



Lazy Landlords: 2 of the Best Residential REITs to Buy Now

Description

The ability to save enough cash to buy and own a rental property is a dream of many Canadians. But even before you have enough capital to put a down payment on a property, you can become a lazy landlord by finding the best residential REITs to buy.

Being a lazy landlord and owning REITs has a tonne of advantages. First and foremost, you can get started investing in these with as little as hundreds of dollars and with minimal transaction fees.

In addition, you can buy these investments in a [TFSA](#), meaning all the income you make, whether that's capital gains or passive income from distributions, will be tax free.

Another crucial benefit of REITs is all the diversification you get. We've all heard horror stories of landlords with tenants that owe large sums of money and refuse to leave the property, in some cases impacting the homeowner's ability to sell the property.

With diversification and exposure to so many different suites these REITs own, you don't have to worry about these issues or even not being able to find a tenant. And with a professional management team managing the portfolio, you know your capital is in good hands.

So, if you're looking to become a lazy landlord, here are two of the best residential REITs to buy now.

One of the best Canadian REITs to buy now

When you want to gain exposure and diversification to a tonne of different residential properties, **Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)) is one of the best stocks to consider.

It's the largest and most liquid residential REIT for Canadian investors to buy, with a market cap of more than \$9 billion. In fact, CAPREIT is so large that it owns more than 65,000 apartment building suites and manufactured housing community (MHC) sites. And in its entire portfolio, CAPREIT currently has an occupancy rate north of 98%.

This makes it a great investment for several reasons and one of the best ways for investors to gain exposure to the Canadian residential real estate market.

Over the last five years, through both acquisitions and thanks to the strong residential real estate market in Canada, CAPREIT's real estate portfolio has nearly doubled in value. In addition, through that period, investors have earned a total return of almost 90%, or a [compounded annual growth rate](#) of 13.4%.

If you're looking to invest in real estate and want to find one of the best REITs to buy now, CAPREIT is certainly a top choice to consider.

A top value pick for lazy landlords

Another high-quality real estate stock and one of the best REITs you can buy now is **Killam Apartment REIT** ([TSX:KMP.UN](#)).

Killam is significantly smaller than CAPREIT. Its market cap is just \$2.5 billion, and it owns a lot fewer properties than CAPREIT, with roughly 17,000 apartments and nearly 6,000 MHC sites. However, it still offers investors a tonne of diversification and is one of the best investments you can make today.

Killam has much of the same strategies as CAPREIT. Both have been looking to expand their portfolios, especially through acquisitions, in an effort to continue to create value for unitholders. One major difference, though, is that CAPREIT is well diversified geographically across Canada. Meanwhile, at the moment, roughly two-thirds of Killam's business comes from Atlantic Canada.

That shouldn't be too much of a concern, though. Killam's portfolio is in good shape. Its current occupancy rate is also above 98%. Furthermore, its balance sheet is strong, its distribution to investors is highly safe and, in recent years, has only continued to get safer, as Killam's payout ratio has decreased.

That distribution currently yields roughly 3.25%, making Killam one of the higher-yielding REITs in the residential industry. It also offers a yield that's more than CAPREIT's distribution, which currently provides a yield of just 2.7%.

So, if you're looking for a high-quality residential REIT you can own for years and which offers attractive passive income, Killam is one of the best REITs to buy now.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
2. TSX:KMP.UN (Killam Apartment REIT)

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