

# **Retail Market Studies for the Capital Market: Form Versus Substance**

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**Key words:** Land management; Standards;

## **SUMMARY**

The supply and demand conditions of the property market and the attractiveness of the property portfolios are among the key factors that investors evaluate before deciding to invest in the initial public offerings of real estate investment trusts (REITs). To meet this information need for decision-making, a real estate market study report is often provided within the prospectus for the purpose of initial public offering (IPO) and listing on the stock exchange. This paper examines whether these reports meet the property market information requirements of REIT investors by examining retail market study reports found in the REIT IPO prospectuses of Bursa Malaysia for the 2005 to 2013 period. The analysis of the retail market study reports are based on criteria derived from literature review on the criticisms of real estate market studies. Content analysis using the identified criteria is applied to examine whether there are weaknesses in the retail market studies. The analysis found that the general headings and contents of these retail market studies are generally the same. However a detailed content analysis reveals that there are weaknesses in the areas of data analysis and analytical techniques of these retail market studies. Hence the generally broad headings (i.e. form) found in the content of a market study may not necessarily provide enough information/data (i.e. substance) to assist investors in making their investment decisions.