



2 Top Real Estate Stocks Offering Huge Opportunities for Growth

Description

Real estate as an industry has always been an investor favourite, and for good reason. Real estate is one of the key pillars in our economy, as every person and business needs somewhere to live and operate.

This makes real estate highly defensive, and because income is usually so stable, it makes real estate one of the best industries for [passive-income](#) seekers.

It also can be highly rewarding as a growth industry, especially when top-quality companies with tonnes of expertise, can utilize their size and reach to develop growth projects with massive potential.

The population of Canada continues to grow, especially in the highly populated areas, and this is creating tonnes of opportunities for the right real estate companies with the best potential for growth.

Two of the best growth stocks in real estate are **InterRent Real Estate Investment Trust** ([TSX:IIP.UN](#)) and **SmartCentres Real Estate Investment Trust** ([TSX:SRU.UN](#))

InterRent REIT

InterRent is a residential REIT that has been one of the best growth stocks in general, over the past half decade. It has continuously proven to be one of the best companies at acquiring, developing, and creating value for shareholders.

In the last decade, since new management took over at the end of September 2009, the total return for unitholders who have owned InterRent the entire time is more than 1,150%.

It's been one of the best in the business at selling mature assets and recycling the cash. The key for InterRent has been to find high-growth potential in the assets it's been looking to acquire, and that's where it has really made the difference.

It then upgrades the units, common areas, and exterior to vastly increase the rent it charges, and the

resulting value creation far outpaces the investment in the upgrades.

The company has continuously proven the strategy is repeatable and it can execute to perfection.

It pays a dividend that yields roughly 1.9% and is increased pretty much every year; however, if you are buying InterRent, it should mainly be for capital appreciation.

SmartCentres REIT

SmartCentres REIT is engaged in all types of real estate business from acquisitions and property management to building and developing, the company is completely vertically integrated.

Its industrial and retail assets are in strong locations and have extremely steady and reliable tenants with **Walmart**, **Canadian Tire**, and **Loblaws** as some of its largest tenants.

The company has a tonne of prime real estate in Toronto, and the surrounding areas it's looking to redevelop and build on to create massive shareholder value.

Each location has a number of different development possibilities and will be decided on based on major infrastructure projects and other investments that will help drive population growth and economic activity in the surrounding neighbourhoods.

Its financial performance has been strong as well, with new rental rates growing at a compounded annual growth rate (CAGR) of 6.8% since 2014. This has led funds from operations per share to increase at a 4% CAGR.

Its dividend yields roughly 5.7% and continues to be increased while its payout ratio stays more or less constant in the low 80% range.

SmartCentres is already a top income stock and real estate operator, but given its prime real estate locations and continued growth in major Canadian cities, it has a tonne of great growth potential, too.

Bottom line

Real estate is always a top industry, especially for those investors seeking passive income. Sometimes, however, it can provide great growth opportunities as well, and with the massive size and scale these companies have, the value that they can create is unmatched.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Author

danieldacosta

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