1 Top Canadian REIT to Buy and Hold Forever

Description

Investing in the stock market pays off well if you find the right assets for your portfolio at attractive valuations. Holding on to high-quality stocks for the long run can provide you with significant wealth growth through capital gains. Making good long-term investments can help you achieve financial freedom and meet various financial goals.

Real estate investing has long been considered an excellent strategy to achieve substantial wealth growth. However, purchasing an investment property in the housing market's current state might prove to be impossible for many Canadian investors. The cash outlay to invest in a house is absurdly high.

Today, I will discuss how you can start real estate investing without facing many of the obstacles to buying an investment property.

Truly passive real estate investing

Canadian real estate investment trusts (REITs) offer you a more convenient way to gain exposure to the performance of the real estate industry without the excessive cash outlay. Investing in a REIT gives you the opportunity to generate monthly passive income through its cash distributions like a lazy landlord.

You get the benefit of monthly returns without the hassles of managing a rental property yourself. Additionally, REITs are a more affordable and liquid asset class. You can buy and sell shares of REITs on the **TSX** as you would with the stock of publicly traded companies. Your returns are based on the dividend yield of the REIT and the number of shares you own.

A REIT stock to buy and hold forever

When shopping for REITs, it is important to pick high-quality assets that can provide you with wealth growth through monthly passive income and capital gains for a long time. **Canadian Apartment Properties REIT** (TSX:CAR.UN) is one such REIT you could consider adding to your portfolio and becoming a lazy landlord.

CAPREIT is one of the most popular REITs in Canada. Headquartered in Toronto, the company boasts a market capitalization of $8.97 billion. CAPREIT owns and manages a diversified portfolio of properties. The company primarily focuses on its portfolio of multi-unit residential properties throughout Canada.

COVID-19 presented many operational problems for CAPREIT and adversely impacted its financial growth. It remained one of the top-performing REITs, despite the mounting challenges amid the pandemic. It reported a 5.7% growth in its total revenue in 2021 compared to 2020, and its occupancy rate increased from 97.5% to 98.1% in the same period.

The company plans to raise between $850 million and $900 million through mortgage renewals and refinancings in 2022, excluding any financing on acquisitions it might make. The move could accelerate its growth and generate more revenues. It boasts a strong balance sheet that gives it the potential to acquire more assets and expand its portfolio further.

Foolish takeaway

Investing in a REIT might not give you the kind of rental income you can generate through investment property. But it does not come with the hassle of dealing with the challenges of managing a property like dealing with all the taxes, tenant searches, rent collection, and tenant evictions.

CAPREIT trades for $51.95 per share at writing, and it boasts a 2.75% dividend yield. It could be a viable investment for you to consider between its growth potential and monthly distributions.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

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