



## This REIT Looks Too Cheap to Ignore (With an Excellent Dividend to Boot)

### Description

There are many real estate investment trusts (REITs) in Canada that provide solid and steady income to investors in the form of dividends. **Killam Apartment REIT** ([TSX:KMP.UN](https://www.scribd.com/document/614444444/TSX-KMP-UN)) is one such REIT I've had my eye on for some time.

Indeed, as interest rates rise, investors are on the lookout for income-generating investments that can rival bonds. With a [dividend yield](#) of 3.5%, Killam's existing proposition remains strong. However, over the longer term, dividend growth and capital-appreciation potential make this REIT worth considering.

Given the rising interest rate environment, Killam, like its peers, has been on the downtrend of late. This stock is down nearly 10% over the past month alone. Here's why this discount may be worth considering for long-term investors.

### Killam Apartment REIT is growing fast

When a company manages to grow its EPS (earnings per share) over a long period, its share price tends to follow. Accordingly, companies with consistent growth in EPS numbers are focused on by long-term investors. In the case of Killam, this REIT has been able to grow its EPS by nearly 6% every year. For those taking the long view, these fundamentals are attractive.

In the residential real estate space, Killam is a REIT with pricing power. Residential rents tend to be stable, even in downturns. That's because housing is the most important factor for individuals and is usually the highest priority in the household budget. Killam's double-digit revenue growth can be attributed to higher rents in the company's core markets, which I find compelling.

### More reasons to invest

Halifax-based Killam Apartment REIT is one of the largest real estate investment trusts in Canada. This trust's focus on operating, developing, and owning high-quality real estate located primarily in Atlantic Canada is something I think is noteworthy. That's because this market is often overlooked by

most investors.

This REIT focuses on profitability and enhancing value through three principles. It aims to increase its earnings from its current operations, diversifying its portfolio by acquisitions of new properties and by developing top properties in the core markets. These strategies have worked out well, evidenced by the trust's impressive EPS numbers over the medium term.

I think the company's dividend yield, while important, is only one factor investors should look at. In totality, I think Killam has one of the best setups of its REIT peers right now.

## Bottom line

Killam Apartment REIT certainly provides a compelling investment thesis. Indeed, this trust's fundamentals are solid, with strong core markets. Accordingly, those looking for real estate exposure right now may want to consider shares of this top Canadian REIT in this environment.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:KMP.UN (Killam Apartment REIT)

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