



## Give Up on the Depressing Dream of Property Ownership and Check Out These REITs Instead

### Description

For many people in Canada, the dream of owning your personal little piece of land has died. It can be downright depressing, particularly if you live in one of the hottest markets in Canada, such as Toronto or Vancouver. Investing in property is an equally ridiculous endeavour, especially if you have the audacity to want to generate real cash flow from the property.

So, why even bother? Just give up on the dream and try to figure another way to diversify into real estate. There are a number of real estate investment trusts (REITs) that can satisfy that itch to own a piece of property you can rent out to the growing masses of renters that can't afford a house either. And these investments can actually generate a yield to fund your retirement without needing to deal with tenants of your own. There are three REITs that I have been checking out that are interesting substitutes for owning rental properties.

#### Canadian Apartment Properties ([TSX:CAR.UN](#))

[Canadian Apartment REIT](#) is the largest by market capitalization of the three REITs listed here at \$6.7 billion. Although primarily situated in Ontario and British Columbia, this REIT has apartments all over Canada and has started to build its portfolio in Europe (Ireland and the Netherlands) as well. The company pays a distribution of just under 3% and has been growing that distribution for a number of years.

#### Killam Properties ([TSX:KMP.UN](#))

Killam is focused on the Canadian market. With rising home prices, demand for rental units has been rising and this REIT has been capitalizing on the trend. Most of its income has traditionally come from the Maritime provinces such as Nova Scotia and New Brunswick, although it has been growing its Ontario business in particular in recent years. Killam [yields around 4%](#) at the current unit price and has been raising its payout for a couple of years, although it does not have the steady payout history of Canadian Apartment REIT.

Killam's net operating income has experienced a compound annual growth rate (CAGR) of 8.5% over the past few years. This company has also been deleveraging, which should help it navigate a rising-rate environment. Furthermore, it has been dropping its payout ratio as its profitability has been increasing, meaning the distribution should be more secure, potentially leading to more increases in the future.

### **InterRent** ([TSX:IIP.UN](#))

InterRent operates properties all over Canada, with a large number of properties in the major centres of Ontario and Quebec. Over the past eight years, InterRent has experienced a CAGR of its funds from operations of 27%. Its profitability has allowed this REIT to steadily increase its payout over those years. At the present time, it yields just over 2%.

### **Why choose a REIT?**

Home prices are becoming increasingly unaffordable due to high prices, rising mortgage rates, and essentially flat wage growth. Owning rental properties makes a lot of sense as more people give up on the housing dream. But why have the headache of going at it alone?

I personally like the idea of investing with companies that know how to look after tenants rather than learning the ropes myself. Of course, the downside is that you are still owning a business as opposed to owning your own little plot of land. It seems to me, though, that the downside risks to property ownership are still great enough and the irritation of managing a property repulsive enough that I would prefer to own a company that does all this for me instead and sit around and collect my distributions.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
2. TSX:IIP.UN (InterRent Real Estate Investment Trust)
3. TSX:KMP.UN (Killam Apartment REIT)

### **PARTNER-FEEDS**

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