

Investing in Canadian Apartments for Safety, Income and Long Term Capital Growth

In the past year investors have been reminded how brutal the stock markets can be. Not only can returns be low or negative for many years and even decades, the volatility can be stomach churning. For investors seeking cash flow, savings accounts and bonds offer almost no return, and after taxes and inflation, real returns in many cases are negative. So where are investors to turn?

While many investors have traditionally looked to trade in “paper” assets like stocks and bonds, an increasing number are turning to higher income alternative investments. Apartments have been a mainstay holding of wealthy investors for many years. They provide safety, income and long term capital growth. They are one of the most stable investments available. They are real assets, made of bricks and mortar, where a large number of Canadians live. Everyone needs to live somewhere, and in times of uncertainty, the demand for rental housing, and particularly affordable housing, tends to rise not fall.

Traditionally, for an investor seeking to invest in an apartment building, they needed a very large amount of capital. This large capital requirement has been the barrier to entry for all but the wealthiest of investors. Most of those seeking to invest in residential rental income properties have looked to the condominium market as a proxy to apartment buildings, in effect buying one unit of a much larger property. However, most condominiums are purchased by homeowners as homes not as income producing assets. As a result, the cash flow return on condominium investment tends to be very low, because homeowners aren't thinking about getting income from their home. Apartments buildings, bought by professional investors, are priced and traded on the basis of income, much like a bond. Professional apartment investors demand and receive much higher cash flow returns from their apartments than would ever be possible on a condominium investment.

So how do investors that want to invest in a high cash flow investment like apartments participate in this market and get the diversification that is needed to have a stable portfolio? Real estate investment trusts, or REIT's, are mutual funds that invest in many apartment buildings and are managed by professionals skilled in finding, buying and increasing their value. The Apartment Specialist are working with Centurion Apartments on one such fund. It specializes in Canadian apartment properties, situated in multiple locations in many diverse communities, the very ones in which average Canadians live. It distributes a tax efficient yield of 8.00% per annum, paid on a monthly basis. It has a starting investment as low as \$5,000, well below what it would take to buy an apartment building personally, let alone have a diversified portfolio of them. It strives to increase cash flow to investors and create capital growth over time by actively managing its portfolio and buying new properties. It is open to investment from accredited investors only via Offering Memorandum.

Please drop us an email at theteam@theapartmentspecialist.ca, if you are interested.

We will send you dates, times and locations for upcoming seminars and webinars.