



## Invest in the Future With These 3 REITs

### Description

Struggling Canadians who have failed to secure affordable housing of their own have been forced into the rental markets. This is especially true for people living and working in extremely expensive regions of the country like Toronto and Vancouver. While prices have begun to decline in these cities over the past couple of years, houses still remain far from affordable to the average middle-class worker.

But while the dream of home ownership is dead for essentially a generation of millennials, the lack of affordable houses for purchase is good news for companies that are focused on residential real estate investment. Canada has a number of excellent companies in this space that focus on different segments of its national geography.

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

Of the three REITs listed here, [Canadian Apartment](#) is by far the largest. With a market capitalization of over seven billion dollars, this REIT is a core holding in this sector. Canadian Apartment has an overall portfolio occupancy of 98.9%, with occupants living in its buildings across Canada as well as in Europe. Its diversified asset base is a major reason to own company.

The company's full-year 2018 results were certainly positive, with net operating income rising 11.6% year-over-year. Normalized funds from operations (NFFO) were also up by the double digits, increasing by 15.5% over 2017. The growth NFFO provides support to the REIT's 2.89% monthly distribution, providing strength to the company's 65.7% of NFFO payout ratio.

### Killam Apartment REIT ([TSX:KMP.UN](#))

Killam is a Canadian-focused Apartment REIT with properties distributed all across the country. An interesting aspect of this company is the fact that the majority of its properties are in the Maritime provinces of P.E.I., Newfoundland, New Brunswick, and Nova Scotia. The most recent annual report stated that 42% of its 2018 net operating income came from Nova Scotia.

The REIT just reported results on May 2, and the results were impressive. The company reported that it increased net income by 18% in Q1 2019 over the same quarter of 2018. It also increased its funds

from operations (FFO) by 5% year-over-year. Killam pays a distribution yield of 3.55% at current prices; this distribution was recently raised by 3.2%.

## Northview Apartment REIT (TSX:NVU.UN)

This REIT is unique in its diversification strategy, with 28% of its net operating income (NOI) come from [apartment complexes](#) located in northern Canada, such as its properties in the Northwest Territories. It also has significant exposure to western Canada (24% of NOI) and Ontario (30% of NOI).

Northview's FFO increased by a modest 1.4% in full-year 2018 as compared to 2017. Its yield of 5.84% appears to be fully covered at the moment with a payout ratio of 77.2% of FFO.

## The narrative is changing

Skyrocketing home prices may be changing the narrative for good. In many countries around the world, renting is a way of life with home ownership being only for the rich. In those regions, it has become the norm to be a renter rather than an owner. There is no reason that Canada could not adopt this mindset in the future, a boon for real estate investment trusts focused on apartments.

The growth in these companies appears to be supporting this future. Look at the long-term charts of any of the companies mentioned in this article and you will see steady, consistent growth, so why not be a part of the trend? Become a real estate owner.

With rates staying lower for longer, buying real estate as an individual investor will remain a tricky proposition. Even if you were to buy real estate, getting a yield on your property of over 3%, especially after maintenance costs, can be difficult to achieve. If you are dreaming of being a landlord, get in with the experts and pick one of these diversified REITs instead.

### 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)

### PARTNER-FEEDS

1. Msn
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**Author**

krisknutson

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