



Become a Carefree, Passive Landlord and Get Monthly Income

Description

It's understandable why people want to own their own homes. However, renting properties out is another matter. Not everyone enjoys being a landlord.

As a landlord, you have to deal with property maintenance, filter the right tenants, and possibly have to chase down tenants to get your rent payments. It can get exhausting really fast.

If being a landlord doesn't suit you, you can still participate in the housing market by investing passively in residential real estate investment trusts (REITs).

Killam Apartment REIT ([TSX:KMP.UN](#)) and **Northview Apartment REIT** (TSX:NVU.UN) are good choices to consider.

Their portfolios give the benefit of providing much more diversification than if investors buy individual properties on their own.

Killam Apartment is focused on growth

Killam Apartment owns, manages, and develops multi-family residential properties and has \$1.9 billion of real estate assets, including more than 13,900 apartment units and over 5,100 manufactured home communities (MHCs).

Specifically, the REIT earns 89% of its net operating income (NOI) from apartments and 9% from MHCs. Killam Apartment focuses on three provinces and earns 43% of its NOI from Nova Scotia, 22% from New Brunswick, and 18% from Ontario. It also has assets and earns income from Newfoundland and Labrador (8% of NOI), Prince Edward Island (6%), and Alberta (3%).

apartment or type unknown

Killam Apartment grows in multiple ways. First, it increases earnings from its portfolio.

Second, it makes accretive acquisitions in newer properties to expand its portfolio and increase its

diversification.

Third, in its core markets, it develops high-quality properties, which tend to be more profitable than relying on a third party.

In fact, Killam Apartment can very well trade at a multiple of 15 (at about \$13.65) in a year, which would imply a potential 10% gain from current levels. Let's not forget that it offers a sustainable yield of 4.8% that adds to returns as well.

Northview Apartment yields 7.7% and is discounted

Northview Apartment is subject to some cyclicalities due to operating in resource-based markets. However, the company has made a big improvement by reducing the exposure from 41% of NOI to 22% via acquisitions. Investors should also note that it earns 27% of its NOI from the strong Ontario market.

Northview Apartment could trade at its normal multiple again, if not at a higher multiple, due to having an improved portfolio. If the company trades at its long-term normal multiple, it should be worth closer to \$24.80 per unit. If so, that would imply about 17% of price appreciation. Moreover, its distribution yield of 7.7% is sustainable with a payout ratio of about 77%.

Investor takeaway

Real estate is a long-term investment to generate monthly income and tends to steadily appreciate in value over time. And REITs make investing in real estate all the more convenient and probably less time consuming.

So, explore the REITs today. You might just fall in love with Killam and Northview as income investments with growth potential.

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