



## The 3 REITs Every Portfolio Must Have

### Description

There are few investments on the market today that are as intriguing as REITs. These companies allow investors to essentially become passive landlords and collect rent cheques without needing to hunt down tenants or fix broken sinks.

Intrigued? Good. Here are a few REIT investments that could be great additions to your portfolio.

**Melcor Developments Ltd.** ([TSX:MRD](#)) is beginning to come onto the radars of investors, and for good reason. The Edmonton-based company is well diversified, operating under four distinct segments, including residential, retail, commercial, and golf. Despite that interesting mix of properties, the market has been overly harsh on Melcor, overcompensating for the weaker areas of Melcor's portfolio — notably, Albertan holdings that are weaker due to the oil slowdown.

As the market in Alberta cooled, so too did Melcor's stock price, falling to just under \$15, and this is where the opportunity lies. Melcor's book value, as of the end of June, was \$29.30, which means the current deflated price has huge upside.

If that isn't convincing enough, then investors should take note of the quarterly distribution which provides a respectable 3.5% yield.

**Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)) is a REIT that should be part of every portfolio. Canadian Apartment Properties's portfolio consists of residential properties, which can be apartments and townhomes that are situated in and around the major metro areas of Canada, catering to the commuter communities. In addition to the company's holdings in Canada, Canadian Apartment Properties has holdings in Europe, which adds a certain international diversification to the REIT that few others share.

Why invest in Canadian Apartment Properties? There are two main reasons investors should consider this stock.

First, Canadian Apartment Properties continues to show signs of steady growth, with the company recently announcing a 7% year over year increase to revenues, which topped \$157 million. That

growth has carried over to the stock price as well, which is up over 8% year to date.

The second reason to consider this REIT is the distribution. The monthly \$0.10667 provides a very respectable 3.77% yield, and with a payout ratio near 70% of funds from operations, there's ample room for growth. The REIT last hiked the distribution earlier this year.

**Killam Apartment REIT** ([TSX:KMP.UN](#)) is another REIT that is primarily focused on residential properties. Killam has a massive portfolio that encompasses nearly 14,000 apartment units and over 5,000 manufactured home communities. Killam primarily serves the Maritimes, but the company has also been actively expanding into both Ontario and Alberta recently.

That exposure to the Maritimes allows Killam to be partially insulated from the overheated markets of Toronto and Vancouver, while still allowing the company to steadily increase rents and seek out new growth opportunities.

Killam recently announced two new acquisitions to add to its portfolio: two buildings in Halifax that contain 134 units, and two properties under construction in Edmonton that will add 296 units to the company's portfolio.

In terms of a distribution, Killam offers a very impressive 4.75% yield through a monthly distribution that is currently set to \$0.05167.

## 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)
3. TSX:MRD (Melcor Developments Ltd.)

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