Buy or Rent? Choose Both With This Top REIT

Description

Should you buy or to rent property? It's a question that's coming up more and more for Canadians these days. Everyone seems focused on buying a home. Yet with housing prices only rising higher and higher, it's making it seem like an impossibility — especially for Canadians from major urban centres.

Then there is the rent option. You can still buy another property elsewhere if it's cheaper, but renting in major urban cities could be the option you need for affordability.

That being said, what about when it comes to investments? There are many real estate investment trusts (REITs) out there, but which REIT is best? Should you focus on a top REIT that buys or one that focuses on rentals? Let's dig in to one that gives you both.

CAPREIT

If you want a company that offers both residential homes and the rental properties, then Motley Fool investors should consider **Canadian Apartment Properties REIT** (TSX:CAR.UN). CAPREIT is the largest of its kind in Canada, owning 70,000 residential apartment suites, townhomes, and manufactured housing communities. This doesn't just include Canada, as the company also owns property in the Netherlands and Ireland.

As of 2021, it had $18 billion in assets under management and continues to extend agreements across the world. Most recently, this included a €165 million agreement with European Residential REIT that would last through to 2023. When the agreement first came out, it was the first Canadian REIT to have a European residential presence.

Performance

This top REIT remained a top performer, even during the pandemic, as it weighed heavily on earnings. The company continues to boast a 97.5% occupancy rate and is likely to increase rental agreements very soon. More demand on housing prices has meant more demand on apartment rentals. CAPREIT remains in highly dense areas with very few options for renters. That demand should fuel higher prices in the years to come.

In fact, the top REIT plans to raise between $850 and $900 million in 2022 thanks to mortgage renewals and refinancing. This is without even including acquisitions or financing and could boost revenue and growth for 2022 and beyond. But, honestly, it has the cash on hand to make even more acquisitions.

What you get today

Of course, Motley Fool investors need to know what they get from investing in this top REIT today. That means looking at its returns and its dividends. As of writing, CAPREIT offers a 2.8% dividend yield for investors. That comes to $1.45 per year, which is dished out monthly.

As for returns, shares are down 6.75% in the last year, and if you look at that performance, it's clear the surge of Omicron had a lot to do with it. Yet over the last five years, shares are up 52.54%. In the last decade, shares are up 121%. That's a compound annual growth rate (CAGR) of 8.77% in the last (very turbulent) decade.

Foolish takeaway

If you were to invest $10,000 in CAPREIT today, you could bring in $284 in annual income as of writing. But let's say you then reinvested those dividends back into the top REIT. Should performance continue as it did the last decade, you could see your $10,000 investment almost *triple* to $28,611!

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