



3 Real Estate Winners for Your Portfolio

Description

For many investors who own their own homes, having additional portfolio exposure to real estate can seem like overkill. That said, in this lower for longer interest rate environment, investments like Real Estate Investment Trusts (REITs) can provide very attractive yields for investors seeking income, a key driver of investment in this sector.

Here are three great options for investors in the REIT space.

Smart REIT

Normally, I tend to stay away from diving too deep into the retail real estate sub-sector for obvious reasons. The rise in e-commerce as a percentage of overall retail sales in North America has meant volume declines at bricks and mortar retail locations continue.

This leads to increasing vacancy rates for landlords and REITs. Ultimately, this impacts the bottom lines of retail-oriented REITs like **Smart REIT** ([TSX:SRU.UN](https://www.sru.com)). That said, Smart REIT is in a unique position relative to other REITs with heavy retail exposure. Smart's real estate portfolio has strong anchor tenants which tend to be blue-chip businesses, like Walmart.

Due to the high quality and location of Smart's sizable real estate portfolio, it could selectively be rezoned over time to mixed-use properties. This would provide additional residential exposure, complementing the trust's retail square footage.

H&R REIT

Perhaps one of the most diversified REIT options on the **TSX** for Canadian investors, **H&R REIT** ([TSX:HR.UN](https://www.hrreit.com)) is another great defensive option for investors looking for a place to park cash in this low interest rate environment.

H&R is a solid operator, offering investors access to a high-quality income stream. H&R's cash flow

situation has somewhat held back the price of the trust's units.

Cash flow and earnings are not growing as many investors had expected. However, H&R does have a number of construction projects in the pipeline which should be accretive and help push cash flow and earnings higher in the years to come.

Fundamentally, H&R is relatively cheap, trading around six times cash flow. H&R also has a very nice dividend yield of 6%.

Killam Apartment REIT

Sometimes I like to save the best for last. **Killam Apartment REIT** ([TSX:KMP.UN](#)) is a residential REIT, as its name would suggest. Killam focuses on apartments and condominiums, mostly in Atlantic Canada.

The trust has a fantastic track record of finding excellent sites. They either acquire and renovate the sites or demolish old product and build new units.

Killam has been one of my favourite REIT options in recent years. The company's very smart and opportunistic management team has built a very impressive portfolio and created excellent shareholder value in recent years.

Stay Foolish, my friends.

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

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Date

2025/08/25

Date Created

2020/03/19

Author

chrismacdonald

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