Are REITs bonds in disguise? Rate risk in listed real estate, 2005–2026

Gaurav Gupta · Research note · 2 November 2026 · 24 US REITs, weekly total returns, Jan 2005 – Oct 2026

6–9 yrs
REIT rate duration beyond equity beta: 8.7 (2013–21), 6.1 (2022–26)

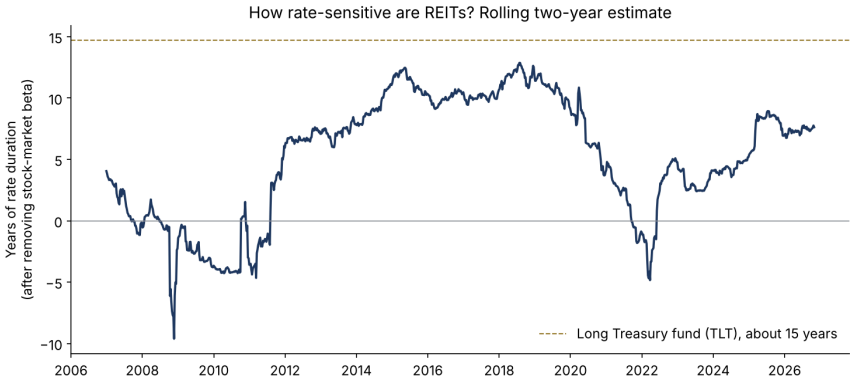
$611k/bp
DV01 of a $1bn REIT sleeve; $61m per 100bp (illustrative)

−10.2 pts
Rates' share of the 24.6% REIT loss in 2022 (in-year)

−2.1 pts/yr
Cost of a walk-forward Treasury hedge, 2007–2026; no volatility reduction

Period	Equity beta	Rate duration (yrs)	t	Variance from market	Added by rates
2005–2026	1.08	3.7	−3.5	51.7%	+1.5 pts
2005–2012	1.18	0.3	−0.1	59.9%	+0.0 pts
2013–2021	1.09	8.7	−7.9	46.1%	+6.9 pts
2022–2026	0.72	6.1	−5.1	42.7%	+9.1 pts

REIT index = equal weight of 24 REITs. Rate duration = −(coefficient on weekly 10y yield change, per bp) × 10,000 after controlling for SPY. Newey–West t. TLT measures 14.7 years.



Rolling two-year rate duration of REITs after removing stock-market beta.

SOURCES

- Prices, dividends, Treasury par yields: defeatbeta/yahoo-finance-data on Hugging Face (ODC-BY), sha256-pinned, downloaded 1 Nov 2026
- Sweeney & Warga (1986), Journal of Finance 41(2)
- Newey & West (1987), Econometrica 55(3)

METHOD

- Weekly total returns (dividends included), Jan 2005 – Oct 2026, 1,139 weeks
- REIT return on SPY and Δ10y yield, by period, year and sector
- Walk-forward TLT hedge: prior 104 weeks only, 5bp costs; look-ahead unit test
- Policy hedge 0.51 fixed from 2013–21, tested 2022–26

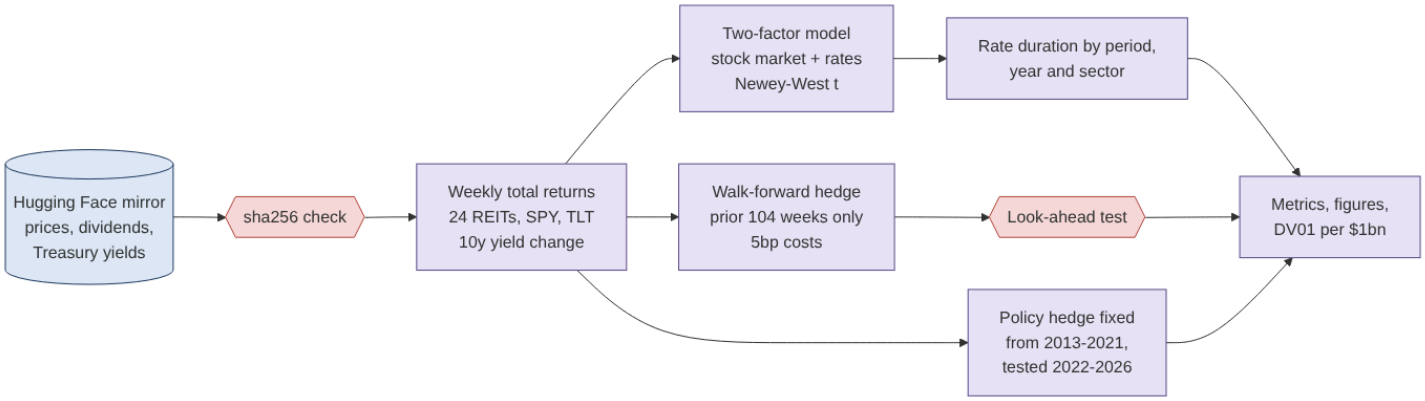
KEY CALCULATIONS

- DV01 per $1bn = 6.1 × 0.0001 × $1bn = $611k
- Loss per 100bp = 6.1% × $1bn = $61m
- TLT equivalent = 6.1 / 14.7 × $1bn = $416m
- 2022 in-year: market −14.6, rates −10.2, other −0.6 pts
- Walk-forward hedge 2007–26: 9.2% → 7.1% a year; vol 25.9% → 26.2%
- Policy hedge 2022–26: 1.3% → 5.5% a year; 2013–21 cost 3.1 pts a year

RECOMMENDATIONS

- Carry REITs at about 6 years of rate duration (range 4–9) in the total-portfolio duration budget and rate stress tests.
- Do not run a mechanical Treasury hedge on the sleeve: it cost 2.1 points a year and was at zero going into 2022.
- Set any rate view once, at portfolio level, through the bond book.
- Use sector mix inside real estate: towers, storage and industrial carry about twice the duration of residential and retail.
- Re-estimate quarterly; flag when rolling and long-run estimates diverge.

Independent research on public data; not deployed; not investment advice. Dollar figures are illustrative. Survivorship: today's large REITs. Analysis, code, charts and text were produced with AI assistance and reviewed by the author. Code: github.com/guptagaurav-info/reit-rate-sensitivity



Pipeline. Blue: sources. Lavender: code. Red: checks.