Housing Crash? Not if You're Invested in These 3 REITs

Description

Are you a homeowner worried about the ongoing housing market crash?

If so, it pays to diversify your investments.

The average price of a Canadian house has fallen $100,000 this year. According to the *CBC*, the average house cost $711,000 in May, down from $816,000 in February. That was a pretty significant drop. Some would go so far as to call it a correction.

If you already own a home, you might be worried about your property losing value. Certainly, having negative equity is not a fun situation to be in. Ultimately, you'll probably do fine if you sit on your property long term. In the meantime, here are three REITs that could serve as alternative real estate investments while your home is declining in value.

RioCan

RioCan Real Estate Investment Trust (TSX:REI.UN) is a Canadian REIT that invests in valuable retail and mixed properties. It owns a number of "brand name" Toronto buildings that are seen as prestige properties, commanding high rents accordingly. RioCan did pretty well in the first quarter. In the quarter, the company delivered

- 4.1% same-property net operating income (NOI) growth;
- 27% FFO per unit growth; and
- A 57.3% FFO payout ratio.

Those are pretty decent results. The growth was fantastic, and the payout ratio wasn't that high, even though REI.UN yields 5%. It's a worthy addition to any dividend-oriented portfolio.

Northwest Healthcare

Northwest Healthcare Properties REIT (TSX:NWH.UN) is a Canadian healthcare REIT. It leases out healthcare office space to health clinics, healthcare administrative organizations, and other similar entities. NWH.UN enjoys very high revenue stability because its tenants — healthcare providers in Canada and Europe — have unparalleled ability to pay.

In both Canada and the E.U., healthcare is largely government funded, so health providers' income is ultimately backed by government taxing authority. This has resulted in extremely low tenant turnover, high rent collection and high occupancy in its property portfolio. NWH's occupancy rate is about 98%; it's higher in the European properties than in the Canadian ones.

Killam Properties

Killam Apartment REIT (TSX:KPM.UN) is a residential REIT that mainly owns properties on the East Coast. Its properties are generally "budget" buildings with relatively low rents — the exact opposite of RioCan properties. Killam also has commercial leasing opportunities; it appears that these are mainly in mixed-use buildings.

These days, a lot of people can't afford to own their own homes. Yet they still need places to live. The logical conclusion of this is that a lot of them will end up in apartment buildings like those owned by Killam.

In its most recent quarter, KPM delivered

- $60 million in net income, up more than 100%;
- $45.3 million in NOI, up 12.4%;
- $0.24 in FFO per unit, up 4.3%; and
- A 5.1% increase in same-property revenue.

Those are pretty solid results. KPM has bounced back from the damage it took in 2020 and is now doing better than ever. Its units have a distribution yield of 4.11%, so much of KPM's profit is being passed on to unitholders. It's a real estate investment that's very much worth considering.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:KMP.UN (Killam Apartment REIT)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. andrewbutton
2. kduncombe

Category

1. Investing

Date
2025/06/30
Date Created
2022/06/23
Author
andrewbutton