Why Canadian Apartment Properties REIT Notched a 15% Gain in January 2023

Description

Homes aren't the only thing rising in price these days. Rental properties and apartments have seen soaring prices as well. And this has boded well for at least one company, **Canadian Apartment Properties REIT** (TSX:CAR.UN).

CAPREIT edged up 15% in January alone, and it has many wondering whether it's time to invest, or get out.

So let's look at what's been going on with CAPREIT these days.

It has dividends

Probably one of the biggest reasons investors are getting in on CAPREIT these days are the company's dividends. And those dividends seem safe, considering the REIT continues to see demand for apartment properties across the country.

And not just in this country. CAPREIT also invests in homes in the Netherlands as well, so there is some diversification to be had. Whether it's homes to rent or own, a shift is being made towards apartments as they're, obviously, more affordable than homes you find in large cities.

As this shift continues, demand will increase, providing CAPREIT with a long-term growth opportunity that should support dividend growth.

As of writing, CAPREIT offers a dividend yield at 2.96%. Though it trades at 17 times earnings, which isn't in value territory. So let's look at whether long-term investors should be interested in this stock or not.

Growth now, but what about later?

The problem, of course, is how long can this last? Will this housing correction flatten out, or could there be a recovery in the market once more? Perhaps Canadians choose *not* to invest in apartments after all?

Honestly, that's doubtful.

It's going to take perhaps *decades* to create enough housing to bring down affordability in Canada. We simply do not have the capacity to house everyone at affordable rates, and keep building homes that aren't within an affordable range. Until that changes, rental properties and apartments will continue to be the top choice for investment.

This could mean we continue to see the historical growth that's been demonstrated in the last few decades. Shares of CAPREIT are down 7% in the last year, but up 176% in the last decade for a compound annual growth rate (CAGR) of 10.7%. That's likely to continue as housing prices continue their trend.

Furthermore, investors should still consider dividend growth as well. The company has a decade-long CAGR of 2.7%, as of writing, to watch as well.

Bottom line

CAPREIT continues to climb after edging into oversold territory, yet shares are down in the last year so investors can lock in on a deal. What's more, this company is certainly primed for more growth in the future. Affordable housing means rentals, and rental properties mean apartments by and large. While that may shift eventually, it likely will remain this way for at least the next decade or so.

Meanwhile, CAPREIT trades at 0.86 times book value, making it a valuable buy in its industry. Plus it would take just 70.% of its equity to cover all outstanding debts. Therefore, with a strong balance sheet and future growth opportunities at hand, CAPREIT still looks like a solid long-term investment today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties 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. alegatewolfe
2. cleona

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2023/02/01
Author
alegatewolfe