



## REIT Investors: 3 Companies With Great Potential

### Description

Real estate in Canada is hotter than it has ever been. With prices for small bungalows in parts of Toronto and Vancouver approaching the stratosphere, the dreams of owning a home or investing in property are slowly withering away.

Add to this the growing uncertainty of a real estate bubble and impending mortgage rate hikes, and the whole process can be a little unsettling for some.

That being said, there are still some investments out there that don't involve a 30-year mortgage to a big bank, chasing down tenants for rent, and paying costly repair bills—real estate investment trusts (REITs).

REITs offer many of the advantages that a landlord gets—most importantly, a monthly distribution for your investment—but without any of the hassles associated with actually owning and managing the property. Even better, REITs typically comprise of dozens, if not hundreds, of properties scattered across vast areas, which diversifies your investment even further.

Here are a couple of REIT investments to consider adding to your portfolio.

### Killam Apartment REIT

**Killam Apartment REIT** ([TSX:KMP.UN](https://www.killamreit.com)) has a portfolio that is primarily focused on multi-family residential homes that are primarily in Atlantic Canada, but with some exposure to Alberta and Ontario. Killam proudly boasts its commitment to tenant satisfaction as a key point in keeping growth strong and vacancies low.

Killam pays a monthly distribution of \$0.05, which, given the current stock price, amounts to a yield of 5.07%. This is a great distribution rate, but what makes it even better is the fact that the payout rate for this stock is low enough that it allows ample room for investment growth and the ability to pay out a handsome distribution.

## **Dream Office Real Estate Investment Trst**

**Dream Office Real Estate Investment Trst** (TSX:D.UN) is another great option. Dream focuses on primarily commercial properties around Canada with a sprawling 21.5 million square feet in the company's portfolio. While the company currently trades below \$18 per share, Dream values the company much higher—over \$23.64, specifically.

That figure is based on the value of the assets the company has, not necessarily based on speculation. Even better, that \$23.64 takes into consideration a massive decrease in value attributed to the portion of the company's portfolio based in Alberta. If you factor in the value of those Albertan properties, the value shoots up past \$30. Again, keep in mind the share price right now is below \$18.

Dream is actively working to boost value by selling non-core products and paying down debt. Assuming that the Albertan properties recover as the economy slowly does, Dream should emerge much healthier with far less debt while still paying a great distribution.

Dream's current monthly distribution is pegged at \$0.12 per share, which, at the current stock price, provides a very healthy 8.49% yield.

## **Northview Apartment REIT**

Northview Apartment REIT (TSX:NVU.UN) has a diversified portfolio of over 24,000 mostly multi-family units across the western parts of the country, Atlantic Canada, Ontario, Quebec, and in the north of the country. This makes Northview the third-largest REIT in the country and places the company firmly in an advantageous position over rivals due to its diversified portfolio.

Northview is set up to handle issues in a local market, such as the slowdown in the Albertan economy.

Northview is actively looking at growth opportunities from within its vast supply of properties. The company recently identified over 2,400 suites in its portfolio that are targeted for high-end renovation. Once complete, the return on those renovations should fetch up to 20%.

Northview has also identified units where the current rent rates are below the accepted market rate. Those units can be targeted for increase through the course of turnover.

In terms of a distribution, Northview has raised the distribution an impressive eight times over the past 13 years and concurrently decreased the payout ratio to below 70%. The current monthly distribution is \$0.1358 per share, which, given the current stock price, results in an impressive 8.5% yield.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. TSX:D.UN (Dream Office Real Estate Investment Trust)
2. TSX:KMP.UN (Killam Apartment REIT)

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**Author**

dafxentiou

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