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# RESEARCH INSIGHTS

## SIGNAL HERDING AND CONTRARIANISM IN REITS: DISSEMINATION OF STOCK VS FIXED INCOME FACTORS

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### EXECUTIVE SUMMARY

Herding and contrarian behaviours in financial markets have drawn significant attention due to their potential to distort prices. In the Real Estate Investment Trusts (REITs) market, both behaviours have been observed, though explanations often remain anecdotal. This paper provides further insights into herding and contrarianism in US equity REITs by analysing their inherent characteristics and the impact of exogenous informational signals. Our findings reveal frequent and prolonged contrarian behaviour, contrasted with sporadic and brief herding episodes at both the market and sub-sector levels. Our results highlight the dual nature of REITs, where return dispersions differ inherently between their stock and fixed-income characteristics. Moreover, information spillovers from the stock and debt markets, as well as signals from larger REITs, drive distinct investor behaviours. We also observe that herding tendencies increase when investors shift capital from the stock market and that excess return dispersion intensifies during recessions, reflecting a heightened reliance on private information in times of crisis.



### KEYWORDS

- Herding
- REITS
- Contrarianism
- Fundamental
- Signal

### RESEARCH RELEVANCE

- Real Estate Investment Trust (REIT) investors more frequently trade against the market consensus, while herding behaviour occurs only occasionally and for short periods.
- REITs combine characteristics of both equities and fixed-income assets, investor responses to information from stock and bond markets affect trading patterns and return dispersion.
- Market sentiment and informational signals from large “representative” REITs influence the intensity of herding and contrarian behaviour.
- During recessions or periods of uncertainty, return dispersion increases and investors rely more on private information, which intensifies contrarian behaviour.

### BIBLIOGRAPHIC INFORMATION

Liu, N., & Zhao, Y. (2026). Signal Herding and Contrarianism in REITs: Dissemination of Stock vs Fixed Income Factors. *Review of Quantitative Finance and Accounting*. Advance online publication. <https://doi.org/10.1007/s11156-026-01487-9>

*“Our findings reveal frequent and prolonged contrarian behaviour, contrasted with sporadic and brief herding episodes at both the market and sub-sector levels”*

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