Abstract

This study aimed to investigate the differences in performance of home and foreign bias of South African Real Estate Investment Trusts (REITs). After identifying the home and foreign biased listed property firms, we measured the performance (return and risks) of the REITs to determine if the domestically focussed funds achieve higher or lower returns than their internationally focussed peers. Quantitative methods used in the study, have primarily been with a focus on risk and return and the use of comparative analysis. The methods are supported by criteria based, cluster analysis where data is collated so as to make comparisons. The area of study was limited to Real Estate Investment Trusts, a dispensation introduced to South Africa in 2013, but allowed for standardisation of the variables for historical comparisons. The results illustrate that there is nothing that distinctly indicates that foreign biased REITs underperform their locally focused peers, over a significant period of time, but that rather that the performance fluctuates in different market cycles. The study thus not explicitly indicating that there are significant benefits in South African REITs diversifying their portfolios offshore as a means of generating superior returns to the locally focussed REIT peers