



## Rental Property or REIT: Which Is the Better Choice in 2020?

### Description

There are fewer topics that kick off more heated debates than investing in real estate in Canada. You might have hours of discussions on rental yields, mortgage rates, and downsizing retirement plans made by someone you know. Owning real estate properties as an investment has long been seen as an ideal goal.

Investing in real estate, however, requires a significant capital upfront. Once you invest, it takes a substantial period before your real estate asset can turn a profit for you. The current housing market is inflated in major Canadian cities, and many Canadians do not have the kind of capital to purchase properties.

The fact remains that real estate can be quite profitable for you. What if I told you there is a way to leverage the real estate sector without having actually to purchase a physical property? The answer is real estate investment trusts (REITs).

### Real estate investment trusts

REITs are an asset class that helps you get exposure to the real estate industry, offering investors the opportunity to capitalize on the [benefits of dividend stocks](#). REITs combine the best of both the stock market and real estate industries.

REITs are trusts that own and manage portfolios of income-generating real estate. Most of the profits generated by REITs are paid out to shareholders in the form of dividends. REITs trade on the stock market like typical stocks, making them ideal for passive income seekers.

It allows them to enjoy the benefits of income-generating properties without worrying about substantial upfront costs or expenses for reparations or mortgages.

### A dreamy REIT

One of the best-performing REITs throughout 2019 was **Dream Industrial REIT** ([TSX:DIR.UN](#)). It gained almost 40% in 2019, outperforming the **S&P/TSX Composite Index**, which grew by a mere 19% in the same period. Dream Industrial enjoyed reliable results, delivering attractive returns for shareholders in 2019.

The stock finished fiscal 2019, with an occupancy rate of an impressive 95.8%. The REIT is reorganizing its portfolio of properties to unlock further value for investors.

Its net income rose by 22% year-over-year by the end of 2019 to \$139 million. Its funds from operations (FFO) rose by almost 20% to \$105 million, and its net income increased by 14% to reach \$179 million in the same period.

The REIT has seen robust growth by selling its non-core properties, increasing focus on developing its primary assets, getting higher rental rates, and growing demand for industrial real estate.

Dream Industrial owns and operates a portfolio of 209 industrial properties in Canada and the U.S.

Its portfolio consists of high-quality and income-generating assets that are geographically diverse and offer extraordinary value. It can attract a substantial number of tenants from a wide tenant base.

## Foolish takeaway

REITs offer huge economic moats, stable and reliable income, high payout yields, and resistance to economic downturns. REITs operating in the industrial sector also offer [insulation from any housing market crash](#).

At the time of writing, Dream REIT is trading for \$13.75 per share on the **TSX**, offering a phenomenal dividend yield of 5.09%. I think investing in Dream Industrial could be a much better way to expend your capital and watch your wealth grow compared to investing in a real estate property.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

### Category

1. Investing

**Date**

2025/08/20

**Date Created**

2020/03/02

**Author**

adamothonman

default watermark

default watermark