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Investors seeking international opportunities should consider international property

Sydney, 24 September 2019 – New research from VanEck reveals that a portfolio including international real estate investment trusts (REITs) can deliver superior risk-adjusted returns when compared to a portfolio without international property.

As interest rates hover at historical low levels, investors are having to take on more risk and are moving to Real Estate Investment Trusts (REITs) in the pursuit of stable income. REITs typically earn income from rent, which provides a regular income stream to investors, even during an economic downturn. REITs have had a good run as a result, but Australian investors traditionally have only invested locally. *The proper(ly) allocation*, shows that investing in international REITs provides important diversification benefits, and most importantly compelling superior risk adjusted returns.

Arian Neiron, VanEck Managing Director and Head of Asia Pacific, said: “Our analysis reveals that REITs provide a powerful diversification role in investment portfolios. Importantly, including international REITs have historically produced a higher annualised portfolio return compared to a portfolio without international REITs, and without incurring significant risk as measured by standard deviation.

“Moreover, the long-term fundamentals for selecting real estate investments are robust. Restricted funding has limited supply and with improving demand, strong rental growth has emerged. We expect this trend to continue in many markets and sectors around the world, particularly in developed markets,” said Neiron.

“REIT balance sheets are in a good shape. Since the GFC, the REIT industry has reduced leverage and extended maturities of debt instruments to lock-in low interest rates.”

“Traditionally the domain of large institutions, investors of all sizes can now access international REITs via VanEck’s ASX-listed hedged international property exchange traded fund under the trading code REIT. ETFs offer a more diversified portfolio than holding just one or a few property assets directly,” said Neiron.

Download a copy of the research paper here.



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With offices in key financial centres and regions including New York, Sydney, Shanghai, Frankfurt, Amsterdam, Madrid and Zurich, VanEck offers investors broad investment reach with deep experience.

Further information about VanEck is available at vaneck.com and vaneck.com.au

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