipated to widen. Second, the price differentials between new and old residential properties are also expected to be more segmented, as the speed of building obsolescence will accelerate due to technological advancement and modification of building control regulations.

**Keywords:** residential property market, price differentials



# **STRATA TITLES ACT 1985 - LEGAL NEEDS, IMPLICATIONS AND IMPACTS OF THE RECENT AMENDMENTS: PART I**

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## **Abstract**

One of the present trends of the construction industry is on the construction of high-rise buildings which is to accommodate the growth in demand for property within the cities where land is a scarce resource. The requirement of ownership especially in the residential and commercial sub-sectors requires the subdivisions of buildings which will give rise to demands for strata titles. In comparison to properties issued with land titles, properties issued with strata titles have three main stages instead of one. There are the pre-issuance, the issuance and post issuance stages. During the pre-issuance stage there are issues on meeting the requirements of the law for application of titles and the issues on building management by the developers. During the issuance stage there are issues of owners who pass away and companies that have wound up or are declared bankrupt and at the post-issuance stage, there are issues again on building management, this time under the management corporations. These issues have given rise to problems over the implementation of the Act and hence the Act was recently amended to meet the needs. One of the major amendments under the Act is the establishment of the Strata Titles Board. These amendments are not conclusive and are subject to further amendments in future.

**Keywords:** strata titles, sub-divided buildings, management corporations, strata titles board

