2001

Hotel Real Estate Investment Trusts (REITs): An Investigation Of Market Performance Risk Features, And Risk Determinants

Hyunjoon Kim

Follow this and additional works at: https://scholarworks.umass.edu/jhfm

Recommended Citation
Kim, Hyunjoon (2001) "Hotel Real Estate Investment Trusts (REITs): An Investigation Of Market Performance Risk Features, And Risk Determinants," Journal of Hospitality Financial Management: Vol. 9 : Iss. 1 , Article 6. Available at: https://scholarworks.umass.edu/jhfm/vol9/iss1/6

This AHFME Symposium Abstract is brought to you for free and open access by ScholarWorks@UMass Amherst. It has been accepted for inclusion in Journal of Hospitality Financial Management by an authorized editor of ScholarWorks@UMass Amherst. For more information, please contact scholarworks@library.umass.edu.
HOTEL REAL ESTATE INVESTMENT TRUSTS (REITs): AN INVESTIGATION OF MARKET PERFORMANCE, RISK FEATURES, AND RISK DETERMINANTS

Hyunjoon Kim
The Pennsylvania State University

ABSTRACT

This empirical study investigates the long-term (1993–1999) performance of hotel REITs and compares it with five other REITs groups: office/industrial, residential, health care, retail, and diversified REITs. In addition, the study is designed to investigate the risk features of hotel REIT stocks as well as their determinants of systematic risk.

Jensen’s abnormal performance index is adapted to investigate the performance of six property sectors of REITs relative to that of the market portfolio. A t-test is used to evaluate whether the difference in performance between the REIT sectors and the market portfolio is statistically significant. In addition, one-way ANOVA is employed to test the equality of the group means of risk-adjusted returns. To analyze the risk features of hotel REIT stocks, the overall risk of hotel REIT stocks, as measured by variance of monthly rate of return over 1993–1999, is decomposed into systematic risk and unsystematic risk. The cross-firm multiple regression statistical technique is employed for examining the effects of liquidity, financial leverage, profitability, operating efficiency, dividend payout, firm size, and growth on systematic risk for the hotel REITs industry.