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## Abstract

*This study examines the relationship between hotel REITs' value and systematic risk. The study investigates the systematic risk of hotel REITs using a sample of 10 hotel REITs from 1999 to 2018. The results show that hotel REITs' value is positively correlated with systematic risk. In particular, it is found that hotel REITs' value is positively correlated with their systematic risk. Through 1999, the results show that hotel REITs' value is positively correlated with their systematic risk. Systematic risk correlated positively with debt leverage and growth but negatively with firm size. These findings suggest that growth via mergers and acquisitions and less reliance on debt financing may help lower systematic risk and enhance hotel REITs' value.*



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1. Perfect capital markets are characterized by (1) all buyers and sellers, individually, [being] price-takers, (2) no external drains on wealth (e.g., no taxes), (3) equal and costless availability of extant information, (4) infinite divisibility of all assets, and (5) unlimited borrowing and lending at the risk-free interest rate. (Bowman, 1979, p. 618)

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