

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

A multivariate analysis of REIT performance by financial and real asset portfolio characteristics

Published: March 1995

Volume 10, pages 169–175, (1995) [Cite this article](#)



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

[Aims and scope](#) →

[Submit manuscript](#) →

[Arnold L. Redman](#)¹ & [Herman Manakyan](#)²

 **527** Accesses  **14** Citations [Explore all metrics](#) →

Abstract

This paper examines the risk-adjusted performance of real estate investment trusts (REITs) from 1986 through 1990 in relation to financial and property characteristics of their portfolios. The Sharpe measure of risk-adjusted rate of return was regressed against financial ratios and property investment ratios for a sample of equity and mortgage REITs. The results show that, in general, financial ratios (gross cash flow, leverage, asset size), regional location of properties, and types of real estate investments determine the risk-adjusted performance. More specifically, location of properties in the western United States, ownership of health care properties, and investment in securitized mortgages positively affect

the risk-adjusted return. The individual financial variables were not found to be statistically significant in influencing REIT returns.



This is a preview of subscription content, [log in via an institution](#) to check access.

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](#) →

References

Brueggeman, W.B., A.H. Chen, and T.G. Thibodeaux. (1984). “Real Estate Investment Funds: Performance and Portfolio Considerations,”*AREUEA Journal* 12 (Fall), 333-354.

[Google Scholar](#)

Burns, W.L., and D.R. Epley. (1982). “The Performance of Portfolios and REITs Plus Stocks,”*Journal of Portfolio Management* 8 (Spring), 37-42.

[Google Scholar](#)

Chan, K.C., P.H. Hendershott, and A.B. Sanders. (1990). “Risk and Return on Real Estate: Evidence from Equity REITs,”*AREUEA Journal* 18 (Winter), 431-452.

[Google Scholar](#)

Giliberto, S.M. (1990). "Equity Real Estate Investment Trusts and Real Estate Returns," *Journal of Real Estate Research* 5 (Summer), 259-263.

[Google Scholar](#)

Goebel, P.R., and K.S. Kim. (1989). "Performance Evaluation of Finite-Life Real Estate Investment Trusts," *Journal of Real Estate Research* 4 (Summer), 57-69.

[Google Scholar](#)

Howe, J.S., and J.D. Shilling. (1990). "REIT Advisor Performance," *AREUEA Journal* 18 (Winter), 479-500.

[Google Scholar](#)

Ibbotson, R.G., and L.B. Siegel. (1984). "Real Estate Returns: A Comparison with Other Investments," *AREUEA Journal* 12 (Fall), 219-242.

[Google Scholar](#)

Kuhle, J.L. (1987). "Portfolio Diversification and Return Benefits—Common Stock versus Real Estate Investment Trusts (REITs)," *Journal of Real Estate Research* 2 (Winter), 1-19.

[Google Scholar](#)

Kuhle, J.L., C.H. Walther, and C.H. Wurtzebach. (1986). "The Financial Performance of Real Estate Investment Trusts," *Journal of Real Estate Research* 1 (Fall), 67-75.

[Google Scholar](#)

Martin, J.D., and D.O. Cook. (1991). "A Comparison of the Recent Performance of

Publicly Traded Real Property and Portfolios and Common Stock,"*AREUEA Journal* 19 (Summer), 184-212.

[Google Scholar](#)

Miles, M.E., and A.S. Estes. (1982). "How Well Do Real Estate Funds Perform?"*Journal of Portfolio Management* 8 (Spring), 62-68.

[Google Scholar](#)

Smith, K.V., and D. Shulman. (1976). "The Performance Record of the Equity REITs,"*Financial Analysts Journal* 32, 61-66.

[Google Scholar](#)

Titman, S., and A. Warga. (1986). "Risks and the Performance of Real Estate Investments Trusts: A Multiple Index Approach,"*AREUEA Journal* 14 (Fall), 414-431.

[Google Scholar](#)

Author information

Authors and Affiliations

**Department of Economics and Finance, School of Business Administration,
The University of Tennessee-Martin, 38238, Martin, TN**

Arnold L. Redman

**Department of Finance and CIS, College of Business Administration,
Western Kentucky University, 42101, Bowling Green, KY**

Herman Manakyan

Rights and permissions

About this article

Cite this article

Redman, A.L., Manakyan, H. A multivariate analysis of REIT performance by financial and real asset portfolio characteristics. *J Real Estate Finan Econ* **10**, 169–175 (1995).

<https://doi.org/10.1007/BF01096988>

Issue Date

March 1995

DOI

<https://doi.org/10.1007/BF01096988>

Key words

[REIT](#)

[performance](#)

[portfolio characteristics](#)

[risk-adjusted returns](#)

[REIT portfolios](#)

search

Search by keyword or author



Navigation

Find a journal

Publish with us

