



Is it Time to Buy This Real Estate Gem?

Description

It seems like every day we see a warning about the [real estate market](#).

While these warnings are warranted for certain pockets, we don't hear as much about pockets of the real estate market that are still going strong and that represent good money-making opportunities.

So how can real estate investors participate in these opportunities? There are segments of the real estate market that are seeing very strong drivers at this time.

I present to you **Tricon Capital Group** ([TSX:TCN](#)), a diversified North American real estate investment company.

Tricon company has a 30-year history and a stock that has increased 300% since 2012. The company is focusing on the right metrics, with a target IRR of 15-20% for its investments.

Here are the key reasons to buy Tricon stock now:

Rental income growth

The company's biggest segment by far is Tricon American Homes (TAH), which is the company's portfolio of single-family rental homes that compose almost 70% of adjusted EBITDA.

Second-quarter 2018 rental revenue increased 30%, and its operating margin increased 119 basis points to 62%, a reflection of strong rent growth of 6.4% in the quarter and continued strong occupancy rates of 95.2%.

A strong and steady U.S. housing market

Tricon has a good track record of growing the business and taking advantage of opportunities in the U.S. real estate market.

Back in the 2008 housing crisis in the U.S., Tricon aggressively bought at distressed levels — a move that has clearly paid off.

At this time, the U.S. housing market is still in the process of continuing its slow, gradual recovery, and Tricon is there with its diversified portfolio, reaping the rewards.

The company's business segments are focused on four related business verticals within the North American real estate industry: Tricon Housing Partners (land and home building), Tricon American Homes (single family rental), Tricon Lifestyle Communities (manufactured housing communities), and Tricon Luxury Residences.

These business segments provide diversified exposure to various areas of the housing market.

Also, the company has been focused on the higher growth regions in the U.S.: the "Sun Belt," which includes Southern California, Texas, Alabama, Georgia, and Florida. This region has been seeing faster employment growth and faster population growth than the national average, and this is expected to continue.

Finally, Tricon currently has a dividend yield of 2.49%, and while the stock was languishing for a while, it has recently picked up momentum amid results that have been significantly better than expectations.

As such, Tricon is a [dividend stock](#) that continues to be a very attractive way to play the gradual recovery in the U.S. housing market.

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