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Real Estate Investment Trusts In Accommodation Establishments: A Research In Alanya

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Abstract

Real Estate Investment Trusts are capital market entities which can invest in real estates, real estate projects, chattel reals, capital market instruments and other capital market instruments, and can enter into ordinary partnership so as to realize certain projects. The tourism sector, which is an important field in terms of Turkish economy, cannot be able to make any expected progress due to economic crisis encountered at intervals. Today, though the accommodation establishmentstry to put more contemporary and glorified facilities into operation by keeping pace with the developing world, they have divergent problems owing to financial difficulties. REITs appears to be a solution in settling down the financial difficulty being encountered. When the literature related to REITs is reviewed, it is seen that not many researches have been conducted in this field in Turkey. In this context, this study is of great importance in terms of its contribution to the literature. This study aims to constitute a point of view over REITs for the accommodation establishments operating in tourism sector in Alanya, to measure the tendency of business enterprises and to present whether they contrive to foster their business enterprises in the form of REITs. This study is conducted through the descriptive survey model.

Key Words: *Real Estate Investment Trust, Types of REITs, Advantages and Disadvantages of REITs, Tourism Sector, Hotel REITs*

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1. Introduction

REITs are the most important investment instruments in which small amounts of individual and institutional savings are valued. Real estate investments have become more affluently preferrred than the other investment instruments as they have fewer risks and offer high income opportunities to their investors in the long run. However, the starting point of the recent global financial crisis once again stemmed from the virtualization of the residential loans interpreted as 'mortgage' and inflated prices of housing.

It is observed that the prices and the investments bottomed out in the real estate sector in Turkey and all round the world by 2010 and it has shown a rubber band effect since then. The data showing gradual recovery and movements also indicate the aforesaid recovery will spread over time. However, in real estate sector, the recent recovery, notably that of in city hotel investments is outstanding. It is also remarkable that international hotel chains and domestic investors are having a tendency to shift from shopping malls to hotels in terms of both investment and REITs and with this regard, their effort also noticeable (Ashford Hospitality Trust, Host, Hotels and Resorts, Felcor Lodging Trust Inc. etc.). REIT's development in Turkey has positively affected the tourism sector as well as other sectors.

It is possible to make various definitions for REITs, but in the most general sense; it is a property corporation or real estate trusts. Within the frame of Capital Markets Law, REIT is a type of private portfolio management company, which is operated by investing in real estates, real estate projects, real estate based capital market instruments and chattel reals (SPK Yatırımcı Bilgilendirme Kitapçıkları–5, 2007).

REIT purchases one or more real estate in whole or in part; it sells out or rents the purchased property if it has not been completed yet; or it can either sell or rent the facility it purchased in part after the relevant alterations. In this case, the rental and the capital gains are distributed to the investors who invested in REITs; In other words, savers benefit from the increase of rental gains of REIT's and unearned increments and accordingly from the rise in dividend and increase in the rates of stock values. Thus, while the investors can not purchase a real estate with their little savings, they start to benefit from the rental income and real estate capital gains (Teker, 2000).

The REIT industry constitutes an important capital for housing market, retail service industry and relevant industries (Akkaya et al., 2005). It both regulates the real estate prices and also makes the arising income share possible for the small investors groups (Teker, 2000).

By putting a new financial system into the practise, REIT enables foreign and domestic resource transfer through capital market and by realizing their public offerings, it enables the small investors to become partners of professionally administered property portfolio; moreover, through people's capitalism, it enables the large-scaled projects to be realized (Şarkaya, 2007; Yetgin, 2002).

An investor who becomes partners with REIT through acquiring shares implicitly benefits from the revenues of high income properties. The REIT, which profits from the trade of real estates in its portfolio, will distribute this profit to its partners as dividend at the end of the period and transfer the property income to its partners (Alp and Yılmaz, 2000). Normally, a business enterprise, which aims to realise such big projects, should undertake whole financial burden. However, such big projects may be financed with the fund to be raised from the public in exchange for the REIT share certificates and thus the financial burden is removed from the constructing company (GYODER, 2009; Alp and Yılmaz, 2000). Besides, REIT operates to prevent the unrecorded transactions in constructing industry and to contribute to planned urbanization (Yetgin, 2002).

Furthermore, individual investors, organisations such as pension funds, investment banks, insurance companies, private equity corporations and other institutional investors have all seen the benefits of investing in REITs due to its strong potential for long term growth and high levels of current income (REITs Week, 2012). However; IBIS world identifies five most important key success factors in the REIT industry. These are; superior financial management and debt management, access to investment funding, proximity to key locations, access to highly skilled workforce and densely populated areas (Juillet, 2012).

Real estates have an increasing importance in constituting the material element of a country and its economic aspects. In countries like Turkey which continually takes part in the struggle against hyperinflation, real estates add values to the assets of its owners with their incomes over the inflation rate. As mentioned before,   real estate is one of the best alternatives in preventing inflation (Göktepe, 2003).

In this study, our purpose is to inform the five-star accommodation establishments in Alanya about REIT and through incorporating individual investors of tourism industry into this process, literature review is made to increase the use of REIT fund for the accommodation establishments' investments acrrued in high amounts. Accordingly, the definition, scope and importance of REITs, classification, advantages and disadvantages thereof, the model of REIT in construction industry have been examined in terms of REITs in tourism.

2. The Classification of Real Estate Investment Trusts

Basically, it is possible to classify REIT types by whether it's the properties themselves (classical approach) into three as Equity REITs, Mortgage REITs and Hybrid REITs. On the other hand it is possible to categorize REITs by its organizational form as Conventional REITs, UPREIT, DOWNREIT and Non-Public REITs. REIT types categorized by whether it's the properties themselves are briefly mentioned below:

REITS in terms of Traditional Approach;

Equity REITs: Equity REITs are instutitions that invest directly in properties with the money collected from the public in return for stocks and own the properties in their portfolio. Equity REITs are further categorized by the property type in which the REIT invests. Moreover Standard&Poor's and Citigroup include 9 property peer groups within its World REIT Index. These are diversified, healthcare, hotel/resort/leisure, industrial, office space, retail, residential, specialty and storage (Meridia Capital, 2007; Campbell and Sirmans, 2002).Such REITs invest in the property itself or property based projects and their revenues come principally from their properties' rents. (Capital Research, 2010; Patel, 2006; Susar, 2004).

Mortgage REITs: Mortgage REITs directly lends money to real estate developers and operators. They can also indirectly extend credit through the acquisition of existing mortgages or mortgage-backed securities. Their revenues are generated primarily by the interest that they earn on the mortgage loans. (Capital Research, 2010; Meridia Capital, 2007; Patel, 2006).

Hybrid REITs: are corporations that purchase, own and manage both real estate loans and real estate properties. They have the qualities of both an equity and mortgage REIT which is why they are referred to as a hybridREITs. While they have the makings of capital increase and decrease, they also provide income, yet this income does not comprise the principal repayment. Hybrid REITs can ensure long term investors with its low risk appealing returns. (Akkaya et al. 2005).

3. Advantages and Disadvantages of Real Estate Investment Trusts

REIT investors should be familiar with the various advantages and disadvantages of a REIT structure before selecting them as part of their investment portfolio. Listed in Table 1 below are the major benefits and drawbacks of REITs.

Table 1: The Advantages and Disadvantages of Real Estate Investment Trust

Advantages	*Disadvantages*
The corporate character of the REIT (ownership takes the form of corporate stock)	Operating restrictions prevent REITs from participating in managing or sharing in the profits of a hotel. This restriction has been partially alleviated with the passage of the REIT modernisation act
The liquidity of REIT shares and the ability to trade them	
High returns (dividend yield and share price appreciation)	By imposing the 75 per cent minimum-gross-income threshold, the business activities of REITs are restricted primarily to rents, mortgage interest, and the gains from the sale of real estate assets
Diversification	
Tax advatages (no corporate-level tax)	REITs cannot own more than 10 per cent of a tenant (in the case of hotels, the tenant is the hotel operator). Additionally, the sponsor of the REIT is restricted to 10 per cent ownership of the REIT, if he also owns the management company
Established state law regarding corporate governance	
Flexibility- most REITs can operate in any state or city (banks and S&Ls may have restrictions related to expansion)	REITs cannot pass on operating losses to investors, which was formerly allowed in syndication structures
Low volatility and low risk	
Low leverage	As 95 per cent of a REIT's income is distributed to the shareholders, it is continuously seeking capital through secondary stock offerings, issuance of convertible debentures, and bank borrowings. The danger is that if most of a REIT's growth is fuelled with externally generated funds (versus accumulated reserves), its continued performance and maintenance of stock prices determines its success in raising capital
Predictable and reliable revenue stream	
Encourage savings	
No one will be spared in a rising interest rate environment	
Professional Management	

Sources: REITsWeek, 2012; Capital Research, 2010; Coşkun, 2010; Van, 2010; Tang and Jang, 2008; Meridia Capital, 2007; Gu and Kim, 2003; Singh, 2002.

4. Real Estate Investment Trusts in Tourism Industry

Hotel REITs, not surprisingly, own hotel properties and are also known as lodging or resort REITs (Investopedia, 2012). Hotel REITs are a deeply cyclical sector (Yaffa, 2012). In economic upswings, profits are great, but in downswings, occupancy room rates, and RevPar all suffer greatly (Yaffa, 2012). Because hotel earnings are influenced by consumer and business demand for travel and lodging services, room rates, occupancy rates and demand for different property and room types (e.g., higher-end, lower-end) (Investopedia, 2012; Yeo, 2012). This sensitivity is a result of the industry's short "lease" structure. Unlike retail, commercial or residential where leases span years, hotel leases are counted in days and therefore, must be constantly "renewed" (Yaffa, 2012). Similar to REITs comprising commercial properties, a hotel REIT is essentially a collective investment scheme constituted as a unit trust that invests primarily in income-producing real estate assets and uses that income to provide returns to its unitholders. In the case of a hotel REIT, the income-producing real estate assets held by the trust in order to generate returns to unitholders are hotels or other hospitality-related properties (Kay and Lau, 2007). A hotel REIT can also earn income by licensing a hotel brand

(Investopedia, 2012). Investing in a REIT also allow investors to diversify risk and spread their investments between assets that will produce an income stream and those that will provide capital appreciation (Investopedia, 2012; Nichols and Boutell, 2005). By the way hotel REITs are attractive to institutional investors who would like to invest in real estate but want to diversify and maintain liquidity because REIT shares are traded in stock markets (Madanoğlu and Upneja, 2008). Also expansion, capitalization (balance sheet strategy), and portfolio restructuration and selection are the main objectives in the lodging REIT industry (Juillet, 2012).

Real Estate Investment Trusts Development:

REITs ownerships which expand by investing in rental property portfolios in its early years has shifted to a function of REIT developer in due course and thus the rate of development projects has increased in portfolio structures. As of 2005, REITs which still have a commercial property weighted portfolio structure has increasingly headed towards housing and shopping mall investments (Martı GYO, 2010a). In recent years, one burgeoning subsector of the equity REIT market has been the hotel or lodging subsector. However, hotel REITs began to exist from as early as 1960 (Jackson, 2008). During the economic recession of 1990 to 1991, hotels suffered from reduced profitability because of low occupancy rates caused by overbuilding. However, by the end of 1992, room occupancy rates had increased steadily, and hotel companies finally became profitable again in 1993 (Kim et al., 2002). Hotel REITs did not appeal to investors as viable investment instrument until their reintroduction to the public in 1993. The emergence and growth of hotel REITs as viable investment tools has followed an upward trend since 1993. This trend peaked in 2005 and 2006. During this period (2005-2006), while there was saturation in the European real estate sector, the U.S. market has also approached to saturation. This peak was followed by a sharp decline due to the low-performing or weak REITs on the marketplace (Jackson, 2008). In this period (2005-2006), Asian markets were the most developing markets having a development potency. In this period (2005-2006), Turkey became increasingly attractive among the developing markets by showing a rapid progress as well (Martı GYO, 2010b).

Moreover, in paralel with the positive developments in foreign markets, the real estate sector in Turkey, after the golden age between 2002 and 2007, had crucial constrictions as a result of the sub-prime mortgage crisis, primarily in the USA, and downfalls of global scaled financial institutions. In the years 2008 and 2009, there were substantial decrease in the real estate prices and these last two years (2008-2009) were a period of recession and contstriction in real estate investments.

According to the data of Turkish Statistics Institution, in the building permits obtained throughout Turkey, there was a contraction of 8% in 2008 and 19% in 2009 on the basis of square meter. In early 2008, total residential loan reserve made available in Turkey was 28,400 billion TL. While this number was 36 billion in early 2009, it reached 43 billion in early 2010. Accordingly, it has been observed that the institutions partaking in this sector are in better expectations in early 2010 when the effects of the global crisis encountered decreased and the trend started to signal on reprogressing. It especially brought about the possibility of long term finance caused by the drops in interest rates and an observable recovery in housing sales. Though the effects of increases in sales on the new investments remain limited, it is clearly observed that it has an effect on the decrease of total available stock (Martı GYO, 2010b).

Along with the advancements above, it is seen that especially branding has gradually started in Turkey. Foreign brands are not limited with a few resorts located in Istanbul and Antalya but tend to get into the inner parts of Anatolia. The feasibility study of hotels of adequate quality, yet with reasonable price has been carried out for Anatolia. Tourism in city centers is used as an anchor. Namely, it is observed that a shopping mall, a marina, a hotel and tourism act in unison. However, the marina itself and the tourism itself are tourism as well. Thus, hybrid investments come to forefront especially in metropolitans. On the other hand, the economic shocks experienced in the United States and Europe and the bankruptcy of giant firms resulted in the investors' attention to shift from the developed countries to developing countries. This prosperity is interpreted as one of the key elements which increase the potential of Turkey in near future (Martı GYO, 2010b).

Basic Structure of a Hotel REITs:

Generally, a hotel REIT owns the hotel properties, usually as a result of purchaising items using the proceeds of its public offering. The hotel properties are held by a trustee on trust for the benefit of the unitholders. The hotel properties are then leased to an experienced hotel operator. Rent payable under the lease agreements in respect of the hotel properties may be the sole income source of a hotel REIT. In order to ensure the steadiness and stability of cashflow available to the hotel REIT, the lease agreements could be structured with a variable rent mechanism subject to a minimum rent payment, to enable stable distribution while maintaining upside potential to unitholders. The hotel operator may also provide additional cashflow enhancement, such as lease guarantee, to enhance the stability of the distributable income to unitholders in case the income derived from the operation of the hotel properties is not sufficient to pay the rent.

The hotel operator enters into hotel management agreement, pursuant to which a hotel manager is appointed to operate and manage the hotel properties and shall supervise, direct and control the management, operation and promotion of the hotel in each of the hotel properties on behalf of the hotel operator. Often, the existing management of the hotel properties would be retained to ensure the hotel properties are operated by experienced personel and seamless service is provided, irrespective of the change in ownership. At a REIT level, a REIT manager would be appointed pursuant to the trust deed. The REIT manager is responsible for monitoring the performance of the obligations of the hotel operator under the lease agreements, and of the hotel manager under the hotel management agreements (Kay and Lau, 2007).

The overall performance of hotel REITs has been one of the best, compared to other REIT asset classes (Jackson, 2008). REITs could be highly beneficial to the hotel industry, but their attractiveness is dependent on how the government reacts to the views of industry during the consultation process. REIT investments in hotels and other leisure industry have been permitted. The income resulting from the activities of hotel business at REIT status should be differentiated from the income resulting from their asset value. The model differs from the activities of hotel business with the ownership of the property asset. The REIT would own the hotel while a separate taxable operating subsidiary would own the hotel business. In turn, the hotel business (which may be owned by a wholly owned subsidiary of the REIT) may enter into a management contract with an independent hotel operating company which would run the hotel. The REIT would grant a lease or a licence of the property to the operating subsidiary. This lease or licence therefore achieves a separation of the income generated from the property asset (namely the rents received from the operating subsidiary under the lease or licence) from the income generated from the ownership of the hotel business (which would be subject to normal tax in the operating subsidiary) (Nichols and Boutell, 2005).

REITs are prohibited from actively managing their properties and must receive their income from passive sources, such as rental and interest payments. REITs are allowed to provide customarily services in connection with the rental of real property, such as general maintenance and the provision of utilities, and are allowed to treat payment for these services as rental income. Hotel REITs typically lease their properties to operators using the leasing method. Under these agreements, REITs receive rental income equal to the greater of a fixed payment or a fixed percentage of total revenue (Brady and Conlin, 2004). A key point inrelation to hotels is the question mark as to the distribution level of profits obtained. For instance, the UK government has decided that the REIT has to distribute at least 95% of its real estate investment income after 'appropriate deductions and capital allowances'. There is concern within the hotel industry that a 95% distribution requirement will leave many hotels with insufficient retained earnings to ensure that the fabric and contents of hotels continue to meet market and sector requirements. It is thought that in general, repairs and reserves to cover depreciation and replacement of furniture, fixtures and equipment (FF&E) and capital items consumed in the operation of hotels will usually exceed the depreciation charge and 5% retention of earnings is unlikely to be sufficient to fund this gap adequately. The hotel sector would be willing to work with the government on this issue, which is seen as fundamental to the likely success of the REIT in the sector (Nichols and Boutell, 2005).

The tax-exempt status is designed to eliminate double taxation on passive real estate investors. It is an incentive implemented by the government to promote REITs and to attract investors. As a result of their tax exemption, REITs provide their investors the opportunity to transfer tax savings into higher dividends. Moreover, when hotel REITs sell their properties or asses the value of the properties, they do not have to pay tax for capital gain. This tax-free capital gain from the sale of properties gives them cost advantages. However, the tax-exempt status can also lead to higher debt costs due to the loss of tax shelter benefits. That is, when hotel REITs finance their projects through debt, the interest is no longer tax deductible since REITs do not pay corporate income tax. Nevertheless, the overall benefits of tax exempt status are contributory to REITs' profitability after considering shareholder dividend taxes, extra external financing costs, and the savings from forgone tax minimizing strategies (Tang and Jang, 2008).

A REIT will not be permitted to invest in a single asset, and indeed any single property will not be entitled to exceed a defined proportion of the total value of the assets of the REIT. This requirement is presumably to limit the risk to the investor; the perception is that a REIT owning a portfolio of properties would carry less risk than one owning a single property. In general this might be right, but does investment in a REIT with a single flagship hotel carry more risk than investment in a REIT with a portfolio of unfashionable hotels in poor locations? More importantly, the rules need to cater for newly established REITs. While it is possible simply to have a REIT conversion or a REIT that acquires a portfolio, it is quite possible that a start-up REIT will gradually build up a portfolio of hotels. In its start-up period it may only own a small number of hotels. Indeed, in a portfolio purchase there may be one or two dominant hotels by value or size. The rules need to be flexible enough to extend REIT status to startups in the process of building a portfolio and to major developments with a long lead-in time, not only in the leisure sector but also in relation to, for example, shopping centers (Nichols and Boutell, 2005).

5. Results

In this part of the study, the results of the survey carried out related to REITs are presented. This study is conducted through the descriptive survey model. The purpose of this study is to analyse the perceptions of five-star accommodation establishments operating in Alanyaon REITs and whether they intend to expand through REIT in the future. This study is significant due to the inadequacy of studies related to REITs and especially as no research related to REITs has been carried out in tourism sector before. This study also aims to introduce REITs to the sector and to contribute to general background information on how REITs have been applied in tourism sector.

While the population is consisted of accommodation establishments, the sample is taken from the five-star hotel facilities operating in Alanya. The reason for this can be explained as follows: In Turkey, Antalya region is the first place which comes to mind when we consider tourism. Antalya region has an important part of the overall tourism pie in terms of number of resort, room and bed. In 2009, the total number of resorts was 3.379 in Turkey. According to the statistics of Antalya Provincial Department of Culture and Tourism (2011), the total number of resorts is 888, the total number of rooms is 179.188 and the total number of beds is 384.512 in Antalya. In Alanya, the total number of resorts is 275, the total number of rooms is 42.208 and the total number of beds is 89.583. Alanya has 23.30% of total bed capacity of 384 512 in Antalya. Along with these, the reasons why 5-star hotels are prefered are as follows: They have clear corporate structures, a vision, a mission, determination of process and business methods, strategic plans and policies prepared by the decisions of the management committee. In addition to all these, they have social objectives and have the realization of projects, moreover, are mostly open 12 months.

According to data obtained as of May, 2010 from the Chamber of Industry and Trade of Alanya; the number of five-star hotel properties currently operating in Alanya with operation permit is 23, the number of five-star hotels with investment certificate is 10 and the number of five-star hotels with investment operation permit is 2 (ALTSO, 2010). In the interviews carried out with the hotel keepers, chief-executive officers and the departments of financial affairs, their perceptions on REITs are determined as of May 2010. In the study, all five-star hotels operating in this region are aimed and 35 five-star hotels out of 35 agreed to participate in the research. The questionnaires are handed out to the facilities and 35 questioniares are completed, returned and considered valid within the scope of the study. By these results, the percentage of the questionnaires returned is concluded to be 100%. Within the scope of these descriptions, a constraint of the research is that the study is carried out in the five-star hotels only in Alanya. Thus, the results reflect the characteristics of this region and generalizations can not be made.

The survey method is used as data collection tool. After the necessary permits are obtained, questionnaires are conducted vis-à-vis at the hotels by the researcher. The questionnaire form consists of two parts. In the first part; a total of 11 demographic variables are included related to the participant and the business enterprise. The second part of the questionnaire consists of 19 statements related to REITs and data is obtained using a 5 - point likert type scale.

Statements taking place in the second part of the questionnaire conducted in the study are prepared by collecting the properties that the real estate investment companies have. A pilot scheme is carried on March in 2010 to measure the understandability and ease of responding the statements in the questionnaire. As we mentioned above; the result of the reliability analysis of the pilot study conducted vis-à-vis with 35 five-star-hotels is 0.77. In consequence of this analysis, the study is reconducted on the same target group without making any changes in May 2010.

The collected data is analysed with SPSS 13.0. In this program, the frequency, percentage, mean and standard deviation of the given answers are calculated. The data obtained is evaluated statistically by using analysis techniques such as reliability analysis, t-test, chi square (crosstabs) and one way variance (anova). The findings obtained from the study are presented in two parts as demographic findings and scale related findings.

5.1. Findings related to Demographic Attributes

Findings related to demographic attributes are examined in two parts as demographic attributes of the business enterprises and the participants in table 2-3.

Table 2: Findings Related to Demographic Attributes of the Enterprise

al Structure	**Number**	**Percentage**	**Hotel Ownership Status**	**Number**	**Percentage**
Joint-Stock Company	31	88.6	Enterprise Owned	30	85.7
LimitedLiability Company	4	11.4	Non-Enterprise Owned	5	14.3
Enterprise Operation Period	**Number**	**Percentage**	**Group Affiliated Hotel Number**	**Number**	**Percentage**
0-3 years	3	8.6	0-4	30	85.7
4-7 years	7	20	5-9	4	11.4
8-11 years	16	45.7	10-14	1	2.9
12-15 years	0	0			
16 and over	9	25.7			
REITs Application	**Number**	**Percentage**	**REITs Share Purchase**	**Number**	**Percentage**
Available	0	0	Yes	3	8.6
Non available	35	100	No	32	91.4
REITs Application Expectancy in the Future	**Number**	**Percentage**	**Total Area of Facilities (m2)**	**Number**	**Percentage**
Yes	13	37,1	20000 and below	19	54,3
No	11	31,4	20001-40000	4	11,4
Indecisive	11	31,4	40001-60000	9	25,7
			60001 and over	3	8,6

Table 3: Demographic Attributes of the Participants

Position in The Facility	**Number**	**Percentage %**
Hotelkeeper	7	20
Chief-executive officer	6	17.1
Director of Financial Affairs	22	62.9
Years in Service	**Number**	**Percentage %**
0-5 years	8	22.9
6-11 years	5	14.3
12-17 years	12	34.3
18 yearsand over	10	28.6
Age	**Number**	**Percentage %**
20-30 years old	7	20,0
31-40 years old	18	51.4
41-50 years old	3	8,6
51 and over	7	20,0

When table 2 and 3 in which the demographic attributes are given analyzed, it is concluded as few crucial points in terms of REITs are: Most business enterprises are founded as Joint-Stock companies and most of these enterprises are group hotels, yet only 3 of them have invested on REITs stock certificates. Crosstab is applied to analyse the comparative distribution of the operating periods of the enterprises and the view on expanding their enterprises through REITs in term of the demographic attributes' sets indicated above. According to this, as the operating period of enterprises has increased, the view of expanding through REITs has increased. An adverse condition is observed only in the enterprises operating over 16 years. When the participants were enquired about the causes of this phenomenon in the course of vis-à-visinterviews, they noted that they had been operating in the tourism sector for a long time and they did want to take risks by involving new projects as there was no institutionalization.

5.2. Scale Related Findings

In the study, the alpha coefficient is determined as 0.87 as a result of the reliability analysis related to the scale prepared to obtain data on the tendency of accommodation establishmentsoperating in the field of Tourism industry on REITs applications. This result indicates that the reliability of the statements is eminent. The means and standard deviations related to the statements ranked in the scale are given in Table 4.

Table 4: Distribution related to scale about statements.

Statements																			
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
Mean	3,5	3,2	2,8	3	3	2,8	3,8	3,7	3,7	3	3,6	3,5	2,1	2,1	3	2,9	3,2	2,7	4
Std. Dev.	1,06	1,12	1,05	1,04	1,11	1,3	1,05	,93	,92	1,31	,94	1,14	,80	1,03	1,24	1,02	1,17	1,1	,97

1-I strongly disagree, 2- I disagree, 3- I'm not sure about this, 4- I agree, 5- I strongly agree

Statements ranked in the questionnaire and stated numerically in the table are as follows:

1. REITs enable the concentration of individual investors' savings which are in small amounts.

2. REITs enable the concentration of institutional investors' savings which are in small amounts.

3. REITs' company structure at least 49% of which is publicly held and requisite to be publicly held negatively affects my wish to operate in this field.

4. REITs aggregate Corporation structure negatively affects my wish to operate in this field.

5. REITs' share certificates being able to be traded at the stock exchange negatively affects my wish to operate in this field

6. REITs restrictions on engaging in construction works negatively affects my wish to operate in this field

7. REITs' tax exemption financial status due to its investment intervention positively affects my wish to operate in this field

8. REITs' administrative structure in compliance with corporate governance principles positively affects my wish to operate in this field

9. REITs' portfolio structure diversified to enable the low risk positively affects my wish to operate in this field

10. I have always adopted the philosophy of "Small is better if mine" in my life.

11. REITs' possibility to investment-linked leasing and retailing positively affects my wish to operate in this field

12. REITs' opportunity to act as an operator in their own projects positively affects my wish to operate in this field.

13. High land prices negatively affect the investments to be made

14. High construction costs negatively affect the investments to be made.

15. REITs applications in tourism industry will contribute to the development of the sector

16. I wish to operate and expand my investment as REITs in tourism industry

17. I do not wish to operate in this field as I do not have much knowledge on REITs

18. I prefer to own 100% of a 2,5 million dolar investment instead of having 25% of a 10 million dollar investment.

19. The influential public auditing of the Stock Market and Capital Markets Board on REITs positively affects my wish to operate in this field.

When the statistical data in Table 4 is analysed, below conclusions are obtained:

Mean values of 7 statements (1,7,8,9,11,12,19) given below are approximately between 3,5- 5. That is, it can be explained, participants have agreed with the statements. Mean values of 10 statements (2, 3, 4, 5, 6, 10, 15, 16, 17, 18) given below are approximately between 2,5- 3,5. Therefore it can be explained, responses have been in neutral with those statements. Moreover, mean values of 2 statements (13, 14) given above are approximately between 1- 2, 5. So it can be said that responses have disagreed with the statement.

One way analysis of variance is applied to identify whether there is a difference among the 19 statements which the participating enterprises evaluated REITs in terms of their perceptions on expanding in tourism industry. As for the results of Anova analysis, there is a statistically significant difference in 5 out of 19 statements. The analyses results of these 5 sentences are given below.

In table 5:Anova Analysis concerning the statement of REITs in the concentration of individual investors' savings which are in small amounts according to the projection of the business enterprises to expand through REITs.

Table 5: Anova Analysis concerning the statement of REITs in the concentration of individual investors' savings which are in small amounts according to the projection of the business enterprises to expand through REITs.

Assessment of expanding through REITs	N	Mean	Standard Deviation	ANOVA	
				F	P
Yes	13	4	,577	3,594	,039
No	11	2,90	1,300		
Indecisive	11	3,45	1,035		

P= 0,039<0,05

As F= 3,594, P=, 039<, 05 there is a significant difference among the groups. There is 95% significance level between the participations of those who say 'Yes' to the assessment of expanding through REITs in the statement of '*REITs enables the gathering of individual investors' savings which are in small* amounts'are (A.O= 4, S.S= ,577), and the participation of those who say No (A.O= 2,90, S.S= 1,300) and indecisive (A.O= 2,90, S.S= 1,300) to the assessment of expanding through REITs in the statement of '*REITs enables the gathering of individual investors' savings which are in small* amounts'.

In table 6: Anova Analysis concerning the statement The Wish to Operate in REITs' Field due to the Financial Status of the REIT is being exempted from tax resulting from REIT's Investment Brokerage according to the projection of the business enterprises to expand through REITs.

Table 6:Anova Analysis concerning the statement The Wish to Operate in REITs' Field due to the Financial Status of the REIT is being exempted from tax resulting from REIT's Investment Brokerage according to the projection of the business enterprises to expand through REITs.

Assessment of expanding through REITs	N	Mean	Standard Deviation	ANOVA	
				F	P
Yes	13	4,38	,506	19,387	,000
No	11	2,63	1,026		
Indecisive	11	4,18	,603		

P= 0,000<0,05

As F= 19,387, P=, 000<, 05 there is a significant difference among the groups. There is 95% significance level between the participations of those who say 'Yes' to the assessment of expanding through REITs in the statement of 'REITs' tax exemption financial status due to its investment intervention negatively affects my desire to operate in this field'are (A.O= 4,38, S.S= ,506), and the participation of those who say No (A.O= 2,63, S.S= 1,026) and indecisive (A.O= 4,18, S.S= ,603) to the assessment of expanding through REITs in the statement of 'REITs' tax exemption financial status due to its investment intervention negatively affects my desire to operate in this field.

In table 7: Anova Analysis concerning the statement The Wish to Operate in REITs' Field due to influential public auditing of the Stock Market and the Capital Markets Board on REITs according to the projection of the business enterprises to expand through.

Table 7: Anova Analysis concerning the statement The Wish to Operate in REITs' Field due to influential public auditing of the Stock Market and the Capital Markets Board on REITs according to the projection of the business enterprises to expand through.

Assessment of expanding through REITs	N	Mean	Standard Deviation	ANOVA	
				F	P
Yes	13	4,07	,493	11,740	,000
No	11	2,72	1,272		
Indecisive	11	2,09	1,221		

P= 0,000<0,05

As F= 11,740, P= ,000<,05 05 there is a significant difference among the groups. There is 95% significance level between the participations of those who say 'Yes' to the assessment of expanding through REITs in the statement of '*The influential auditing of the Stock market and the Stock Exchange Commission on REITs positively affects my desire to operate in this field*'are A.O= 4,07, S.S= ,493), and the participation of those who say No (A.O= 2,72, S.S= 1,272) and indecisive (A.O= 2,09, S.S= 1,221) to the assessment of expanding through REITs in the statement of '*The influential auditing of the Stock market and the Stock Exchange Commission on REITs positively affects my desire to operate in this field.*

In table 8: Anova Analysis concerning the statement '*I wish to operate and expand my investment as REITs in tourism industry'* according to the projection of the business enterprises to expand through REITs.

Table 8: Anova Analysis concerning the statement 'I wish to operate and expand my investment as REITs in tourism industry' according to the projection of the business enterprises to expand through REITs.

Assessment of expanding through REITs	N	Mean	Standard Deviation	ANOVA	
				F	P
Yes	13	3,46	,877	4,016	,028
No	11	2,36	,924		
Indecisive	11	2,90	1,044		

P= 0,028<0,05

As F= 4,016, P=, 028<, 05 there is a significant difference among the groups. There is 95% significance level between the participations of those who say 'Yes' to the assessment of expanding through REITs in the statement of '*I desire to operate and expand my investment as REITs in tourism industry"*are (A.O= 3,46, S.S= ,877),, and the participation of those who say No (A.O= 2,36, S.S= ,924) and indecisive (A.O= 2,90, S.S= 1,044) to the assessment of expanding through REITs in the statement of '*I desire to operate and expand my investment as REITs in tourism industry'.*

In table 9: Anova Analysis concerning the statement of preference to own 100 percent of the investment according to the projection of the business enterprises to expand through REITs.

Table 9: Anova Analysis concerning the statement of preference to own 100 percent of the investment according to the projection of the business enterprises to expand through REITs.

Assessment of expanding through REITs	N	Mean	Standard Deviation	ANOVA	
				F	P
Yes	13	2,92	,954	3,647	,037
No	11	3,09	1,300		
Indecisive	11	2	,774		

P= 0,037<0,05

As F= 3,647, P=, 037<, 05, there is a significant difference among the groups. There is 95% significance level between the participations of those who say ‘Yes’ to the assessment of expanding through REITs in the statement of ‘*I prefer to possess 100% of a 2,5 million dolar investment instead of having 25% of a 10 million dollar investment’*are (A.O= 2,92, S.S= ,954),, and the participation of those who say No (A.O= 3,09, S.S= 1,300) and indecisive (A.O= 2, S.S= ,774) to the assessment of expanding through REITs in the statement of ‘*I prefer to possess 100% of a 2,5 million dolar investment instead of having 25% of a 10 million dollar investment’* .

Though the investors agree with the statements in general, they do not consider converting into REITs for the time being. And as a reason, they mentioned that their current equity capitals easily sustain their operations and they grow with profitability. They also stated that they plan to convert into REITs only when they achieve endorsement based satisfaction in due course and when they are not able to set any other target. Besides, they mentioned that tourism is not an adequately developed industry, there are many shortages and in this context they do not want to take further risk in concern for the future.

Even a few some investors mentioned that they have purchased REITs shares at Istanbul Stock Exchange, yet as a result of economic crisis encountered at times they have experienced losses and they stated that they find it risky when the small investors having savings in small amounts lose in this way. Most of the participants stated that they wish to do independent business and abstain from the partnerships; moreover they do not want to concern about bureaucratic procedures and especially stated that they would like to be stay away from the businesses that may require the accounts to be more transparent with auditing and taxational responsibility as far as possible.

6. Conclusion and Implications

In this part of the study, research findings are summarized briefly.

The perceptions of accommodation establishments in tourism industry about real estate investment trusts’ have been identified. The scale has been prepared for accommodation establishments operating in the tourism industry with the aim of getting information about trends in REIT practices.

According to research findings, perspectives to hotel REITS are affected positively by the status of REITs which are interpreted in the statements of 9th, 11th, 12th and19th. By the way, impacts such as high prices of land and high cost of construction negatively affected the investors’ views on investment. However, responses have been neutral about the statements of multi-partner corporate structure, hotel property condition, publicly traded company structure and REITs’ shares traded on the Istanbul Stock Exchange. Respondents’ views on REITs during the vis-à-vis survey are given below

As a result of the findings, as the operating period of enterprises has decreased, the view of expanding through REITs has decreased. The opposite situation is observed only for the establishments operating for 16 years and over. When the participants were enquired about the grounds of this phenomenon in the course of vis-à-vis interviews, the participants noted that they had been operating in the tourism sector for a long time and they did want to take risks by involving new projects as there was no institutionalization.

Moreover nowadays it is very easy for enterprises to finance the activities of today's equity and they do not have any financial problems. Also, almost all the participants do not want to take further risk in concern for the future, due to fluctuations in the stock market, and also do not wish to enter an unknown sector. Results given above are in compatible with the literature given below.

REITs are allowed to invest in buildings, land, development projects, and real estate backed securities and, to a limited extent, other capital market instruments such as government bonds and securities (DELOITTE, 2010). The use of real estate investment trusts (REITs) as an alternative for hotel acquisition, financing, and portfolio expansion has resulted in the increased popularity of hotel operating leases (Rushmore, 2008). REIT has been a successful model for setting up hotels globally due to the low cost of financing projects (PWC, 2012). Investors in hotel REITs seek benefits such as tax holidays, high liquidity, lower risk levels due to the existence of REITs and real estate, higher returns compared to average common stock, and profits paid out to shareholders in the form of high dividends. The hotel business is separate from the real estate property and pays rent to the REIT, enabling the REIT shareholders as well as the hotel company to meet lower tax commitments (ILO, 2010; SFC, 2003; Campbell and Sirmans, 2002; Yetgin, 2002; Çolak and Alıcı, 2001). REIT as well as the other structures which allow for differentiation of returns for property ownership and its operation would help attract the right type of investors for the sector this will increase financial viability and benefit growth in the sector. Majority of such structures can be facilitated through prudent tax incentives (PWC, 2012). Namely, REITs are an interest rate sensitive sector and a fall in the cost of debt is generally a positive for REITs (Armada Fund Management, 2012). Turkish REITs have significantly more flexibility in managing their portfolios than their counterparts in developed countries (Coskun, 2010). Moreover increasing institutionalisation, transparency and financial opportunities for REITs; enhancing transparency in construction sector (Coskun, 2010; DELOITTE, 2010). However during global recession and the downturn in the global finance markets have hit the Istanbul stock exchange and the market capitalization of REIT’s drastically decreased from US$ 2.7 billion to US$ 763.3 million from 2007 to 2008 (DELOITTE, 2010). The limited growth of sector and unsatisfactory stock performance indicate that the (corporation and income tax) incentives are yet insufficient to ensure healthy growth of the REITs industry in Turkey (Coskun, 2010).

In our opinion, a significant publicity may be done for the development of real estate investment trusts in the tourism industry. Also, the advantages and benefits of REITs and how REITs operate in this area need to be specified. Additionally, collaboration can be organized with universities in this regard to increase the common works of the universities and tourism industry. Moreover, middle- and upper-level managers can be provided to obtain a Master’s and PhD degree. However, removal of the construction ban in REITs will positively affect the progress in this area. It is appropriate to address this ban on a sectoral basis. Also, the regulations of REITs should be developed and be much clearer. In this respect, governments should try to decrease any legal obstacles in the subject. The problem in tourism industry is not the lack of finance, but the cash management problem. This problem can be eliminated by participating in REITs. Moreover, institutionalization may be achieved by participating in the international chain hotels and collaborating with them.

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