



## Is CAPREIT the Best Residential REIT in the Market Today?

### Description

There's no question that one of the best industries to invest in is residential real estate, and the largest and one of the best residential REITs is **Canadian Apartment Properties REIT** (CAPREIT) ([TSX:CAR.UN](https://www.careit.com)).

The massive fund owns properties all across Canada, including apartment suites and manufactured housing community (MHC) sites. It also owns apartment buildings in the Netherlands. In total, it has over 65,000 suites and sites.

Because it's the largest and most liquid residential REIT in Canada, it's quite popular among investors. But is CAPREIT the best residential REIT in all of Canada?

### CAPREIT

While the entire Canadian residential real estate market has been hot in recent years, CAPREIT's returns have been exceptional. Over the last 10 years, unitholders have earned a total return of 333%, or a compounded annual growth rate (CAGR) of 15.75%.

That's not only an impressive return, but it's also extremely attractive because it's so consistent.

One of the reasons why CAPREIT has achieved such impressive growth is due to its high-quality growth strategy. In fact, CAPREIT is one of the best residential REITs to buy for growth.

And lately, with interest rates being ultra-low, the company has been taking advantage, borrowing tonnes of capital to continue to make acquisitions and grow its portfolio.

In 2020 it acquired over 3,000 total suites and sites, spending \$820 million. And through the first two quarters of 2021, it's already acquired another 2,000 suites and sites, spending \$450 million. So, in just the last 18 months, CAPREIT has nearly expanded its portfolio by 10%.

That's not the only way CAPREIT grows value for unitholders, though. It also invests in upgrades to the

suites, common areas, and amenities. This is why it's been such a great growth stock in the past and should continue to grow exceptionally well going forward.

The stock pays a dividend that currently yields 2.3% — a decent amount considering it only pays out a little over 50% of its funds from operations (FFO).

However, while CAPREIT is one of the best residential REITs you can buy for long-term growth, it's not necessarily the best REIT to buy today if you're a value investor.

## One of the best residential REITs to buy for value investors

CAPREIT trades right around its fair value, so it's still one of the best residential REITs to buy today. However, if you're looking for exceptional value, you may want to consider **Boardwalk REIT** ([TSX:BEI.UN](#)) today.

Boardwalk is not necessarily a [growth stock](#) like CAPREIT is. However, there are several reasons why it could be an excellent investment today.

The fund has more than half of its portfolio in Alberta, which has been a drag on its performance in the past. However, it's why the stock has so much potential today. A recovery is materializing, and Boardwalk even issued guidance at its recent earnings report last month, the first time it's done so since the pandemic began.

The fund now predicts to earn FFO of about \$2.86 this year. That means the REIT is currently trading at roughly 17 times this year's expected FFO.

CAPREIT, however, trades at roughly 26 times its expected FFO this year. This shows both the premium investors are willing to pay for growth and the discount Boardwalk units are trading at.

Furthermore, Boardwalk is one of the few REITs trading at a significant discount to its [net asset value](#).

So, if you're trying to decide which is the best residential REIT to buy today, Boardwalk is an excellent choice for value investors. However, CAPREIT is one of the best to buy for long-term growth.

### CATEGORY

1. Dividend Stocks
2. Investing

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