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Comparative Performance of REITS and Commercial Bank Shares in Nigeria Stock Exchange

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Abstract:
This paper compares the performance of Real Estate Investment Trusts (REITs) and commercial bank shares from 2011 to 2020 for the purpose of providing investments with optimal performance for savvy investors. Share prices and dividends from annual reports were used to calculate income, capital, and total returns. Returns and risks were measured using Mean and Standard Deviation; while risk-adjusted rate of return tool measured the general performance of N-REITs and bank shares. REITs generally underperformed, compared to commercial bank shares. Only Skye Shelter REITs excelled in income return. N-REITs were found to be less risky than commercial bank stocks, but underperformed when compared to commercial banks. Skye Shelter REITs showed highest total return; while UPDC and Union Homes outperformed Access Bank and UBA. Only Polaris, GT, and Zenith banks higher income returns from the REITs. Overall, bank shares are riskier than REITs. Bank stocks offer higher returns with greater risk, whereas REITs provide stable returns with lower volatility, which is suitable for conservative investors. In conclusion, the combination of stable returns on REITs and the volatile returns on bank stocks will reduce the overall portfolio risk. Hence, investors should consider risk management by combining investment with different risk-return characteristics.

Keywords: **Commercial Bank, Investment, Real Estate, REITs, Returns, Risks, Shares**

1. INTRODUCTION

The need for financial security has drawn many real estate investors' minds towards being more strategic before making investment decisions. Having mindsets of achieving financial security, these investors now consider return maximisation and risk minimisation strategies. Hence, most investors whose investment motives are financial are on the lookout for the following: returns maximisation, risk minimisation, limited fund resources allocation, and utilisation. Hence, there is a need to seek for more informed investment decisions to achieving these goals. These investment decisions are guided by risk and return characteristics, and any investment decision invariably involves a trade-off between risk and return [1]. Commercial bank shares have recently appreciated due to the amplification of investors' confidence in them. This is evidenced by the oversubscriptions of most commercial bank shares. The financial services sector is the most capitalised, as opposed to the real estate sector, which contributes less to the total market capitalisation of the Nigerian Stock Exchange. However, compared to other securities, the indirect real estate class, REITs, have only been given minimal consideration by investors. Many investors prefer investing mainly in shares, government bonds, and other securities with other underlying investments; while paying little or no attention to REITs. This can result from REITs being an emerging market in Nigeria; hence there is no robust historical trend data to analyse their returns. [2] observed that REITs is a key investment vehicle in the economic decisions of most countries. Specifically, advanced economies are knee-deep in their real estate investment opportunities and have long journeyed in their integration and development of real estate investments. Investment matter in the African continent has begun to gain traction, particularly in Nigeria, whose history with REITs began in 2007. On a global market spectrum, the consensus on REITs is that it is a viable investment asset class [3]. Developed economies with sound market structures, such as the United States of America, United Kingdom, and Germany have witnessed commendable performances of the REITs. In upcoming property markets like Nigeria, where poor data availability and limitations in information adversely affects the integration of REITs into the global market, the situation may be different [4]. However, studies on how REITs have fared in Nigeria are rare. With more than 15 years into its operation in the country, studies on REITs' performances in the Nigerian stock market has become imperative. Results and inferences drawn from such study will benefit students, researchers, private investors, institutional investors (insurance, mutual funds, pension funds, and others), government institutions, property developers, and other real estate investors. The main kernel of concern is to ascertain how REITs have fared in Nigeria; with well over 15 years into its operation in the country. Specific questions that guided this concern were: What is the performance of REITs in the Nigerian Stock Exchange

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market? What is the performance of Commercial bank shares? Last but not least, how have the dividend and capital returns on REITs performed compared to commercial bank shares in Nigeria? Hence, this study was brought about by the need to evaluate the performance of Real Estate Investment Trust companies as against that of the most performing (capitalised) sector in the Nigerian Stock Exchange Market. The aforesaid is the basis and rationale for this novel study.

2. LITERATURE REVIEW

According to [5], an investment is the current commitment of money or other resources in expectation of reaping future benefits. It is the foregoing of immediate or today's consumption for future benefit. [6] defines investment as sacrificing money and resources for hopefully more money and more resources or wealth tomorrow. [7] sees the investment as the sacrifice or expenditure made today for future benefits. [8] asserts that the benefit, however, need not be financial; and in the case of financial benefit, it could come in the form of income return, capital return, or a combination of the two returns. [8] opined that the definition of investments aligns with the saying that there is no gain without pain. It is the commitment of current financial resources to achieve higher gains in the future. The elements in these definitions show you are spending time and money (or resources in general); your resources are scarce and thus valuable; investments deal with the efficient management of your money (or financial resources) today in hopes of receiving more money (or returns) in the future. Worthy of note is that many investments involve the commitment of accumulated or borrowed funds for deferring the immediate consumption to purchase an asset, which could be real or financial with the expectation that it would yield positive future investment performance in terms of returns and risks.

2.1 Performance of REITs

Real Estate Investment Trusts (REITs) have been the subject of numerous investment performance studies. Many of these studies are comparative studies. These studies on Real Estate Investment Trusts (REITs) performances have shown mixed results across different markets and periods. Early studies in the United States found that mortgage REITs outperformed the S&P 500, while equity and hybrid REITs underperformed [9]. In Turkey, some REITs demonstrated better performance than the market portfolio [10]. South African REITs, introduced in 2013, showed strong initial performance, ranking as the second-best performing asset on a risk-adjusted basis and enhancing returns in mixed-asset portfolios [11]. In India, REITs have shown potential as an alternative investment, providing lower returns than stocks but outperforming bonds, even during challenging periods like the COVID-19 pandemic [12]. This suggests that Indian REITs can be valuable to a diversified investment portfolio, offering liquidity and transparency. Similarly, [13] found that Indian REITs may provide better risk-adjusted returns compared to traditional investments, suggesting their potential as viable alternatives for investors seeking to optimise their portfolios. In the broader context, a global study of 371 equity REITs from 1972 to 2020 revealed that most REITs outperformed one-month T-bills over long holding periods, although only a minority surpassed the overall equity REITs' market. Wealth creation was notably concentrated among a few top-performing REITsbin sectors like healthcare and industry [14].

In Nigeria, Real Estate Investment Trusts (REITs) performance has been characterised by mixed results over the years. When assessed against other asset classes, N-REITs outperformed stocks but lagged behind government bonds in terms of returns while also presenting the lowest risk, and ranking second in terms of risk-adjusted returns among these investments [15]. On the other hand, while evaluating the performance and acceptability of Real Estate Investment Trusts (REITs) in Nigeria, [16] found that Nigerian REITs (N-REITs) underperformed the overall market but outperformed property companies. The study also found that REITs' acceptability in Nigeria is low, as reflected in their low liquidity and market share. The structure and conduct of the N-REIT market reveal a high concentration, with a Herfindahl-Hirschman Index indicating significant market dominance by a few players [17]. Furthermore, N-REITs have shown potential for diversification benefits, albeit with a marginal correlation to the broader market [16]. Overall, while N-REITs provide a relatively stable investment option, their performance remains constrained compared to other financial instruments in Nigeria [18][16].

There are limited studies that compared the performance of REITs and Deposit Money Bank Stocks. [19] compared the performance of Real Estate Investment Trusts and money deposit bank shares in Nigeria from 2013 to 2022. The study adopted dividend yield to ascertain the performances. Nigerian REITs (N-REITs) exhibited a mean annual dividend yield of 5.275%, which was lower than the 8.632% yield of Money Deposit Bank shares, indicating underperformance compared to traditional banking stocks. Nevertheless, REITs showed resilience against some shocks due to diversified real estate holdings, whereas bank shares were more sensitive to credit risk and economic cycles [20]. This study, though similar to that of [19] evaluated the comparative performance of REITs and Commercial Bank shares by assessing the income returns, capital returns, and total returns of the investments rather than the dividend yield. This study also assessed the investments' mean returns, risk and risk-adjusted returns.

3. RESEARCH METHODS

Secondary data used in this study were obtained from the websites of the commercial banks and REITS companies. The data were obtained from the Annual reports of the Real Estate Investment Trust companies and Commercial Banks in Nigeria. The reports provided data required to determine the current investment returns for ten years, 2011-2020. The data obtained were the dividend and share prices of the 3 N-REITs companies for the ten-year study period and were used in determining the income, capital, and total returns from REITs and that of the selected Commercial banks. They were sourced from online databases of the three N-REITs companies and their respective annual reports. Convenience sampling technique was adopted in selecting the sample elements. The criteria for assessment were based on the availability of the research data (in terms of completeness) for the period between 2011 and 2020 and the researcher's ease of access to the data. The availability of complete data formed the first criteria for determining the selection of stocks in this study. The Commercial banks and REITs companies selected through the sampling technique include the Skye Shelter Funds, Union Homes Hybrid REIT, UPDC REIT, Access Bank PLC, Citibank Nigeria Limited, Fidelity Bank PLC, First Bank Nigeria Limited, Guaranty Trust Bank PLC, Polaris Bank PLC, United Bank for Africa PLC and Zenith Bank PLC. The secondary data were analysed using descriptive statistics, namely, Mean and Standard Deviation. Moreover, the risk-adjusted returns were calculated to measure the performance of the selected stocks.

Income Return: The income return is expressed as follows;

$$IR = \frac{NIt}{CVt-1}$$

Where;

IR represents Income Return for period t

NI represents Net income received in period t (dividend)

CVt-1 represents Current Value at the end of period t-1

Capital Return: Capital return measures the percentage change in the value of an investment, reflecting the gain or loss on the principal invested. The Capital return is expressed as follows;

$$CR = \frac{CVt-CVt-1}{CVt-1}$$

Where:

CR represents Capital Return for period t

CVt represents Capital Value at the end of the measurement period.

CVt-1 represents CV at the start period t-1

Total Return: Total return combines income return and capital return, representing the overall gain or loss of an investment over time. This metric is particularly useful for comparing investments with income-generating and capital appreciating components. The total return is expressed as follows;

$$TR = \frac{NIt+(CVt-CVt-1)}{CVt-1}$$

Where, TR represents Total Return, CV_{t-1} represents Capital Value of N-REITs at the beginning, CVt represents Capital Value of N-REITs at the end, NIt represents Income of N-REITs received during the holding period.

Mean (Expected Return) ṝ: Is the average annual return from the investment over the period. Expected or Mean Return (ṝ) is expressed as follows;

$$\bar{r} = \frac{\Sigma R}{n}$$

Where ṝ represents mean or expected return, ΣR represents the summation of annual returns in the period under review, and n is the number of observations.

Standard Deviation (Risk) δ: The standard deviation of returns, which represents the level of risk or volatility associated with each investment, offers valuable insights into their stability. Risk is expressed as follows;

$$\delta = \sqrt{\frac{\Sigma(r-\bar{r})^2}{n}}$$

where δ represents the standard deviation or risk of an asset, r represents the return of an asset in a particular period (year), ṝ represents the mean return of the asset, and n represents the number of observations.

Return Risk Ratio: The return-to-risk ratio (ṝ/δ/) is a critical metric for evaluating an investment's efficiency, as it measures the return earned per unit of risk. A higher ratio signifies a better risk-adjusted performance, meaning the investment provides higher returns for each unit of risk taken.

$$RR = \bar{r}/\delta$$

Where; RR represents Return Risk Ratio, δ represents denotes the standard deviation of an asset, and ṝ represents denotes the mean of the annual returns of the asset.

4. ANALYSIS AND RESULTS

4.1 Performance of REITs and Selected Bank Shares in Nigeria Between 2011 and 2020.

This study evaluates the performance of REITs in Nigeria between 2011 and 2020. The study measures the income, capital, and total returns of REITs listed on the Nigerian Stock Exchange. The results were presented in Tables 1, 2, 3, and 4 as follows.

Table 1 shows the average annual income returns of REITs and selected bank stocks from 2011 to 2020, highlighting significant performance differences. The United Bank for Africa (UBA) led at 7.33, followed by Access Bank at 6.93, while Guaranty Trust Bank (GTB) and Zenith Bank each returned 6.31. These returns reflect strong income generation. Conversely, REITs generally offered lower average returns, with Skye Shelter REIT at 6.12, below most banks but competitive in real estate. Union Homes REIT and UPDC REIT reported returns of 3.72 and 3.50, respectively, indicating that while stable, REITs typically lag behind bank stocks. Polaris Bank had the lowest mean return of 0.62, making it the least effective in income generation. Citi Bank (2.86) and Union Homes REIT (3.72) also showed low average returns, emphasising variability across investment categories. The standard deviation of income returns indicates investment risk. REITs had lower volatility than bank stocks, suggesting more stable returns. Among REITs, UPDC REIT had the lowest risk at 1.09, followed by Union Homes REIT (1.11) and Skye Shelter REIT (1.60), appealing to risk-averse investors. In contrast, bank stocks exhibited wider risk ranges, with First Bank having the highest risk at 4.75, followed by Fidelity Bank (3.78) and Citi Bank (3.15). This indicates that while these banks may offer higher returns, they also present significant fluctuations, which may discourage conservative investors. Despite its low mean return, Polaris Bank had the least risk at 0.12, demonstrating a stable but low-income generation.

Zenith Bank achieved the highest risk-adjusted return of 5.83, followed by Polaris Bank (4.96) and GTB (4.35). Polaris Bank's low risk led to competitive performance, while GTB effectively combined high return with moderate risk. In the REIT sector, Skye Shelter REIT excelled with a risk-adjusted return of 3.84, indicating strong potential for moderate returns with low volatility. Union Homes REIT (3.35) and UPDC REIT (3.20) also provided reasonable returns relative to their risks. Conversely, Citi Bank (0.91) and First Bank (0.91) showed the lowest risk-adjusted returns, signaling inadequate compensation for associated risks. This underlines the importance of assessing both returns and the risks involved.

Table 1: Income Returns, Risk, and Risk-Adjusted Returns of REITs and Selected Bank Shares in Nigeria

Year	Skye Shelter	Union homes	UPDC	Access Bank	Citi Bank	Fidelity Bank	First Bank	Guaranty Trust Bank	Polaris Bank	United Bank for Africa	Zenith Bank
2011	6.54	4.56		6.35	0.82	7.69	3.36	8.03	0.58	9.06	6.01
2012	4.18	4.82		7.47	0.57	11.73	3.92	6.04	0.62	13.74	6.05
2013	5.1	4.82		8.04	0.25	8.59	3.64	5.89	0.49	6.75	7.5
2014	5.39	4.39	5.89	7.65	0.19	2.95	17.48	6.51	0.42	7.68	8.42
2015	3.15	4.59	3.17	10.81	0.66	9.7	1.74	7.21	0.48	3.52	5.16
2016	7.2	2.96	3.2	11.02	3.45	5.83	2.06	8.67	0.76	7.65	6.7
2017	7.11	2.37	3.47	7.42	2.96	1.39	1.7	6.18	0.69	4.5	4.89
2018	8.11	1.64	2.5	3	4.63	1.39	1.98	4.31	0.62	7.28	5.37
2019	7.13	3.58	3.27	2.69	4.83	2.48	2.47	4	0.75	6.94	6.64
2020	7.33	3.5	3.03	4.82	10.2	2.58	4.97	6.29	0.76	6.16	6.31
Mean Return ($\bar{r}$)	**6.12**	**3.72**	**3.50**	**6.93**	**2.86**	**5.43**	**4.33**	**6.31**	**0.62**	**7.33**	**6.31**
Risk (δ)	**1.60**	**1.11**	**1.09**	**2.83**	**3.15**	**3.78**	**4.75**	**1.45**	**0.12**	**2.76**	**1.08**
$\bar{r}$/δ	**3.84**	**3.35**	**3.20**	**2.44**	**0.91**	**1.44**	**0.91**	**4.35**	**4.96**	**2.65**	**5.83**

In summary, analysing income returns, risk, and risk-adjusted returns for REITs and selected bank stocks in Nigeria reveals various performance insights. While bank stocks typically yielded higher returns than REITs, the latter provided lower volatility and more consistent income. Hence, investment decisions should match individual risk tolerance and return expectations. Aggressive investors may prefer bank stocks like UBA, Access Bank, and GTB, while those prioritising stability may choose Skye Shelter REIT and Polaris Bank. A diversified strategy including both REITs and bank stocks could balance long-term income stability with capital growth. Table 2 shows the average annual capital returns of REITs and selected bank stocks from 2011 to 2020. Capital return reflects the percentage change in investment value, indicating gains or losses. During this period, capital returns varied significantly for both REITs and bank stocks. Among banks, Fidelity Bank had the highest mean return of 14.91, followed by Guaranty Trust Bank (12.56), United Bank for Africa (12.13), and Polaris Bank (11.90), all showing positive capital growth and strong price appreciation. In contrast, REITs had lower average capital returns, with UPDC REIT at 0.71 and Skye Shelter REIT and Union Homes REIT at 0.21. This indicates that REITs provide stable income but minimal capital appreciation. This is likely due to real estate's illiquid nature and lack of strong market-driven price increases.

Capital returns for REITs and bank stocks showed high volatility, indicated by standard deviations (δ). Bank stocks had greater variability, implying higher risk. UBA had the highest risk at 52.03, followed by Access Bank (40.09), Polaris Bank (28.09), and GTB (26.64). This volatility suggests that attractive capital returns carry substantial risks. In contrast, REITs had lower standard deviations, indicating stable returns. Skye Shelter REIT had the lowest risk at 1.08, followed by UPDC REIT (2.19). REITs are generally less prone to large market fluctuations than bank stocks. However, Union Homes REIT had notably higher volatility at 6.02, possibly due to external factors like regulatory changes affecting real estate during the study period.

Fidelity Bank led with a risk-adjusted return of 0.70, indicating strong capital appreciation with moderate risk. GTB (0.47) and First Bank (0.44) followed with good performances. In the REIT sector, UPDC REIT had the highest risk-adjusted return at 0.32, showing the best capital return for its risk, with Skye Shelter REIT (0.19) and Union Homes REIT (0.03) trailing, the latter exhibiting high volatility. UBA, despite high mean returns, had a low risk-adjusted return of 0.23 due to its extreme volatility, emphasising the need to prioritise risk-adjusted performance over raw returns in investment evaluations.

The analysis of capital returns, risk, and risk-adjusted returns among REITs and selected bank stocks on the Nigerian Stock Exchange from 2011 to 2020 reveals key differences in their performance. Fidelity Bank, GTB, and UBA were the best capital growth performers but carried substantial risk. In contrast, REITs like Skye Shelter and UPDC offered more stable, though lower, returns, appealing to conservative investors.

Table 2: Capital Returns, Risk, and Risk-Adjusted Returns of REITs and Selected Bank Shares in Nigeria

Year	Skye Shelter	Union homes	UPDC	Access Bank	Citi Bank	Fidelity Bank	First Bank	Guaranty Trust Bank	Polaris Bank	United Bank for Africa	Zenith Bank
2011	-	-									
2012	-1.23	0.4		-6.6	-13.73	-1.65	28.57	16.85	50.53	-34.06	10.95
2013	1.55	0		43.61	50.11	-8.94	13.73	44.51	44.39	99.45	35.92
2014	-0.71	-2.92	-	-25.83	4.11	-14.72	9.58	-0.76	33.96	-12.12	-2.58
2015	1.33	-6.16	2.95	-29.21	6.31	18.71	0.35	-6.95	-4.11	-33.23	-6.78
2016	0.61	9.77	2.25	-10.09	-12.42	45.45	26.66	-15.94	-34.01	-7.98	-30.65
2017	-0.91	-9.6	-2	78.36	43.42	22.08	61.62	62.5	15.11	98.47	52.16
2018	0.3	1.04	2.04	50	7.55	34.13	7.4	15.45	16.15	-24.04	22.89
2019	-0.51	7.07	-2	-30.34	-0.15	3.82	-16.64	-15.12	-15.71	4.91	-16.04
2020	1.43	2.25	1.02	-10.75	-18.4	35.29	-27.38	12.49	0.78	17.74	5.21
Mean Return ($\bar{r}$)	**0.21**	**0.21**	**0.71**	**6.57**	**7.42**	**14.91**	**11.54**	**12.56**	**11.90**	**12.13**	**7.90**
Risk (δ)	**1.08**	**6.02**	**2.19**	**40.09**	**24.23**	**21.29**	**26.19**	**26.64**	**28.09**	**52.03**	**25.91**
$\bar{r}$/δ	**0.19**	**0.03**	**0.32**	**0.16**	**0.31**	**0.70**	**0.44**	**0.47**	**0.42**	**0.23**	**0.30**

Table 3 shows the total return of Nigerian REITs and selected bank stocks from 2011 to 2020. Total return combines income and capital return, reflecting overall investment gains or losses. This metric helps compare income-generating and capital-appreciation investments. Among bank stocks, Fidelity Bank leads with an average total return of 15.15, followed by Guaranty Trust Bank (13.26) and First Bank (10.89). These stocks delivered strong income returns and significant capital appreciation, appealing to investors seeking both income and growth. Zenith Bank performed well with a return of 9.16 but was slightly lower than GTB and First Bank. In contrast, REITs showed lower average returns, with Skye Shelter REIT at 6.19, Union Homes REIT at 1.97, and UPDC REIT at 1.02. This indicates that while REITs were stable, they offered lower returns than bank stocks during the study period.

Bank stocks were highly volatile, with UBA at the highest risk level (26.07), followed by Zenith Bank (25.94), Polaris Bank (23.02), and Fidelity Bank (21.93). Such volatility highlights the risks in bank stocks, which can fluctuate sharply due to market sentiment and macroeconomic factors. In contrast, REITs were much less volatile, with Skye Shelter REIT at the lowest risk (1.96), reinforcing their reputation as stable investments for conservative investors seeking predictable returns. Union Homes REIT (6.05) had slightly higher volatility, likely due to real estate market fluctuations.
Skye Shelter REIT had the highest risk-adjusted return at 3.15, indicating it delivered the best return relative to risk. Its modest total return and low volatility made it the most efficient investment. Among bank stocks, Fidelity Bank had the highest risk-adjusted return (0.69), followed by GTB (0.66) and First Bank (0.55), showing efficiency in returns given their risk levels. UBA and Access Bank had high mean total returns but low risk-adjusted returns (0.07) due to high volatility, indicating significant risks despite potential returns.

The analysis of total returns, risk, and risk-adjusted returns shows contrasting performance of Nigerian REITs and bank stocks (2011-2020). Bank stocks like Fidelity, GTB, and First Bank provided higher total returns but with substantial risks. Conversely, REITs offered more stable returns and better risk-adjusted performance, especially Skye Shelter. Investors seeking high growth may choose bank stocks, while those prioritizing low-risk prefer REITs.

Table 4 compares income, capital, and total returns for REITs and selected bank stocks in Nigeria. It examines returns through mean return ($\bar{r}$), risk (δ), and risk-adjusted return ($\bar{r}$/δ). REITs, especially Skye Shelter and Union Homes, showed stable income returns with low risk. Skye Shelter had an income return of 6.12 and a risk-adjusted return ($\bar{r}$/δ) of 3.84, demonstrating its reliability in consistent income generation. Likewise, Union Homes reached a $\bar{r}$/δ of 3.35, highlighting REITs' low-risk investment approach. In contrast, bank stocks generally offered higher income returns but with increased volatility. United Bank for Africa (UBA) and Guaranty Trust Bank (GT Bank) reported income returns of 7.33 and 6.31, respectively. Their risk-adjusted returns were slightly lower than REITs, indicating higher uncertainty in income generation.

The analysis reveals that bank stocks outperformed REITs in capital returns, though with much higher risks. GT Bank reported a mean capital return of 12.56, and UBA recorded 12.13, but their risk was substantial, with standard deviations of 26.64 and 52.03. Conversely, REITs showed limited capital growth reflective of their income-focused nature. Skye Shelter recorded a mean capital return of 0.21 and a low risk-adjusted return ($\bar{r}$/δ) of 0.19, suggesting modest appreciation with minimal volatility. This underscores REITs' focus on steady income over capital growth.

Table 3: Total Returns, Risk, and Risk-Adjusted Returns of REITs and Selected Bank Shares in Nigeria

Year	Skye Shelter	Union homes	UPDC	Access Bank	Citi Bank	Fidelity Bank	First Bank	Guarant y Trust Bank	Polaris Bank	United Bank for Africa	Zenith Bank
2011		-									
2012	2.81	2.81		-6.05	-7.01	-1.44	28.75	37.22	25.53	-33.56	11.9
2013	6.55	2.41		17.29	32.51	-8.8	13.92	25.61	33.52	29.94	37.52
2014	4.54	-0.79		-7.92	9.75	-14.54	10.58	0.94	29.54	-11.63	-0.83
2015	4.44	-4.07	3.26	-28.61	6.6	18.87	0.45	-5.2	30.42	-33.08	-5.78
2016	7.76	11.25	2.57	-9.54	11.82	18.93	26.81	-14.17	-33.46	15.79	-29.75
2017	6.09	-8.53	-1.66	18.9	15.29	49.6	34.31	35.16	15.69	38.15	53.16
2018	8.3	1.79	2.29	24.98	10.28	34.24	19.43	31.55	16.75	-12.4	24.24
2019	6.49	8.82	-1.68	-13.9	2.69	4.02	-9.21	-6.6	-15.1	5.34	-14.64
2020	8.73	4	1.32	15.95	-13.5	35.51	-27	14.79	1.41	18.19	6.61
Mean Return ($\bar{r}$)	**6.19**	**1.97**	**1.02**	**1.23**	**7.60**	**15.15**	**10.89**	**13.26**	**11.59**	**1.86**	**9.16**
Risk (δ)	**1.96**	**6.05**	**2.17**	**18.45**	**13.20**	**21.93**	**19.85**	**19.95**	**23.02**	**26.07**	**25.94**
$\bar{r}/\delta$	**3.15**	**0.33**	**0.47**	**0.07**	**0.58**	**0.69**	**0.55**	**0.66**	**0.50**	**0.07**	**0.35**

Skye Shelter REIT achieved a mean return of 6.19 and a high risk-adjusted return ($\bar{r}/\delta$ = 3.15), showcasing REITs' consistency and efficiency in managing risk. In contrast, bank stocks like GT Bank ($\bar{r}$ = 13.26) and Fidelity Bank ($\bar{r}$ = 15.15) outperformed in total returns, but their risk-adjusted returns (Fidelity Bank: $\bar{r}/\delta$ = 0.69; GT Bank: $\bar{r}/\delta$ = 0.66) were lower than REITs, indicating higher volatility. UBA ($\bar{r}$ = 1.86, $\bar{r}/\delta$ = 0.07) and Access Bank ($\bar{r}$ = 1.23, $\bar{r}/\delta$ = 0.07) showed the lowest risk efficiency, highlighting trade-offs between returns and risk. Overall, REITs displayed superior risk efficiency. Skye Shelter led in risk-adjusted returns across income, capital, and total return categories, appealing to risk-averse investors.

Table 4: Comparative Analysis of Returns

	Income Return			**Capital Return**			**Total Return**		
Investment Type	**Return ($\bar{r}$)**	**Risk (δ)**	**$\bar{r}/\delta$**	**Return ($\bar{r}$)**	**Risk (δ)**	**$\bar{r}/\delta$**	**Return ($\bar{r}$)**	**Risk (δ)**	**$\bar{r}/\delta$**
Skye Shelter	6.12	1.60	3.84	0.21	1.08	0.19	6.19	1.96	3.15
Union homes	3.72	1.11	3.35	0.21	6.02	0.03	1.97	6.05	0.33
UPDC	3.50	1.09	3.20	0.71	2.19	0.32	1.02	2.17	0.47
Access Bank	6.93	2.83	2.44	6.57	40.09	0.16	1.23	18.45	0.07
Citi Bank	2.86	3.15	0.91	7.42	24.23	0.31	7.60	13.20	0.58
Fidelity Bank	5.43	3.78	1.44	14.91	21.29	0.70	15.15	21.93	0.69
First Bank	4.33	4.75	0.91	11.54	26.19	0.44	10.89	19.85	0.55
Guaranty Trust Bank	6.31	1.45	4.35	12.56	26.64	0.47	13.26	19.95	0.66
Polaris Bank	0.62	0.12	4.96	11.90	28.09	0.42	11.59	23.02	0.50
United Bank for Africa	7.33	2.76	2.65	12.13	52.03	0.23	1.86	26.07	0.07
Zenith Bank	6.31	1.08	5.83	7.90	25.91	0.30	9.16	25.94	0.35

While bank stocks offered higher returns, they carried more risk; stocks like Zenith Bank and GT Bank showed better efficiency in the banking sector with risk-adjusted ratios of 0.35 and 0.66, respectively, indicating potential for balanced returns in a high-risk environment. REITs offer stability and consistent income, making them ideal for conservative investors. Meanwhile, bank stocks present higher growth potential but involve significant risk, targeting more aggressive strategies. Findings highlight the need to align investments with risk appetite and financial goals.

5. FINDINGS AND DISCUSSION

This study found that bank shares have superior returns when compared to N-REITs, which is in tandem with the study of [19] despite adopting different approaches in assessing the performance of the investments. In terms of risks, this study found that N-REITs are less volatile than commercial bank shares. This supports the finding that N-REITs exhibit low risk when compared to stocks but not lower than bonds [15]. However [15] study is not primarily focused on commercial bank stocks. Also, using total and income returns, REITs exhibit high risk-adjusted returns similar to [15] findings. However, this is not the case when the risk-adjusted return was evaluated using capital return.

6. CONCLUSION AND RECOMMENDATIONS

The study concludes that bank stocks offer higher return potential but have greater risk. Conversely, REITs provide a more stable and predictable source of income with lower volatility, making them suitable for different investor profiles. The findings underscore the importance of investor risk tolerance and return expectations in determining the optimal investment mix in the Nigerian financial market. Future regulation and development of the REIT market could enhance its attractiveness by improving liquidity and increasing capital appreciation potential. Investors who desire capital appreciation should consider bank stocks as the capital returns of bank stocks are very much higher than the capital returns of REITs. Investors who are risk-averse and desire stable income should consider REITs. However, investors seeking a balanced portfolio should consider a mix of high-return bank stocks and stable REITs. An optimal investment strategy would ultimately involve a diversified approach, combining high-growth bank stocks with stable REITs to balance risk and return.

Based on the findings, the study recommends that investors adopt a diversified portfolio strategy by combining REITs and bank stocks to balance income stability with capital appreciation potential. The stability of REIT income returns can complement the high return but volatile nature of bank stocks, reducing overall portfolio risk. However, the fitness of these investments in a portfolio is subject to further analysis, such as correlation. The study also recommends that investors should assess their risk tolerance before investing. Conservative investors seeking predictable income with minimal risk should prioritise REITs, particularly Skye Shelter REIT. Aggressive investors willing to bear higher risk for capital gains can focus on high-performing bank stocks such as Fidelity Bank, GTB, and UBA.

Finally, REITs are more suitable for long-term investments, as they provide steady income over time. Investors with long-term financial goals, such as retirement planning, can benefit from their low risk and consistent returns.

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