

[Home](#) > [The Journal of Real Estate Finance and Economics](#) > [Article](#)

Risk and return in real estate

| II. Portfolio Theory and Contingent Claims Models in Real Estate | Published: June 1991

| Volume 4, pages 175–190, (1991) [Cite this article](#)



[The Journal of Real Estate Finance and Economics](#)

[Aims and scope](#) →

[Submit manuscript](#) →

[Stephen A. Ross](#)¹ & [Randall C. Zisler](#)²

 **2412** Accesses  **132** Citations [Explore all metrics](#) →

Abstract

Basic information is provided on the returns and risks from 1978 through 1985 for unleveraged equity real estate compared with stocks and bonds. Data sources include the Russell-NCREIF index, the Evaluation Associates index, and the Goldman Sachs equity real estate investment trust index. Findings reveal that the aggregate return for the publicly traded equity real estate investment trust index is nearly twice that of the other real estate series, and more than twice that of the Standard & Poor index. The equity real estate investment trust is far more volatile than the other two real estate series. Neither the Goldman Sachs nor the other two indexes exactly measure the returns or risks on equity real estate. The volatility of the equity real estate investment trust leads it to overstate the risk of this investment category, while the other two indexes are not return indexes. Estimates from this study indicate that real estate risk lies plausibly midway between that of stocks and bonds, in the 9 percent to 13 percent range.



Access this article

[Log in via an institution](#) →

[Buy article PDF 39,95 €](#)

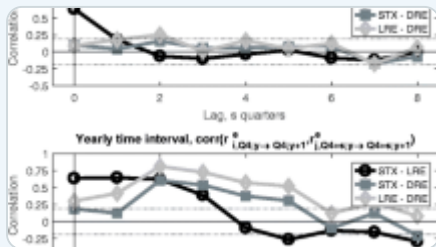
Price includes VAT (Poland)

Instant access to the full article PDF.

Rent this article via [DeepDyve](#)

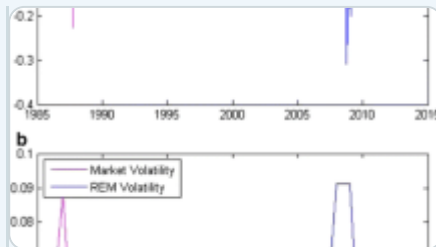
[Institutional subscriptions](#) →

Similar content being viewed by others



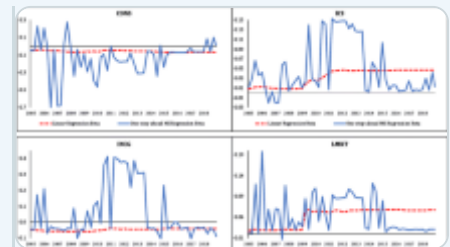
[The Anatomy of Public and Private Real Estate Return Premia](#)

Article | 16 January 2018



[Real Estate Risk, Corporate Investment and Financing Choice](#)

Article | 22 March 2017



[The Predictability of Real Estate Excess Returns: An Out-of-Sample Economic Value Analysis](#)

Article | 10 August 2020

References

Feldman, Robert A. “Measuring Leveraged Real Estate Equity Performance.” Goldman Sachs Real Estate Topical Paper, 1987.

Ingersoll, Jonathan E. Jr. “A Theoretical and Empirical Investigation of the Dual

Purpose Funds.” *Journal of Financial Economics* (1976): 83–123.

Ross, Stephen A. and Zisler, Randall C. “Managing Real Estate Portfolios: Part 2: Risk and Return in Equity Real Estate.” Goldman Sachs Real Estate Research Report 1987a.

Ross, Stephen A. and Zisler, Randall C. “Managing Real Estate Portfolios: Part 3: A Close Look at Equity Real Estate Risk.” Goldman Sachs Real Estate Research Report 1987b.

Thompson, Rex. “The Information Content of Discounts and Premiums on Closed End Fund Shared.” *Journal of Financial Economics* (1978): 151–186.

Author information

Authors and Affiliations

Yale School of Management, Yale University, 06511, New Haven, CT, USA

Stephen A. Ross (Consultant to Goldman Sachs Real Estate Group and Sterling Professor of Economics and Finance)

Russell-Zisler, Inc., 08540, Princeton, NJ, USA

Randall C. Zisler (President)

Rights and permissions

[Reprints and permissions](#)

About this article

Cite this article

Ross, S.A., Zisler, R.C. Risk and return in real estate. *J Real Estate Finan Econ* 4, 175–190 (1991).

<https://doi.org/10.1007/BF00173123>

Issue Date

June 1991

DOI

<https://doi.org/10.1007/BF00173123>

Keywords

[Returns](#)

[risk](#)

[appraisal](#)

[commercial property.](#)

[smoothing](#)

[REIT](#)

Search

Search by keyword or author



Navigation

Find a journal

Publish with us

Track your research