www.degruyter.com/view/j/remav

REAL ESTATE INVESTMENT TRUSTS' (REITs) ASSET MANAGEMENT STRATEGIES WITHIN GLOBAL REIT PORTFOLIOS

1. Yasmin Mohd. Adnan
Universiti Malaya
e-mail: yasmin85@gmail.com

2. Normala Lamin
Universiti Malaya
e-mail: normalalamin@gmail.com

3. Muhammad Najib Razali
Universiti Teknologi Malaysia
e-mail: mnajibmr@utm.my

4. Rohaya Abdul Jalil
Universiti Teknologi Malaysia
e-mail: rohaya@utm.my

5. Zulkifli Esha
Universiti Malaya
e-mail: zules@um.edu.my

Abstract

Investment in REITs has become significant in recent years due to the stability and sustainable performance of the investment. A study on the management perspective is very important but this perspective is very limited. Asset management will derive from the profit optimization of the investment. Therefore, it is important to assess asset management strategies to ensure the sustainable performance of the assets. This paper aims to assess asset management strategies among matured REIT companies in developed countries in comparison with Malaysian REIT companies from the perspective of the managers. This research employed qualitative analyses by using content analysis techniques. A total of 41 REIT companies from the United States (US), Japan, Singapore, Australia and Malaysia were assessed. The analyses focused on the similarities and differences between the strategy framework identified in the literature review and the strategies adopted by global REITs and Malaysian REITs under review. The study will enable all REIT stakeholders to become well-informed on global REIT asset management that will derive the maximum profit from the investment. The success of developed countries' REITs will provide guidelines for Malaysian REITs to adopt the best practice of strategic asset management from REITs in mature markets. Furthermore, this study is one of few papers that have discussed the issue of strategic property investment, particularly focusing on REITs.

Key words: m*anagement, REITs, strategy, global, asset, Malaysia*.

JEL Classification: *L85, R39*.

Citation: Adnan, Y.M., Lamin, N., Razali, M.N., Jalil, R. A. & Esha Z. (2021). Real estate investment trusts' (REITs) asset management strategies within global REIT portfolios. *Real Estate Management and Valuation, 29*(1), 72-86.

DOI: https://doi.org/10.2478/remav-2021-0007

1. Introduction

Investment in REITs has become more significant in recent times due to the sustainable performance of investment growth shown by this type of investments. REITs are able to offer capital market gain from real estate investment activities, such as real estate base capital market instruments, real-estate rights, real estate tenancy businesses and real estate projects. REITs collect resources, obtained from many investors, in a single pool before going public and realizing valuable and high-value real estate investments (Hapsen, at al., 2017). There are more than 500 REITs in over 22 countries globally, with total market capitalization of approximately USD850 billion. The US is the leading REIT market, comprising 55% of the global market share, followed by Australia (10%), France (8%), Japan (6%) and the United Kingdom (UK) (5%). As of August 2012, Asia had 138 REITs across seven countries, with a total market capitalization of over USD118 billion, accounting for over 12% of the global REIT market. The Asian REIT market is dominated by Japan (40% of the market share) followed by Singapore (32%), Hong Kong (17%) and Malaysia (5%) (Newell, 2012). In REIT investment portfolios, managers play an active role in REIT operations to ensure that the portfolio attracts investors as well as remaining financially sustainable. Due to the substantial responsibility of the position, managers must possess extensive real estate experience, knowledge and skills which involve all levels of operation, industry updates and strong financial analyses and skills. REIT manager duties include REIT fund management, portfolio management, asset management, and property management (Newell 2012).

It was emphasized that the manager plays an active role in REIT operations. The manager must display strong and extensive real estate experience, knowledge and skills, as well as having to be involved in all levels of operation. Furthermore, REIT managers are also responsible for managing REIT's investment, asset management and property management, which includes REIT fund management, portfolio management, asset management; and property management (Newell 2012). Ernst & Young Global Limited (2019) showed, in its Global Perspective 2019 REIT Report, that US REITs are currently showing trends of moving from an entrepreneurial style of managing business to a more mature, efficient approach. It was found that efficiency and effectiveness are becoming important differentiators across the sector. The report suggested that the four key areas of REIT operations that could contribute towards a long-term management success are:

- effectiveness in operation, which includes operational effectiveness to improve quality, efficiency, cost reduction and risk management,
- allocation of capital,
- transaction through diversion, acquisitions and disposals,
- financing the business via debt management.

Hence, the REIT manager would require strategies to ensure that an effective and efficient management practice is implemented to deliver the maximum return and continuous growth of the REIT. Efficiency is the degree in which resources contribute to productivity, i.e. doing things right, while effectiveness is the degree to which managers attain organizational goals or essentially do the right things (Certo, 2012). In determining the strategy to be adopted by the REIT manager, they must analyze, plan and implement a deliberate process in order to maximize profits (Palm 2013).

From previous findings, it is clearly mentioned that the role of asset management strategies is to ensure the success of the REIT portfolios. In addition, efficient and effective management will optimize profit and lower risk by strategizing asset management portfolios in REIT investments. Each country has implemented different strategies for REIT assets, and each company can analyze and learn from previous performance of the portfolios. The performance of the portfolios will represent the success of strategic management in REITs.

This study therefore attempts to determine the strategies that should be implemented by management companies or managers of REITs within REITs' property portfolio. In addition, the study will identify strategies assumed by global REITs and a comparison shall be made to show the strategies adopted by Malaysian REITs. The study will focus only on the leading global REITs' markets, i.e. the US and Australian REITs, comparing them with the Malaysian REITs' market. All these REITs will be used as a guide and reference in the discussion with regards to Malaysian REITs. The research will suggest a practical strategy framework that should be adopted by management companies or managers of Malaysian REITs to implement and perform comparatively with their global REIT counterparts. This should be done to ensure the long-term growth of their portfolios and REITs, as well as delivering competitive returns.

2. Literature Review

2.1. REITs in General

REITs are an investment vehicle that offers an easy way to buy and own real estate as well as to have it managed by an experienced professional, provide a stable income, fixed savings and a long-term investment alongside moderate risk. Investors expect total return combinations of dividend and capital appreciation for short- and long-term growth prospects. REITs offer investors the opportunity to invest and own an array of high quality and valuable commercial real estate portfolios, such as offices, hotels, retail malls and industrial premises that provide better returns and steady incomes in the form of dividends, liquidity, diversification, transparency, global exposure and professional management. REITs are a hybrid investment that combine the liquidity of the stock market and secure income streams that are based on rental income through high quality tenants and long-term leases.

2.2. REITs Practice and Process

Although direct real estate investment offers attractive investment features and returns, it is difficult for a retailer or small investor to access direct real estate investments due to financial and investment skill restrictions. Therefore Newell (2012) summarized the investment characteristics and general benefits of investing in REITs under the current guidelines, which are as follows:

- Liquidity
- Diversification
- Strong income returns via attractive dividend yields
- Mandatory dividend payouts
- Tax transparency
- Access to high quality commercial real estate assets
- Quality professional managers with extensive experience
- Low debt levels
- Access to diversified portfolios and sector-specific portfolios
- Restrictions on real estate development activities
- Portfolio diversification (sectors/managers/regions)
- Strong corporate governance
- Proxy for direct real estate in the longer term
- Lower management fees
- Low entry costs
- Divisibility
- Proper disclosure via stock market guidelines
- Regularly priced to market (not valuation based performance)
- No shareholder liability regarding debt
- Track record of proven performance
- Short-term volatility due to stock market impact
- Availability of REIT performance benchmarks

2.3. REITs Drivers and Barriers- Management' Perspective

Block (2012) highlighted that "REITs own real estate, but when buying a REIT, you're not just buying real estate, you're also buying a business". The author further explained that "share prices are moved in the short-term, by transient investor psychology and insubstantial news, but over the long-term a stock's price is determined by its intrinsic value". Therefore, REITs require an experienced management company or manager to administer the real estate portfolio to ensure that the REITs generate steady income and cash flow, growth of portfolios and capital appreciation. According to Rozman et al. (2016), REITs are considered to be securitized real estate stocks, similar to listed property companies, which have their own legislative framework and tax transparency. In addition, each country adopted a different legislative framework which makes its asset management strategies different and unique.

2.4. REITs Management

Real estate management involves decision making and implementation in investment activities of portfolios such as acquisition, use and disposal of assets. The general concept of management and strategy has been used in the management of real estate asset investment as well as in the management of REITs. The main objective is to formulate a strategy for effective and efficient management to deliver maximum returns on investments and future growth to the investors or unit holders. Newell (2012) described the duties and responsibilities of an REIT manager to include: REIT fund management, portfolio management, asset management and property management. However, REIT fund management will not be covered in this study as it involves equity and fund scheme management, and is not directly related to the real estate portfolio. In addition, corporate governance plays an important role in REIT asset management strategies. A study by Ramachandran et al. (2018) revealed that good mechanisms in corporate governance tend to primarily gain market confidence and produce financial support. Corporate governance plays a major role in long-term strategies. APREA (2014) suggested that the REIT can be developed through internal and external growth strategies. REITs' performance is relatively independent of whether the property-level activities are managed internally of externally (Parhant & Thomas, 2016).

Dess et al. (2010) suggested that managers should set long-term strategies, be proactive, anticipate change and continue to refine and make dramatic changes to their strategies. This is due to REIT management involving several levels of activities. These include property management activities, such as leasing, maintenance, engineering, tenant management, construction management and accounting. Most importantly in REIT management, investment management is crucial as its responsibilities include the selection of properties for investment. According to Das and Thomas (2016), REIT managers are responsible for property selection and monitoring in order to carry out the REIT's investment strategy, including making recommendations regarding acquisitions and dispositions of properties. In addition, REIT strategies ensure operational efficiency to capture the relative ability to generate cash flow, which is concomitantly related to management of the firm and assets related to managerial structure, employee retention and human capital (Bercaha, et al. 2019). Similar to other types of businesses, the ultimate goal of REITs is to optimize the profit level of the investment activities.

2.5. Advantage of Current Guidelines

Having reviewed the various concepts and aspects of strategy and asset management, the strategy for REIT management should refer to the lifecycle of the real estate asset, encompassing the various factors within each cycle, comprising: acquisition or development, operation or management of assets, maintenance, asset enhancement and, finally, disposal. The asset management can be divided into three levels: portfolio management, asset management and property management. The identified strategies include factors that influence the chosen strategies in the management of REITs.

The growth of REITs can be divided into two types: internal or organic growth, and external or dynamic growth, which are also referred to as the lifecycle of the real estate. As part of the REIT manager's objective to deliver maximum return in terms of dividend and capital growth, the adopted strategy also takes into consideration the investment strategy in its acquisition, diversification factors, capital structure management factors, capital structure management, recycling and joint ventures. Therefore, the strategy for REITs that should be considered by management companies is summarized in Table 1.

Table 1

Strategy Framework

Strategy Framework		
Main strategy		**Sub-strategy**
Asset Management		
1	Acquisition	General acquisition strategy
		Specific investment strategy
		Diversification
2	Development	
3	Asset upgrading/enhancement	
4	Disposition	
5	Capital management	
6	Performance monitoring	
Property Management		
7	Operation	Proactive property management
		Proactive leasing strategy
		Joint venture partnership
8	Maintenance	

Source: own study.

3. Methodology

This study adopted a content analysis approach to identify the conceptual basis in real estate asset management and the strategies that should be implemented in managing real estate investments. In order to analyze the information gathered from the annual reports and websites of the REITs identified in this research, content analysis of data was used. Content analysis will also act as the main technique to generate a matrix for the main asset strategic management framework, which is the main parameter for assessing the asset strategy for all REIT companies. Content analysis is a method of analyzing large text-based data sets to identify the frequency of keywords and phrases and to discern patterns within the data (Anderson et al., 2007). Krippendoff (1989) defined content analysis as "a research technique for making replicable and valid inferences from data to their context". Content analysis is a stable research technique used to investigate the strategies implemented by global and Malaysian REITs by using their annual reports and websites. The steps implemented to conduct the content analysis as suggested by Krippendoff (1989) were as follows:-

(i) Designing the sample,
(ii) Defining the categories of unit of analysis,
(iii) Gathering data; and
(iv) Analysing and interpreting data.

The content analysis allows for the similarities and differences between the strategy framework to be identified in the literature review, and strategies undertaken by global and Malaysian REITs to be examined. Subsequently, the strategies that have been identified were ranked by using frequency analysis to determine the significance of strategies identified in the management of global and Malaysian REITs.

Most importantly, the main objective of this research is to assess the asset management strategies of major global REIT companies as well as those in Malaysia. As REIT companies have to abide by regulations to publish the companies' profiles and performances, most of the information on strategic management is, therefore, available in the companies' annual report. Content analysis is a method used to analyze text-based sources which aims to find the frequency of words and phrases. In this case, the keywords of the subject matter are asset, strategic and management. According to Henderson and Cowart (2002), content analysis is a method of analyzing large text-based data sets to identify the frequency of keywords and phrases and to discern patterns within the data. In the emerging big data concept, content analysis has become a popular technique in analyzing text documentation (Stemler 2015). Content analysis is a stable research technique used to investigate the strategies implemented by global and Malaysian REITs by using their annual reports and websites.

By developing a strategy framework for REIT management, as identified in Table 2, a further investigation was undertaken to compare the strategies that are implemented by management companies or managers of REITs in their administration through radar charts. Radar charts are useful in comparing the performance of multiple dimensions simultaneously or comparing cases with multiple performance dimensions (Mosley et al. 1999). The strategy pattern of Malaysian and global REITs produced by the radar chart will be analyzed and compared. The pattern indicates the similarity or dissimilarity of strategies implemented by Malaysian REITs compared to global REITs.

In the first stage, a review will be conducted to investigate the strategies adopted or implemented by global REITs. Twenty-five global REITs have been selected in this study, which consists of 10 top REITs in the US in accordance with S&P Dow Jones Indices as of June 30, 2014. This data includes 15 Asia Pacific REITs from Australia, Japan and Singapore (five biggest REITs in terms of market capitalization in each country) as reported by Asia Pacific REIT Quarterly: June 2014, issued by APREA. This process will ascertain whether the strategies adopted by global REITs are in accordance with the strategy framework identified in the earlier part of the investigation. Thereafter, the identified strategies were ranked to identify which strategy is the most significant and crucial in the management of REITs. Finally, the pattern of REITs' strategies for all the countries chosen was plotted.

The data was collected from the 2019 annual reports and company websites of the identified global REITs. A total of 41 REIT companies were selected to serve as the sample size. Table 2 contains a tabulated list of REITs companies which comprise the sample for purpose of the analyses. Thereafter, the information was analyzed by using content analysis and frequency analysis was subsequently adopted to rank the undertaken strategies. The radar chart was also used to plot the pattern of strategies adopted by each of the global REITs. In examining the strategies by the Malaysian REITs, data was retrieved from the 2018 annual reports and company websites of the 16 Malaysian REITs.

Table 2

List of REIT Companies as Sample Case Studies

	United States REIT	Type		Singapore REIT	
1	Simon Property Group	Retail	21	Capitamall Trust	Retail
2	Public storage	Specialised	22	Ascendas Real estate Inv. TRT	Industrial
3	Equity Residential	Residential	23	Capitacommercial Trust	Office
4	ProLogis Inc	Industrial	24	Suntec REIT	Diversified
5	Health Care REIT Inc	Health Care	25	Keppel REIT	Office
6	HCP Inc	Health Care		**Malaysian REITs**	
7	Ventas Inc	Health Care	26	KLCC REIT	Office
8	Vornado Realty Trust	Diversified	27	IGB REIT	Retail
9	Boston Properties Inc	Office	28	Sunway REIT	Retail
10	AvalonBay Communities	Residential	29	Pavilion REIT	Retail
	Australian REIT		30	Capitamalls Malaysia Trust	Retail
11	Scentre Group	Retail	31	Axis REIT	Diversified
12	Westfield Corp	Retail	32	YTL Hospitality REIT	Hotel
13	Stockland	Residential	33	AL-Aqar Healthcare REIT	Healthcare
14	Goodman Group	Diversified	34	Amfirst REIT	Office
15	Mirvac Group	Diversified	35	Hektar REIT	Retail
	Japan REIT		36	UOA REIT	Office
16	Nippon Building Fund Inc	Office	37	AmanahRaya REIT	Diversified
17	Japan Real Estate Investment	Office	38	Quill Capita Trust	Office
18	Japan Retail Fund Investment	Retail	39	Tower REIT	Office
19	United Urban Investment Corp	Diversified	40	Atrium REIT	Industrial
20	Nippon Prologis REIT Inc	Industrial	41	Amanah Harta Tanah PNB	Office

Source: own study.

4. Results and Findings

The findings from the content analyses from the literature reviews have generated the REIT asset management strategic framework (see Table 2). This framework is the main parameter for research on finding the best practices of asset management strategies among REIT companies. This was done by identifying the strategies of the global REITs; annual reports of 2019 and websites of global REITs were examined. The main concern was to investigate the strategy adopted or implemented by management companies of global REITs in their management. The top 10 US REITs were identified by S&P Dow Jones Indices as of June 30, 2019. Fifteen Asia Pacific REITs from Australia, Japan and Singapore (five biggest REITs in terms of market capitalization in each country as reported by Asia

Pacific REIT Quarterly: June 2014, issued by APREA) were selected and analyzed in this study. The US REITs were chosen for the research as they had the most stable and established REIT market in the world. Australia, Japan and Singapore were also chosen as they were the largest REITs in terms of size and numbers in Asia Pacific and amongst the earliest REIT markets in Asia Pacific, which have almost identical market characteristics to Malaysian REITs. Tables 3 to 7 tabulate all major REITs countries in terms of asset management strategies. In view of the findings, it has been revealed that the strategies adopted by global REITs are in accordance with the property lifecycle: from creation through acquisition or development, maintenance, operation, upgrading and disposal, as suggested in the literature review. The above analysis also confirms that the strategies adopted by global REITs are in accordance with the strategies developed in the framework.

Table 3

Asset Management Strategic Matrix

No.	**Strategy**	**Sub-strategy**
Asset Management		
1	Acquisition	General acquisition strategy
		Specific investment strategy
		Diversification
2	Development	
3	Asset/upgrading enhancement	
4	Disposal	
5	Capital management	
6	Performance analysis	
Property Management		
1	Maintenance	
2	Operation	Proactive property management
		Proactive leasing strategy
		Joint venture partnership

Source: own study.

Table 4 summarizes the results of asset strategy management for US REITs. It can be concluded that the most significant strategies for US REITs are capital management and general acquisition strategies, both of which scored 90%, followed by diversification (80%), development (70%) and maintenance (70%). Only six out of 10 US REITs have specific investment strategies in their acquisition. Disposition of assets for capital recycling and realization of profits scored 40%; the same score of 40% goes to proactive leasing strategy. Other strategies, such as asset upgrading/enhancement, performance monitoring, proactive property management and joint venture partners are less important in the management of US REITs, scoring only 30%.

Table 4

Summary of results of US REITs

No.	**Strategy**	**Sub-strategy**	**No. of REITs**	**%**
Asset Management				
1	Acquisition	General acquisition strategy	9	90
		Specific investment strategy	6	60
		Diversification	8	80
2	Development		7	70
3	Asset upgrading/ enhancement		3	30
4	Disposition		4	40
5	Capital management		9	90

No.	Strategy	Sub-strategy	No. of REITs	%
6	Performance monitoring		3	30
Property Management				
7	Operation	Proactive property management	3	30
		Proactive leasing strategy	4	40
		Joint venture partnership	3	30
8	Maintenance		7	70

Source: own study.

Table 5 presents a summary of asset management strategies for REIT companies in Australia. The results reveal acquisition, capital management, performance monitoring and proactive leasing to be the most significant strategies for Australian REITs, where each strategy scored 80%. A proactive and comprehensive maintenance strategy and portfolio growing through asset development strategy each scored 60%, followed by diversification of asset acquisition, real estate upgrading or enhancement and proactive property management, which scored 40%. Other strategies such as a specific investment strategy for acquisition, joint venture partnership and disposition strategies are not really significant when it comes to Australian REITs.

Table 5

Summary of results of Australian REITs

No.	Strategy	Sub-strategy	No. of REITs	%
Asset Management				
1	Acquisition	General acquisition strategy	4	80
		Specific investment strategy	1	20
		Diversification	2	40
2	Development		3	60
3	Upgrading/ enhancement		2	40
4	Disposition		1	20
5	Capital management		4	80
6	Performance monitoring		4	80
Property Management				
7	Operation	Proactive property management	2	40
		Proactive leasing Strategy	4	80
		joint venture partnership	1	20
8	Maintenance		3	60

Source: own study.

Table 6 tabulates the score, ranking and pattern of strategies adopted by Japanese REITs. Strategy of acquisition and capital management are the most significant strategies adopted by all Japanese

REITs. Specific investment strategy and diversification for acquisition and proactive maintenance, property management and leasing strategy are of equal importance to them, scoring 60% each. Development activity, asset upgrading/enhancement, disposition of asset and performance monitoring are not really significant strategies for Japan REITs, with each of them scoring merely 20%. A joint venture partnership is not implemented by any Japanese REITs.

Table 6

Summary of result of Japanese REITs

No.	Strategy	Sub-strategy	No. of REITs	%
Asset Management				
1	Acquisition	General acquisition strategy	5	100
		Specific investment strategy	3	60
		Diversification	3	60
2	Development		1	20
3	Upgrading/ enhancement		1	20
4	Disposition		1	20
5	Capital management		5	100
6	Performance monitoring		1	20
Property Management				
7	Operation	Proactive property management	3	60
		Proactive leasing strategy	3	60
		Value added partnership	0	0
8	Maintenance		3	60

Source: own study.

Table 7 presents a summary of asset's strategic management for Singaporean REIT companies. The results show that ranking and pattern of strategies adopted by Singaporean REITs reveal that the strategies implemented are similar to the strategies implemented by Japanese REITs. Acquisition and capital management are the most significant strategies adopted by all of Singaporean REITs. Investment strategy, proactive maintenance, property management and leasing strategy all have equal importance for Singaporean REITs, by scoring 80%. Asset upgrading/enhancement and disposition strategy both scored 60%, followed by diversification in acquisition and performance monitoring, which scored 40%. Others strategies such as development activity scored only 20%, and a joint venture partnership is not implemented by Singaporean REITs.

Table 7

Summary of results of Singaporean REITs

No.	Strategy	Sub-strategy	No. of REITs	%
Asset Management				
1	Acquisition	General acquisition strategy	5	100
		Specific investment strategy	4	80
		Diversification	2	40

		Economy of scale	0	0
2	Development		1	20
3	Upgrading/ enhancement		3	60
4	Disposition			60
5	Capital management		5	100
6	Performance monitoring		2	40
Property Management				
7	Operation	Proactive property management	4	80
		Proactive leasing strategy	4	80
		Value added partnership	0	0
8	Maintenance		4	80

Source: own study.

Analyses based on the matrix framework revealed several interesting points. Firstly, acquisition and capital management are the two most significant strategies adopted by almost all REITs globally (93%). These are followed by the strategy of proactive maintenance (68%), proactive leasing strategy (65%), specific investment strategy for acquisition (55%), and diversification in investments (55%). Next, a proactive property management strategy scored 53%. Development activity and performance monitoring have a similar score of 43%. The less important strategies for global REITs are the strategies of real estate asset upgrading/enhancement (38%) and a disposition for capital recycling or profit realization (35%). The joint venture partnership strategy is not adopted by many global REITs. A summary of the scores for the strategies adopted by global REIT companies in the various countries selected for the study is shown in Table 8.

Table 8

Ranking of strategies of all global REITs

No.	**Strategy**	**US REITs**	**Australian REITs**	**Japanese REITs**	**Singaporean REITs**	**Average**
		(%)	(%)	(%)	(%)	(%)
1	General acquisition strategy	90	80	100	100	93
2	Capital management	90	80	100	100	93
3	Maintenance	70	60	60	80	68
4	Proactive leasing strategy	*40*	80	60	80	65
5	Specific investment strategy	60	20	60	80	55
6	Diversification	80	40	60	40	55
7	Proactive property management	*30*	40	60	80	53
8	Development	70	60	20	20	43
9	Performance monitoring	30	80	20	40	43
10	Upgrading/	30	40	20	60	38

	enhancement					
11	Disposition	40	20	20	60	35
12	Joint venture partnership	*30*	20	0	0	13

Source: own study.

Similar analyses were carried out for the Malaysian REIT companies. Through the use of content analysis, the strategies that were used by the Malaysian REIT companies were identified in accordance with the REIT framework. The frequencies of the strategies are published in their annual reports as well as on their websites. These have been summarized and tabulated in Table 8.

Development activities are not allowed by the regulatory body as stated in the Guidelines on REITs, issued by the Securities Commission (SC). Therefore, development activities are not considered as part of the strategies to be adopted by Malaysian REITs. A joint venture partnership is not really popular amongst Malaysian REITs. This could be due to the restrictions on ownership holdings of whole or majority interest holdings by REITs in the real estate portfolio. On the other hand, Malaysia's regulations do not allow property to be managed by non-registered valuers under the Valuers, Appraisers and Estate Agents Act 1981 unlike US REITs. According to the research conducted by Newell and Osmadi (2010), the growth of property portfolios and achieving yield enhancements are among the priority factors for future development of Malaysian REITs. Therefore, management companies of Malaysian REITs would need to strengthen their acquisition and investment strategies to facilitate the future growth of their REITs. Rohaya et al. (2012) suggested that the Malaysian REITs' performance is influenced by real estate allocation decisions, which consist of property type and location, the size of REITs and financing policy.

These prove that the performance of Malaysian REITs is influenced by the diversification and size of the REITs, and their capital structure. Therefore, the strategy of the diversification of type, the location of the real estate asset during acquisition, and asset allocation of the REIT portfolio (besides economy of size and capital management strategies), also play important roles in the management of REITs. Newell and Osmadi (2010) also identified that developing a clearly articulated growth strategy involving professional management, acquisition of new assets, dividend growth and improved transparency is required to enhance the local and international competitiveness of Malaysian REITs. Furthermore, Jalil and Ali (2012) also agreed that the establishment of the advisory board in managing REITs companies will make it possible to improve the performance of the REIT's expected return and systematic risk. Hence, the strategies adopted by Malaysian REITs in their management will assist in managing and making decisions so as to meet the investors' or unit holders' expectations.

5. Conclusion

The analyses of the REITs' asset strategic management from all REIT companies in developed countries as well as in Malaysia revealed several important findings. It was shown that the key strategy for REITs is formulated from the real estate lifecycle, which contains activities connected with acquisition or new development, asset management, maintenance, asset enhancement and disposition. The lifecycle of assets should be managed within the organizational level of management, which consists of portfolio management, asset management and property management. As a collective investment fund with expectations of delivering a stable and sustainable return, this study found that management companies of REITs should also take into consideration the financial structure management and continuously monitor its performance. Based on the matrix framework which developed the main parameters of assessing the strategies, acquisition and capital management are shown to be the most significant strategies implemented by management companies of global REITs. These are followed by proactive and comprehensive property management, maintenance, leasing strategy, investment strategy, new development, performance monitoring, asset enhancement, disposition for assets and, finally, joint venture partnership. For Malaysian REITs, the findings show that the strategies adopted are less important when compared to strategies adopted by global REITs. The research also found that the strategy pattern of the Malaysian REITs is almost identical to those of their Asian counterparts, that is Japanese and Singaporean REITs. Therefore, it is concluded that, in terms of asset strategic management, Malaysian REITs are on par with global REITs.

Table 9

Summary of strategy adopted by the 16 Malaysian REITs

No.	Strategy	Sub- Strategy	KLCC REITs	IGB REIT	Sunway REIT	CapitalMalls Malaysia Trust	Hektar REIT	UOA REIT	Amanah-Raya REIT	Tower REITs
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
1	Acquisition	General Acquisition	X	X	X	X	X	X	X	X
		Specific Investment Strategy	X	X	X	X	X	X		
		Diversification						X	X	
		Economy of Scale								
2	Development									
3	Proactive Property Management	Proactive Property Management	X		X	X	X			X
	Operation/ Asset Management	Proactive Leasing Strategy	X	X	X	X	X	X		
		Joint Venture Partnership								
4	Maintenance		X	X	X	X				
5	Asset Upgrading Enhancement		X	X	X	X	x	X		
6	Disposition									
7	Capital Management		X	X	X	X	X	x	X	
8	Performance Monitoring				X					
No. of Strategy Adopted by Each REIT			8	6	8	7	5	5	5	2
	Percentage (%)		57%	43%	57%	50%	36%	36%	36%	14%

Table 9 cont.

No.	Strategy	Sub- Strategy	Quill Capita Trust	Amfirst REIT	Starhill REIT	Axis REITs	Amanah Hartanah PNB	Al-Aqrar REITs	Atrium REITs	No. of REITs	Score for each strategy (%)
1	*2*	*3*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*
1	Acquisition	General Acquisition	X	X	X	X	X	X	X	16	100%
		Specific Investment Strategy	X	X			X		X	10	63%
		Diversification	X	X	X			X		6	38%
		Economy of Scale								0	0%
2	Development										
3	Proactive Property Management	Proactive Property Management	X	X		X			X	9	56%
	Operation/ Asset Management	Proactive Leasing Strategy	X	X		X			X	13	81%
		Joint Venture Partnership								0	0%
4	Maintenance		X			X			x	8	50%
5	Asset Upgrading Enhancement		X			X			x	8	50%

6	Disposition				x			x	2	13%
7	Capital Management	X	X	X	X		x	x	13	81%
8	Performance Monitoring				X				2	13%
No. of Strategy Adopted by Each REIT		2	8	7	4	8	3	3	7	
Percentage (%)		14%	57%	50%	29%	57%	21%	21%	50%	

Source: own study.

Nevertheless, Malaysian REITs underperform when compared to advanced REIT markets (Razali & Sing, 2015). Further research needs to be undertaken to assess the correlation between asset strategic management and the performance of REITs. After almost a decade of active trading and expansion in Malaysia, it is important for management companies of Malaysian REITs, be it conventional or Islamic REITs, to consider strengthening their management practices by adopting a long-term strategy as described in this research. The research also provides management companies of Malaysian REITs with insight on the importance to priorities the strategy when ensuring the growth of their REITs. The strategies recommended in this research can be further deliberated by management companies to suit the objectives and mission of their REITs.

References

Abdelhamid, M., I, B., & M., G. (2014). Strategic asset manaement: Assessment tool for educational building in Egypt. HBRC journal.

Anuar, A., & Soi, T. (2011). Performance analysis of REITs: Comparison between M-REITs and UK-REITs. *Journal of Surveying, Construction and Property, 2*(Special Issue), 38–61.

Anderson, J. L., Jolly, L. D., & Fairhurst, A. E. (2007). Customer relationship management in retailing: A content analaysis of retail trade journals. *Journal of Retailing and Consumer Services, 14*, 394–399. https://doi.org/10.1016/j.jretconser.2007.02.009

Al-Turki, U. (2011). A framework for strategic planning in maintenance. *Journal of Quality in Maintenance Engineering, 17*(2), 150–162. https://doi.org/10.1108/13552511111134583

APREA. A. P. (2014). Asset Management. Property Investment Analysis Workshop. Kuala Lumpur, Malaysia: PNB Investment Institute Sdn Bhd.

APREA. (2014). Asia Pacific REIT Staistical Compendium. Asia Pacific REIT Quarterly: June 2014.

APREA. (2014). The impact of REITs on Asian Economies. Asia Pacific Asia Pacific Real estate Association Limited.

Bartol, K. M., & Martin, D. C. (1991). Management. United State of America. McGraw-Hill Inc.

Bateman, T. S., & Snell, S. A. (1999). Management Building Competitive Advantage. United State of America: Irwin McGraw-Hill.

Block, R. L ed.. (2012). Investing in REITs. Bloomberg Press. https://doi.org/10.1002/9781119202325

Bloomberg. (n.d.). Retrieved from http://www.bloomberg.com/quote/AVB:US

Bowen, G. A. (2009). Document anlaysis as a qualitative research method. *Qualitative Research Journal, 9*(2), 27–40. https://doi.org/10.3316/QRJ0902027

Brueggeman, W. B., & Fisher, J. D. (2011). Real estate finance and invetsment. Mc/Graw-Hill Irwin.

Certo, C. a. (2012). Management. United State of America. Pearson Education Limited.

Ching, C. (1994). Property management in English local authorities: A corporate approach to the management of operational property. University of Liverpool.

Content Analysis. (1989). In K. Krippendorff. Content Analysia, pp. 403-407).

Dess, G. G., Lumpkin, G., & Eisner, A. (2010). Strategic Management. McGraw-Hill Irwin.

Eden, C., & Ackerman, F. (1998). Making Strategy: The Journey of trategic Management. SAGE Publications Ltd.

El-Akruti, K., Dwight, R., & Zhang, T. (2013). The strategic role of engineering asset management. *International Journal of Production Economics, 146*, 227–239. https://doi.org/10.1016/j.ijpe.2013.07.002

Ernst & Young Global Limited. (2013). Global Prospectives 2013 REIT.

Gordon, J., & Louargand, M. A. (1998). The Real Estate Portfolio Manager: DIPs, SIPs and REITs. *Journal of Real Estate Portfolio Management*, 4(2), 169-172. https://doi.org/10.1080/10835547.1998.12089557
Gruis, V., & Nieboer, N. (2004). Strategic housing management: An asset management model for social landlords. *Property Management, 22*(3), 201–213. https://doi.org/10.1108/02637470410544995
Henderson, K. V., & Cowart, L. B. (2002). Bucking e-commerce trends: A content analsyis comparing commercial real estate brokerage and residential real estate brokerage websites. *Journal of Corporate Real Estate, 4*(4), 375–385. https://doi.org/10.1108/14630010210811967
Hepsen, A., Berberoglu, M. G., & Aydın, O. (2017). Real estate investment trusts in Turkey: Structure, analysis, and strategy. *Journal of Business, Economics and Finance, 6*(2), 191–199.
Industrial Relations and Social Affairs (DG V/A2). WZB Discussion Paper, No. FS I 99-202.
Newell, G., Hwa, T. K., & Achempong, P. (2002). Listed Property Trusts in Malaysia. *Journal of Real Estate Literature, 10*(1), 109–118.
Jalil, R. A., & Ali, H. M. (2012). Real Estate Allocation Decision of Malaysian Real Estate Investment Trusts. *3rd International Conference on Business And Economic Reseach (3rd ICBER 2012) Proceeding*, (pp. 349-373). Bandung Indonesia.
Kaganova, O., McKaller, J., & Peterson, G. (2006). Managing Government Property Assets. The Urban Institute Press.
Krippendorff, K. (2018). Content analysis: An introduction to its methodology. Sage publications.
Lexmoss, A., & Prima, A. D. (2014). Asia Pacific listed real estate: A contextual performance analysis. APREA, Asia Pacific Real Estate Association Limited.
Lezman, S. L. (2013, December). Investment manager role in real estate investments. *Benefit Magazine*, 40-46.
Lloyd, C., Burns, P., Edwards, R., Johnson, C., Male, S., Pilling, M., & Woodhouse, J. (2010). Asset management : Whole-life management of physical assets. ICE Publishing. https://doi.org/10.1680/amwmps.36536
Makaranga Ngwira, M. M., Parsa, A., & Manase, D. (2012). Effectiveness of property asset management in Scottish councils. *Journal of Corporate Real Estate, 14*(2), 105–120. https://doi.org/10.1108/14630011211261704
Maybank IB . (2014, January 8). M-REITs. *Research sector update*, pp. 1-13.
Microsoft office. (n.d.). Retrieved from Present your data in a radar chart: http://office.microsoft.com/
Moss, A., & Prima, A. D. (2014). Asia Pacific Listed Real Estate: A contextual performance analysis. Asia Pacific Real Estate Association Limited.
Mosley, H., & Mayer, A. (1999). Benchmarking national labour market performance: A radar chart approach. European Commission, Directorate-General V, Employment, National Association of Real Estate Investment Trusts. (2014). *REIT.com*. Retrieved from Investing: http://www.reit.com/investing/reit-industry-data-research
Newell, G., & Osmadi, A. (2010). Assessing the importance of factors influencing the future development of REITs in Malaysia. *Padific Rim Property Research Journal, 16*(3), 358–374. https://doi.org/10.1080/14445921.2010.11104309
Newell, G. (2012). The investment characteristics and benefits if Asian REITs for retail investors. APREA.
Nieboer, N. (2005). How strategic is housing asset management of institutional real estate investors? *Property Management, 23*(1), 22–32. https://doi.org/10.1108/02637470510580561
O'Regan, N., & Ghobadian, A. (2002). Formal strategic planning: The key to effective business process management? *Business Process Management Journal, 8*(5), 416–429. https://doi.org/10.1108/14637150210449102
Palm, P. (2013). Strategies in real estate management: Two strategic partways. *Property Management, 31*(4), 311–325. https://doi.org/10.1108/PM-10-2012-0034
Powel, E. T., & Renner, M. (2003). Program development and evaluation. Retrieved from Analyzing qualitative data: http://learningstore.uwex.edu/
Ramachandran, J., Chen, K. K., Subramanian, R., Yeoh, K. K., & Khong, K. W. (2018). Corporate governance and performance of REITs. *Managerial Auditing Journal, 33*, 586–
Reilly, F. K., & Norton, E. A. (2006). Invetment (7th ed.). Thomson South-western.

RICS. (2008). Public Sector Asset Management guidelines-A Guide to Best Practise. Retrieved from RICS: www.publicsectorassetmanagemnt.com
RICS. (2013). Real Estate Management. Royal Institution of Chartered Surveyors.
RICS. (n.d.). RICS i Consult, RICS draft consultation-Public sector property asset management guidelines (2nd edition). Retrieved from rics.org: https://consultations.rics.org
S&P Dow Jones Indices LLC. (2014, July 24). S&P United States REIT. S&P Dow Jones Indices LLC.
Scarret, D. (1983). Pengurusan Harta. Kuala Lumpur: Dewan Bahasa dan Pustaka.
Securities Comission Malaysia. (2012). Capital Market and Service Act 2007.
Securities Commission of Malaysia. (2012). Guidelines on Real Estate Investment Trusts (Issued in 2008).
Shardy, A., Arman, A. R., & Abd Hamid, K. P. (2011). The characteristics of real estate assets management practice in the Malaysian Federal Government. *Journal of Corporate Real Estate,* •••, 13.
Stapleton, T. (1986). Estate Management Practice. The Estate Gazette.
Ting Sham, H., Foo Sing, T., & Tsai, I.-C. (2009). Are there efficiency gains for larger Asian REITs? *Journal of Financial Management of Property and Construction, 14*(3), 231–247. https://doi.org/10.1108/13664380911000459
Ting, K. H. (1999). Listed Property Trusts in Malaysia: A comparative performance analaysis. *International Real Estate Sociaty Conference* '99. Kuala Lumpur.
Thorncroft, M. (1965). Principles of Estate Management. The Estate Gazette.
The Woodhouse Partnership Ltd. (2014). *PAS 55: 2008*. Retrieved from PAS 55 Asset Management: http://www.pas55.net/
Wernecke, M., Rottke, N., & Holzmann, C. (2004). Incorporating the real estate cycle into management decisions - Evidence from Germany. *Journal of Real Estate Portfolio Management, 10*(3), 171–186.
Zailan, M. I. (2001). The management of public property in Malaysia. International Conference FIG Working Week 2001, (pp. Session 29 - Valuation Practice). Seoul, Korea.