



Become a Passive Landlord and Collect This Bountiful 4.8% Yield

Description

Being a landlord can be a tough gig. Sure, you get to collect a consistent flow of monthly income, but who really wants to deal with all the baggage that comes with being a landlord? Maintenance and repairs can be a real hassle, especially with an older building that is falling apart. Being a landlord is also very time consuming — it's pretty much a full-time job. You need to sort through contracts, deal with disputes, and even have to go through the stresses of legal issues.

Landlords have also gotten a poor reputation by the press as being a ruthless bunch of folks who only care about collecting rent money.

It sounds like a raw deal, doesn't it? But there is a way to collect this monthly income without all the downsides of becoming a landlord.

Become a passive landlord by investing in undervalued REITs. **Killam Apartment REIT** ([TSX:KMP.UN](https://www.killamreit.com)) is a high-quality real estate play that offers a very generous 4.8% dividend yield at current levels. The company took a dip in the latter part of last year, but I believe it's nothing more than a buying opportunity for long-term income investors. The fundamentals of the business are still very strong and a dividend hike could be on the horizon.

The company owns, manages, and develops multi-family residential properties across Canada. Killam owns over \$1.9 billion worth of assets. These assets are primarily located in eastern Canada, so you don't have to worry about the impact of a Vancouver housing market correction, which may happen in the near future. The company earns about 43% of its net operating income from Nova Scotia and 22% from New Brunswick.

The management team is determined to grow its net operating income through revenue growth in combination with prudent expense-management initiatives. The company is also growing through strategic acquisitions to bolster its solid portfolio of assets as well as working on new development projects. Killam has approximately \$59 million worth of projects for 2017 and 2018.

Killam is a terrific residential real estate play that will reward you with terrific income without the baggage of becoming a landlord. The company has several great growth initiatives, and the stock

looks too cheap to ignore right now.

The stock currently trades at a 12 price-to-earnings multiple, which is much less than the company's five-year historical average price-to-earnings of 16.5. The price-to-book and price-to-sales multiples are in line with historical averages. The stock is definitely cheap right now and is a top pick if you're a long-term income investor.

CATEGORY

1. Investing

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1. TSX:KMP.UN (Killam Apartment REIT)

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