



## 3 Apartment REITs With Yields of 4-9% to Buy Today

### Description

The apartment industry has experienced steady growth over the last few years as renting has become more popular than buying, and as a savvy investor, I had to search for ways to profit from this trend. I did just that and found three residential real estate investment trusts (REITs) with high and safe dividend yields of 4-9%, so let's take a quick look at each to determine which would fit best in your portfolio.

#### 1. Northview Apartment REIT

**Northview Apartment REIT** (TSX:NVU.UN) has ownership interests in 24,202 apartment units and 419 executives and hotel units in more than 60 markets across Canada. It also has a portfolio of commercial properties focused on government and quality corporate tenancies that total approximately 1.14 million square feet.

It pays a monthly distribution of \$0.1358 per share, or \$1.6296 per share annually, which gives its stock a yield of about 8.6% at today's levels.

It is also important to make two notes.

First, Northview has raised its annual distribution for three consecutive years.

Second, I think the company's ample funds from operations, including the \$2.34 per share it generated in fiscal 2015, and its low payout ratio, including 69% in fiscal 2015, could allow its streak of annual increases to continue with a slight hike at some point in 2016.

#### 2. Killam Apartment REIT

**Killam Apartment REIT** ([TSX:KMP.UN](#)) owns and operates 176 apartment properties that have a total of 13,681 units and 35 manufactured home communities that have a total of 5,165 land-lease sites in Atlantic Canada, Ontario, and Alberta. It also owns four commercial properties that total approximately 248,000 square feet in Halifax.

It pays a monthly distribution of \$0.05 per share, or \$0.60 per share annually, which gives its stock a yield of about 5.15% at today's levels.

It is also important to make two notes.

First, Killam has maintained its current annual distribution rate since 2014.

Second, I think the company's increased amount of funds from operations, including its 11.5% year-over-year growth to an adjusted \$0.68 per share in fiscal 2015, and its reduced payout ratio, including an adjusted 87.7% in fiscal 2015 compared with an adjusted 98.1% in fiscal 2014, could allow it to announce a distribution hike within the next few months.

### **3. Canadian Apartment Properties REIT**

**Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)) has ownership interests in 41,171 apartment and townhouse suites and 6,289 land-lease sites in 30 manufactured home communities in and near urban centres across Canada and Dublin, Ireland. It also owns 28 commercial properties in major cities across Canada.

It pays a monthly distribution of \$0.10166 per share, or \$1.22 per share annually, which gives its stock a yield of about 4.2% at today's levels.

It is also important to make two notes.

First, Canadian Apartment Properties has raised its annual distribution for four consecutive years, and its 3.4% hike in May 2015 has it on pace for 2016 to mark the fifth consecutive year with an increase.

Second, the company has a long-term target payout range of 70-80% of its normalized funds from operations, so I think its record portfolio growth in 2015 and its low payout ratio, including 73.1% in fiscal 2015, sets it up nicely to continue its streak of annual distribution increases for the next several years.

### **Which apartment stock belongs in your portfolio?**

Northview Apartment REIT, Killam Apartment REIT, and Canadian Apartment Properties REIT are three of the best ways to invest in the growing apartment industry. All Foolish investors should strongly consider making one of them a core holding today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
2. TSX:KMP.UN (Killam Apartment REIT)

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