



## The Future Is Renting: 3 TSX Stocks to Buy Now

### Description

Canadians continue to be faced with an enormous housing crisis across the country. The cost of a house skyrocketed over the last year; the average home costs about \$816,000 in Canada, according to the Canadian Real Estate Association — up 20% year over year. That's even higher when you look at urban centres like Toronto and Vancouver, where costs have risen in the mid-40% range.

So, what's the solution? Ontario and British Columbia have both put forward bills to build more homes or allow homebuyers to get financing and inspections before signing the dotted line. But to others, that's not the solution. Instead, it's renting. And that provides a strong opportunity among **TSX** stocks.

### Why renting?

North America has a stigma when it comes to renting. It isn't part of the American (or Canadian) dream to rent a home; the dream is to own one — to have land. However, this may no longer be a suitable option — especially with the transfer of wealth we have going on.

Baby boomers continue to give away their inheritance to the next generation on a massive scale. Yet this comes from wealthy families, increasing the gap between the haves and have-nots. And these new homes being built aren't helping, with single-family homes still being far out of reach for those in [urban centres](#) that don't have a million dollars to purchase one.

Instead, some economists argue it's time to start building duplexes, triplexes, and, of course, rental properties. And it's only a matter of time before we get there, as housing prices soar higher. It's happened in Europe already, where families now happily rent homes. And it's coming here, too. So, that's why these three TSX stocks are the ones I'd buy when it happens.

### Three rental TSX stocks

The biggest beneficiaries of this future of renting will be real estate investment trusts (REIT). Those REITs focusing on rent not just from businesses but from apartments and other residential properties

should do well in the next few years.

Canadians should therefore consider the top rental REITs. Among those, I would watch **Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)), **Killam Apartment REIT** ([TSX:KMP.UN](#)), and **InterRent REIT** ([TSX:IIP.UN](#)).

Each of these TSX stocks focus in on residential rental agreements. Of course, it's clear that CAR.UN and Killam both focus on [apartments](#). CAR.UN is one of the largest REITs in Canada, and while apartments are part of its profile, so are townhomes and housing sites. Further, it also has investments in the Netherlands, where renting is already part of the culture. Killam, meanwhile, manages and develop a \$3.6 billion portfolio of apartments and home communities across Canada.

InterRent, however, is a touch different. The company focuses on multi-residential properties, growing within markets with stable vacancies. It also wants to make sure it's catering to the suites needed in those markets. Therefore, it has a diversified portfolio across the country.

## Foolish takeaway

Once Canadians can get over the fact that renting a home doesn't make you a failure but financially responsible, these TSX stocks are bound to climb even higher. Yet right now, each is at a massive discount, trading with price-to-earnings ratios in the single digits and much higher target prices.

But the best part? Each offers a stable dividend while you wait! Therefore, if you're looking for a solid long-term investment, these three TSX stocks are certainly ones I'd consider for the future of renting.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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