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An overview of the initial performance of South African Real Estate Investment Trusts

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2016

http://hdl.handle.net/10539/22357

Ntuli, Mpilo (2016) An overview of the initial performance of South African Real Estate Investment Trusts, University of Witwatersrand, Johannesburg, < http://wiredspace.wits.ac.za /handle/10539/22357>

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Abstract

South Africa implemented the REIT structure in 2013 with the intention of encouraging local and international investment. A year after implementation South African listed property was reported to have performed better than the UK, European, and Asian REITs. This report assesses the initial performance of South African REITs and their portfolio diversification benefits when paired with Shares, Bonds, T-Bills, and other Listed Property in a mixed-asset portfolio, over the period May 2013 to December 2015. The findings show that REITs are the second best performing asset, risk-adjusted. REITs are a return-enhancer when included in a mixed-asset portfolio, and tend to contribute at the higher end of the risk spectrum. This reports contributes to the few that exist on emerging markets, it is a study of the only major REIT market in Africa, and is significant as it discusses South African REITs from their implementation.