

The impact of the public offering REITs listing policy on Chinese infrastructure stock performance

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Abstract

Publicly offering REITs have been serving Europe and some developed countries for nearly eighty years. Their relatively low risk relative to equities is favored by some investors. However, in the mainland Chinese market, public REITs products will not be officially launched until June 2021. The particular public offering REITs product in China serves the infrastructure sector. This paper examines the impact of the public offering REITs listing policy on Chinese infrastructure stock performance. The researcher selected daily data on the stocks of 479 listed infrastructure companies and conducted the study using an event study method. The results of the study show that the stocks of infrastructure companies show significant positive abnormal returns after the occurrence of the first event day. This suggests that investors expect public offering REITs to improve the poor stock performance of existing infrastructure stocks when they first enter the picture. This paper will draw investors' attention to the emerging public offering REITs in China.

Keywords: Financial market policy, Stock performance, China