2 Top Real Estate Stocks Canadians Can Buy Today

Description

Real estate investing is often associated with purchasing a home. Yes, buying a house is likely to be the single largest investment for most individuals that generally appreciates in value over time.

However, there are cheaper ways to get exposure to the real estate sector. You can either invest in companies that offer mortgage-related services to customers or even buy shares of real estate investment trusts (REITs), which are entities that own and operate a diverse portfolio of real estate assets.

Let's take a look at two such real estate investments Canadians can consider in 2022.

Brookfield Asset Management

One of the largest companies operating in the real estate sector, **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) has close to US$700 billion in assets under management, or AUM. Brookfield Asset Management invests capital on behalf of its customers and charges a fee for doing so. Its customer base includes institutions, high-net-worth individuals, as well as pension funds.

BAM's real estate business has more than US$250 billion in AUM, including office properties, retail, hospitality, and student housing. Its focus on diversification allows the company to lower risk significantly.

Valued at $106 billion by market cap, Brookfield Asset Management has returned 122% to investors in the last five years. The BAM stock has also gained 511% in the past decade, after adjusting for dividends. Despite its market-thumping gains, BAM stock is down 13% from all-time highs, allowing investors to buy the dip.

Brookfield reported record results in 2021. Its net income surged to US$12.4 billion in 2021 compared to just US$700 million in 2020. Its distributable earnings rose by US$2 billion to $6.28 million, while funds from operations rose to US$7.56 billion in 2021 compared to US$5.18 billion in 2020.

Despite its stellar gains, Brookfield Asset Management is valued at a reasonable price-to-2022-earnings multiple of less than 17. Comparatively, its earnings are forecast to increase at an annual rate of 17.5% in the next five years.

Analysts remain bullish on BAM and expect the stock to gain 35% in the next 12 months.

InterRent REIT

The second stock on my list is **InterRent** (TSX:IIP.UN), which is a REIT. While InterRent shares are down 19% from all-time highs, it has returned 423% to investors since April 2012 in dividend-adjusted gains.

Its total portfolio occupancy improved to 95.6% for December 2021, which was in line with the company's long-term run rate. Further, InterRent saw its average rent per suite increase by 5% across its portfolio and 4.4% for the same-property portfolio. InterRent's net operating income for Q4 surged by 9.5% year over year to $27 million while for 2021, this metric was up 3.1% at $103 million.

InterRent explained its same-property portfolio experienced consistent improvements and rose by 130 basis points sequentially and was up by 440 basis points year over year. The company ended 2021 with 100% ownership in 12,426 suites, which includes properties owned via joint operations.

While InterRent increased its owned or managed suites by 16.6%, its operating revenue soared by 20.1% to $50.3 million in Q4 of 2021. The improvement was driven by occupancy gains, average revenue increases, and acquisition activity across core regions.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:BN (Brookfield)
3. TSX:IIP.UN (InterRent Real Estate Investment Trust)

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