



## 3 Cheap Canadian REITs to Buy in 2022

### Description

Real estate investment trusts (REITs) can be a good addition to any income portfolio. Rising interest rates have triggered a market correction, bringing incredible buying opportunities in cheap Canadian REITs. Here are three that provide nice income and great value. Two offer yields of about 5% that should attract passive-income investors.

### A growing Canadian REIT with a big cash distribution

**Dream Industrial REIT** ([TSX:DIR.UN](https://www.scribd.com/document/544444444/TSX:DIR.UN)) posted strong recent results, including funds from operations (FFO) per-unit growth of 16% in the first quarter. The jump was driven by three primary factors: comparative properties net operating income (CP NOI) growth, NOI from acquired properties in 2021, and lower interest expense due to the REIT's debt strategy. On a constant-currency basis, CP NOI growth was 10%. Its net asset value (NAV) per unit also increased 28.5% year over year to \$16.48.

The industrial REIT appears to be well positioned to grow. It has been experiencing organic growth from recent mark-to-market rents that had an average rental spread of 21.3% over prior or expiring rents. Its in-place and committed occupancy improved by 0.5% to 98.7% in Q1. Additionally, it has development pipeline and acquisitions opportunities.

The stock has corrected 30% from its peak, making it relatively attractive for an initial yield of about 5.7%. Yahoo Finance displays a 12-month analyst consensus price target of \$18.44, which represents a substantial discount of approximately 33.6%.

### A defensive Canadian REIT with highly stable cash flows

**InterRent REIT** ([TSX:IIP.UN](https://www.scribd.com/document/544444444/TSX:IIP.UN)) reported strong Q1 results, including FFO per unit growth of 16.7%, which lives up to its name of a growth-oriented REIT. As a multi-residential properties REIT, its cash flow generation is relatively defensive and stable. It ended Q1 with an occupancy of 95.5%, up from 91.3% a year ago. Its same-property portfolio also witnessed NOI growth of 12.1%.

Acquisitions can spice up growth even more. At the end of Q1, InterRent REIT had a healthy financial position. It had debt-to-gross-book value ratio of 36.4%, a weighted average interest cost of 2.51%, CMHC-insured mortgages of 71%, interest coverage of 3.31 times, and available liquidity of about \$255 million.

The stock has corrected about 34% from its peak and now yields 2.8%. Yahoo Finance displays a 12-month analyst consensus price target of \$18.15, which represents a big discount of approximately 32.8%.

## A little-known, big-dividend REIT growing at a high pace

**Canadian Net REIT** ([TSXV:NET.UN](#)) invests in high-quality triple-net and management-free commercial real estate properties. These types of leases result in more stable and predictable cash flows and lower overhead costs for the REIT.

Its portfolio consists of about 99 properties in Eastern Canada and enjoys a high occupancy rate of 99%. Its tenants are primarily retailers, national service-station and convenience-store chains, and quick-service restaurants.

The small-cap REIT is less liquid than large REITs but has strong insider ownership of approximately 14%. Importantly, it has grown at a double-digit rate for its FFO and cash distribution per unit in the past five years.

The stock has corrected about 23% from its peak and now yields roughly 4.9%. The cheap Canadian REIT trades at a discount of about 29% from its fair value.

These Canadian [REITs](#) are becoming increasingly compelling in this [market correction](#). Income investors should consider picking up shares this year.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)
2. TSX:IIP.UN (InterRent Real Estate Investment Trust)
3. TSXV:NET.UN (Canadian Net Real Estate Investment Trust)

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#### **Date**

2025/08/18

#### **Date Created**

2022/06/25

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