



## 3 REITs to Buy if You Want to Become a Lazy Landlord

### Description

Investing in real estate remains a suitable option, especially for income-seeking investors. But the astonishing rise in Canada's real estate prices in major cities, including Toronto and Vancouver, suggests you need to have close to a million dollars to purchase a house and rent it out. Another lucrative alternative to gain exposure to the [burgeoning real estate market](#) with a small amount of capital is to purchase units of real estate investment trusts, or REITs.

Several Canadian REITs provide investors with attractive dividend yields, allowing them to derive inflation-beating returns over the long term. Let's see which three REITs should be part of your income portfolio today.

### Killam Apartment

Based in Halifax, **Killam Apartment** ([TSX:KMP.UN](#)) is one of the largest residential landlords in Canada. Its portfolio of apartments and manufactured home communities is valued at approximately \$3.6 billion. The REIT aims to enhance long-term shareholder value by focusing on earnings expansion, widening its portfolio through geographic diversification and accretive acquisitions, as well as developing quality properties in core markets.

In the second quarter of 2021, Killam Apartment reported a net income of \$136.7 million, up from just \$21.5 million in the year-ago period. Its bottom-line growth was attributed to acquisitions, increased earnings from the existing portfolios, and fair-value gains on investment properties.

Killam's net operating income rose 8% to \$44.6 million, while adjusted funds from operations rose 4.5% to \$0.23 in Q2. It achieved a 4% increase in revenue for the same property portfolio.

Shares of Killam have gained 166% in dividend-adjusted returns since its IPO in 2016. The REIT also provides investors with a forward yield of 3.3%.

## Summit Industrial Income REIT

In the last five years, **Summit Industrial Income REIT** ([TSX:SMU.UN](#)) has returned close to 330% in dividend-adjusted gains to investors and its forward dividend yield currently stands at 2.7%. An open-end REIT, Summit is focused on growing and managing a portfolio of light industrial properties across Canada.

In Q2 the REIT acquired three properties totaling 1.1 million square feet and sold six non-core properties totaling 0.3 million square feet. Summit Industrial also reported a fair-value gain on investment properties of \$588.8 million. Its revenue rose 18.1% year over year in Q2 and 15.7% in the first six months of 2021 due to increased occupancy and monthly rents.

Occupancy also rose to 98.8% in Q2 from 98.2% in the first quarter, while rental income increased by 19.3%. In the first six months of 2021, rental income was up 16.8%. This allowed Summit Industrial to increase funds from operations by 12% in Q2 and 21.4% year to date. The REIT ended the June quarter with more than \$800 million in liquidity and potential financing of \$2.2 billion of unencumbered properties.

## Northwest Healthcare REIT

The final REIT on my list is **Northwest Healthcare** ([TSX:NWH.UN](#)), which offers investors a tasty forward yield of 6.2%. In the last five years, this REIT has returned over 80% to investors in dividend-adjusted gains. Part of a recession-proof sector, Northwest Healthcare is a diversified healthcare giant with its properties located in the Americas, Europe, and Asia-Pacific.

Its adjusted funds from operations per unit increased by 7.8% to \$0.22 in Q2, indicating [an annualized figure](#) of \$0.92 per unit. Northwest's AFFO increased on the back of acquisitions, increased management fees, and deleveraging of its balance sheet, which resulted in reduced interest expenses.

An investment of \$10,000 in each of these stocks will allow investors to generate around \$1,300 in annual dividend payments.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:KMP.UN (Killam Apartment REIT)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:SMU.UN (Summit Industrial Income REIT)

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