



2 REIT investments for Every Portfolio

Description

The allure of owning a home seems to be wavering among millennials. Whether it's the ridiculous price of homes in the Toronto and Vancouver markets, the growing number of managed community rentals properties, or the growing costs associated with owning a home, the market is evolving.

That evolution also means that owning an income-producing rental isn't realistic. Fortunately, this is where real estate investment trusts (REITs) come into the picture.

REITs offer the benefits of owning an income property without the worries of any maintenance costs or dealing with tenants.

Fortunately, there are plenty of REITs to choose from. Here are two worthy of your portfolio.

Dream Office Real Estate Investment Trst

Dream Office Real Estate Investment Trst ([TSX:D.UN](#)) focuses mainly on office space holdings across the major metro areas of the country. Those office holdings are leased out to many of the largest companies in the country across the finance, technology, and energy sectors.

In other words, between the prime location of the holdings and the tenant list, the chances of prolonged vacancies are unlikely.

That's not to say vacancies won't occur.

Dream reported a fair-value loss of almost \$750 million last year, stemming from the weakened Albertan economy. That led to the company issuing a plan to improve the health of the company which involved lowering the distribution and divesting some assets to pay down debts. In turn, that caused the stock to drop nearly 20%, leaving the net asset value (NAV) of all properties at a significant discount.

While some of that discount has since been recovered, the stock is still trading below the NAV value, and despite lowering the distribution last year, Dream offers investors a monthly distribution of \$0.125

per share, resulting in a juicy 7.53% yield.

Killam Apartment REIT

Killam Apartment REIT ([TSX:KMP.UN](#)) is another great REIT with plenty of potential. Killam operates 214 primarily multi-family residential properties in smaller markets across the eastern and Atlantic provinces. With most of the larger REITs focusing on large metro areas, Killam has found a sweet spot of properties in these regions that provide nearly 90% of the company's income.

Killam has made some acquisitions over the past year that have already contributed to the bottom line of the company. Last month, Killam announced the closing of \$26.2 million in acquisitions, adding 153 apartments in London and 66 units in Calgary to its growing portfolio.

Earlier this month, Killam announced fourth-quarter and annual results. Over the course of the year, Killam managed to realize property revenue growth of 1.8% thanks to both increased rental and higher occupancy rates. Additionally, Killam realized a 1.2% decrease in expenses over the course of the year, which in turn resulted in a 4% increase in NOI.

Killam also increased the monthly distribution by 3.3% to \$0.05167 per share and now provides a very respectable yield of 4.74%.

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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