

# **The analysis of micro and macroeconomic factors affecting the capital structure using simple regression model and dynamic**

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**Abstract Purpose** - This paper aims to examine the determinants of the capital structure of real estate investment trusts (REITs) across the world and explore whether this structure is characterized by any common factors.

**Design/methodology/approach** - Endogenous and exogenous factors that affect the financial management of real estate firms are identified in the analysis. "Regular" (static) panel data regression analysis, as well as dynamic panel data techniques, is applied to a panel of listed real estate firms 2005 to 2010. **Findings** - Empirical results showed that factors such as tangibility, size of the company, growth opportunities, assets turnover affect positively the financial leverage of REITs; conversely, other determinants, being debt's cost, GDP, and long-term interest rates, are negatively correlated with the financial gearing of the REITs. **Practical implications** - This paper identifies factors that determine the capital structure of REITs around the world. Firm executives and policy makers in different countries may wish to adjust their policies (regarding capital structure) according to the empirical findings. **Originality/value** - This study, using a comprehensive dataset all over the world, investigates whether there are solid and mutual factors that can characterize the capital structure of REITs.

**Keywords** : **Keywords:** Capital structure, Panel data, Real estate markets

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