



## Forget About Buying Real Estate: Why Stocks Are a Better Option

### Description

Investing in real estate is a very risky proposition these days, especially in overheated markets like Vancouver, where investors are taking big risks at potentially buying properties near or at their peaks.

While real estate has grown over the years, it's not a guarantee that it will continue to do so. We've already seen prices come down in a hot market like Vancouver, and with Alberta still struggling from the downturn in the oil and gas industry, buying a home is far from a safe investment.

Not only are you effectively putting a lot of money into just one investment, it's not easy or cheap to pull those funds out.

Going through the sales process and paying hefty commissions along the way means that unless you're making a big profit, investing in real estate just may not be worth all the hassle, especially when there are other, better ways to invest your money.

### Why stocks are superior

One alternative for prospective home buyers looking for an investment is to buy shares of a real estate investment trust (REIT). You're effectively investing in a company with that has a portfolio of real estate assets and so you'll benefit from their rising values along with rental income they'll produce along the way.

Not only can you easily pull your money out, but you'll also earn a recurring dividend as well as REITs provide investors with monthly payouts.

A good example is **Northview Apartment REIT** (TSX:NVU.UN). The stock is a large multi-family REIT that has 1.2 million square feet of commercial space and 27,000 residential units.

It's well diversified and in over 60 markets across the country. As more properties are added to its portfolio, Northview can continue growing in revenue.

Since 2014, sales of \$188 million have nearly doubled to \$365 million this past year. Profits, meanwhile, have nearly quadrupled, growing from just \$74 million to \$290 million.

Over the past two years, Northview's share price has also risen by more than 30%. Despite the increase, the stock is still not an expensive buy and is currently trading near its book value.

For dividend investors, what's most appealing is the company's consistent, monthly payouts. Every month, the stock pays investors a dividend of 13.58 cents, which produces an annual yield of around 6%.

That's a good payout as far as [dividend stocks](#) go, and coupled with a rising stock price and you've got a great opportunity to earn a good return.

## Bottom line

Investing is never a sure thing. Whether you're looking at real estate or stocks, both will give you opportunities to make a good return. However, with stocks, if things are turning out badly, you have the opportunity to get out immediately ([assuming you invested in a stock with enough volume](#)).

With the sale of a home, it's not as easy and you also don't have the same opportunity to diversify as you do with stocks.

REITs can offer investors a good alternative to buying a house as an investment and can take away all the headaches associated with home ownership.

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