

Did you know...?

Mean reversion is the factor that contributes the most to REIT outperformance. The reversion of prices and returns to the mean is a behaviour that prevails in the REIT environment.

Research shows that REITs with lower dividend yields, leverage and capitalisation rates tend to be the better performers. This is counterintuitive for value investors who place an emphasis on a below average price to book ratio (or large discounts to NAV) and above average dividend yields.

To conclude, research suggests that REITs with value characteristics tend to underperform their sector peers.

