



3 Key Reasons to Buy This 2.8% Dividend Yielder Today

Description

With interests in almost 51,000 residential units predominantly in and around urban centres in Canada, **Canadian Apartment Properties REIT** ([TSX:CAR.UN](https://www.scribd.com/document/444444444/TSX-CAR-UN)) is well positioned to continue to benefit from growth in urban centres and upward pressure on rental rates and occupancy levels.

[Canadian Apartment Properties](#) just reported first-quarter 2019 results, and it was consistent with all the good stuff that we have come to expect from this REIT, further solidifying my positive thesis on the stock.

Here are the three key reasons to buy this [dividend stock](#).

Operating revenue growth

Operating revenue grew 8% to \$181.5 million in the quarter, as occupancy remained strong and stable at 98.7%, net average monthly rents continued to increase (up 3.7%), and margins continued to strengthen.

Consequently, net operating income grew 10.8%, funds from operations increased 17.3%, and funds from operations per unit increased 6.7%.

European expansion going well

Canadian Apartment Properties owns approximately 83% of “ERES,” and as the REIT attempts to create a Europe-focused multi-residential REIT, with properties in the Netherlands, Ireland, Germany, and Belgium, we will see benefits of this expansion in its scale and scope.

In the first quarter, revenues increased 7.3% in the region, with Ireland posting strong recurring revenues of \$1.96 million and fees that were up 29%.

Recall that 2018 results were already proving the value of this diversification out of Canada, with

rapidly rising occupancy levels from 94.8% to 97.9% in 2018 and a 13% increase in net average monthly rents.

Strong financial position

All this is backed by a strong financial position, proving to investors a level of safety that is invaluable.

The REIT's dividend yield is currently 2.8%, with a payout ratio of 68.5%, a 1.75 times debt service ratio, and a 3.46 times interest coverage ratio. With ample liquidity of \$142 million from the REIT's credit facilities.

Finally, the April 2019 \$345.1 million equity offering was well received by the market, and the stock is trading 11.5% higher year to date and only 5% lower than March highs.

Final thoughts

The REIT's investment qualities are highlighted in two simple statements that reflect its quality and safety:

The bulk of the REIT's net operating income comes from properties in Ontario (51% of net operating income), where occupancy has been stable in the last year at 99.4%, and net average monthly rents has been increasing and is up 5% in the last year.

The REIT's objective is to provide unitholders with long-term, stable, and predictable monthly cash distributions, while growing distributable income and unit value through active management of its properties, accretive acquisitions, and strong financial management.

With Canadian Apartment Properties, you'll get steady income and long-term gains.

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1. Dividend Stocks
2. Investing

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1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

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