



## REIT Alert: The 2 Niche Markets Set to Rebound in 2023

### Description

Many factors affect the [real estate market](#), but the rising interest rate is the most significant bummer. The aggressive rate hike cycles by the Bank of Canada in 2022 to curb soaring inflation caused a [market pullback](#) and sent average home prices retreating. However, some industry experts say that while last year was tough, investors can take advantage of the oversold real estate investment trust (REIT) sector in 2023.

The *2023 Global Public Real Estate Outlook Report* by Hazelview Investments is sounding an alert that the future is looking brighter for REITs. If the downtrend trajectory of inflation continues this year, the central bank might ease or pause its rate hike campaign.

According to Samuel Sahn, a portfolio manager at Hazelview, if REITs were to bounce back, it would be led by the industrial and residential (multifamily) sectors. Both property types are well-positioned for a healthy rebound. For Canadian REITs, the top prospects would be **Nexus Industrial** ([TSX:NXR.UN](#)) and **Killam Apartment** ([TSX:KMP.UN](#)).

### Pure industrial play

Nexus commenced trading on the **TSX** on February 4, 2021, following its graduation from the TSX Venture Exchange. The listing on the main stage was a huge success. The real estate stock has delivered a nearly 60% gain for the year since the first trading day. This \$896.4 million REIT owns office and retail properties, but its primary strategy is to acquire quality industrial assets in Canada.

On March 7, 2022, a name change officially took effect from Nexus REIT to Nexus Industrial REIT. Management said the new name better reflects the nature of the REIT's portfolio. Currently, 72.1% or 80 of the 111 income-producing assets are industrial, followed by retail (16.2%) and office (11.7%).

After three quarters in 2022, the net operating income (NOI) and net income increased 92.1% and 182.4% year-over-year to \$70.9 million and \$137.8 million, respectively. The REIT's near-term goal is to continue pursuing capital recycling opportunities and use the proceeds to fund development projects that generate higher yields.

## Growth-oriented

Killam Apartment operates, manages, and develops apartments and manufactured home community properties. This \$2 billion REIT is growth-oriented and aims to provide safe and secure properties for a range of budgets. It also partners with non-profit housing and government agencies to offer subsidized units in the communities.

Philip Fraser, Killam's President and CEO, said the positive earnings growth through Q3 2023 indicates strong fundamentals across the country. In the nine months that ended September 30, 2022, property revenue grew 14.2% to \$213.9 million versus the same period in 2021. Notably, NOI increased 13.2% year over year to \$135.3 million.

Management's primary objectives are to enhance value and profitability to support revenue and NOI growth. The plan is to increase earnings from existing operations, expand the portfolio, and develop high-quality properties in Killam's core markets.

## Strong start to 2023

Given their year-to-date gains, Nexus (+5.9%) and Killam (+9%) are starting strong in 2023. The former trades at \$10.21 per share and pays a mouth-watering 6.27% dividend. At \$17.67 per share, the latter's dividend offer is an attractive 3.96%. Also, both REITs pay out dividends monthly.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:KMP.UN (Killam Apartment REIT)
2. TSX:NXR.UN (Nexus Real Estate Investment Trust)

### PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News

9. Yahoo CA

**PP NOTIFY USER**

1. cleona
2. cliew

**Category**

1. Dividend Stocks
2. Investing

**Date**

2025/07/17

**Date Created**

2023/01/17

**Author**

cliew

default watermark

default watermark