Canadian Apartment Properties REIT (CDPYF)

Updated August 15th, 2025, by Kody Kester

Key Metrics

Current Price:	$30	**5 Year Annual Expected Total Return:**	8.8%	**Market Cap:**	$4.8B
Fair Value Price:	$34	**5 Year Growth Estimate:**	3.5%	**Ex-Dividend Date:**	08/29/25[1]
% Fair Value:	89%	**5 Year Valuation Multiple Estimate:**	2.3%	**Dividend Payment Date:**	09/15/25[1]
Dividend Yield:	3.7%	**5 Year Price Target**	$40	**Years Of Dividend Growth:**	2[2]
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Since its founding in 1996, Canadian Apartment Properties Real Estate Investment Trust has transformed into Canada's largest publicly traded residential REIT. The company completed its initial public offering in 1997.

As of June 30th, 2025, CDPYF owned approximately 45,400 residential apartment suites and townhomes (excluding about 1,600 suites in Europe classified as assets held for sale). Most of these apartment suites are in Canada, with the portfolio heavily concentrated in Ontario, British Columbia, and Quebec. The company's Canadian portfolio enjoys exceptionally high occupancy, ending Q2 2025 with a 98.3% occupancy rate. CDPYF's remaining suites are in the Netherlands. These were 91.0% occupied to close out Q2 2025. In the first half of 2025, the company strategically disposed of just over 1 billion CAD of properties in Canada and the Netherlands.
These deals were completed at prices at or above previously reported IFRS fair values at the time of negotiation. The proceeds from these dispositions are being used to acquire recently constructed mid-market rental properties at prices that are meaningfully below replacement cost, as well as unit repurchases.

On August 7th, CDPYF shared its financial results for the second quarter ended June 30th, 2025. The company's operating revenue in native currency decreased by 8.5% year-over-year to 254.4 million CAD during the quarter. Once again, this was linked to dispositions executed in recent quarters. Adjusting for foreign currency translation (using average CAD to USD exchange rates in Q2 2024 and Q2 2025), CDPYF's operating revenue declined by 9.5% over the year-ago period to $183.8 million in the quarter. Diluted FFO per unit grew by 2.6% year-over-year to 0.66 CAD for the quarter. Factoring for currency translation, CDPYF's diluted FFO per unit edged 2.1% higher over the year-ago period to $0.48 during the quarter.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFOPS	$1.22	$1.30	$1.45	$1.47	$1.64	$1.78	$1.82	$1.72	$1.81	$1.76	***$1.84***	***$2.19***
DPS	$0.94	$0.93	$0.98	$1.01	$1.03	$1.03	$1.12	$1.12	$1.07	$1.07	***$1.12***	***$1.27***
Units[3]	127.1	134.4	136.9	145.7	169.9	171.8	173.4	169.4	167.6	160.6	***159.2***	***150.6***

Since 2015, CDPYF has logged approximately 4% annual FFO per unit growth. In the years ahead, we think similar FFO per unit growth (3.5%) will occur through 2030, on an expected 2025 base of $1.84. This is because the company has tripled the footprint of recently constructed rental properties in its portfolio over the last five years (5% versus 16%). The company expects to continue buying recently constructed rental buildings at strong pricing per square foot at valuations significantly below replacement cost. The growth realized from a combination of recently constructed rental acquisitions and higher rental rates should more than cancel out our expectations of modest weakening in the CAD over this period.

[1] Estimated dates based on past dividend dates.

[2] In its original Canadian Dollar declaration.

[3] Unit count is in millions.

Canadian Apartment Properties REIT (CDPYF)

Updated August 15th, 2025, by Kody Kester

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/FFO	15.9	17.9	20.4	22.1	24.9	22.1	26.1	18.4	20.4	16.8	***16.5***	***18.5***
Avg. Yld.	4.8%	4.0%	3.3%	3.1%	2.5%	2.6%	2.4%	3.5%	2.9%	3.6%	***3.7%***	***3.1%***

Since 2015, units of CDPYF have ranged from a P/FFO ratio as low as the mid-teens to as high as the mid-20s. Over that time, the average P/FFO ratio was 20.5. Adjusting for the fact that we believe 10-year U.S. Treasury yields will remain higher than their 10-year average, we believe fair value is one standard deviation lower, or roughly 18.5. From the current multiple of 16.5, shares are moderately undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	77%	72%	68%	69%	63%	58%	62%	65%	59%	61%	***61%***	***58%***

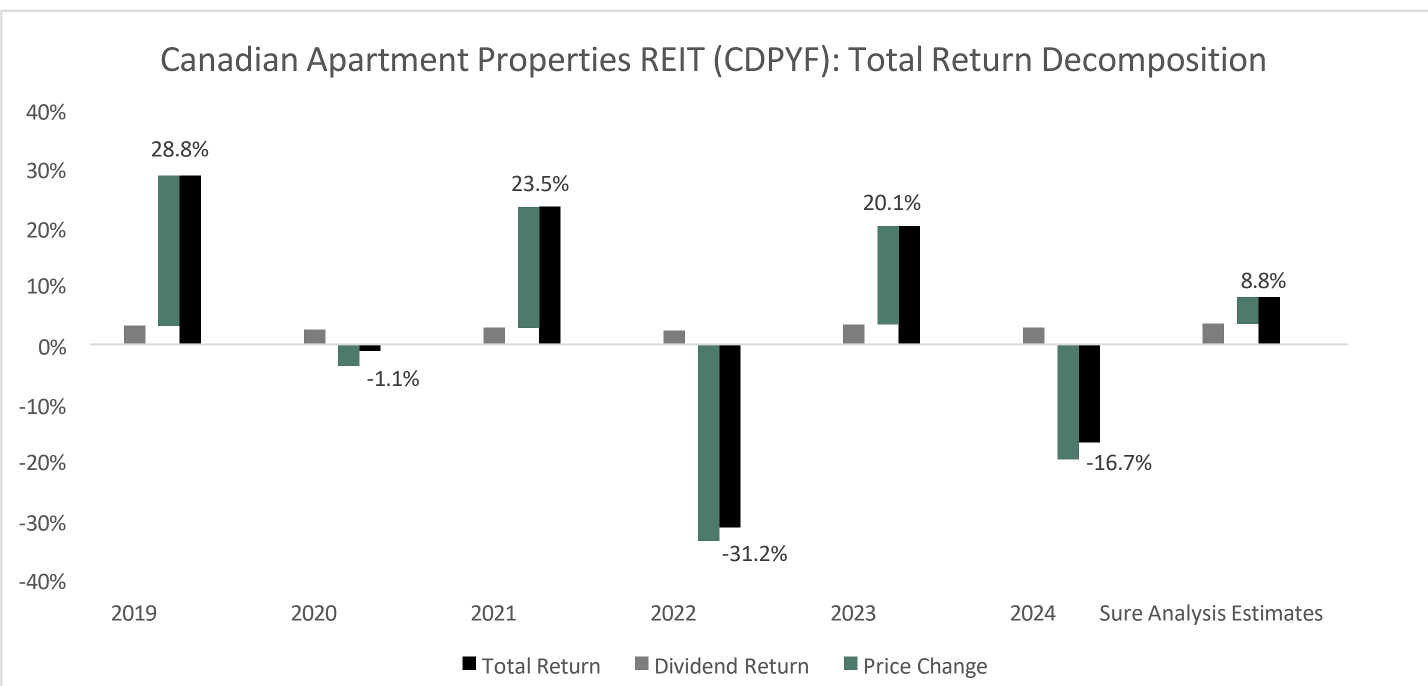
CDPYF's status as the largest residential REIT in Canada mainly comes with size and scale advantages. This allows the company to capitalize on more favorable property management rates and financing costs, which results in lower per-unit operating costs compared to smaller competitors.

Financially, CDPYF is quite healthy. The company's total debt to gross book value ratio as of June 30th, 2025, was 38.5%. In more than a quarter century of paying dividends, CDPYF has never cut its distribution. Excluding a frozen dividend in 2023, the company has upped its distribution each year since 2012. Looking ahead, CDPYF should have the flexibility to keep growing the distribution. That's because the payout ratio is expected to be just 61% in 2025.

Final Thoughts & Recommendation

CDPYF's 3.7% yield, 3.5% annual FFO per unit growth prospects, and 2.3% annual valuation multiple expansion potential could generate 8.8% annual total returns over the medium term. Thus, we're reaffirming our hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Canadian Apartment Properties REIT (CDPYF)

Updated August 15th, 2025, by Kody Kester

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	418	451	493	531	588	659	744	774	789	812
Gross Profit	237	253	278	308	348	399	446	455	467	490
Gross Margin	56.6%	56.1%	56.5%	58.0%	59.2%	60.6%	59.9%	58.8%	59.2%	60.4%
SG&A Exp.	11	15	20	27	11	4	12	6	6	5
D&A Exp.	8	9	10	11	14	25	20		5	5
Operating Profit	224	235	255	278	332	390	427	444	456	481
Operating Margin	53.5%	52.1%	51.7%	52.3%	56.5%	59.1%	57.4%	57.4%	57.9%	59.3%
Net Profit	271	332	646	940	901	691	1,111	10	(305)	214
Net Margin	64.7%	73.6%	131.0%	176.8%	153.1%	104.9%	149.3%	1.4%	-38.6%	26.3%
Free Cash Flow	93	121	151	175	163	177	201	201	228	291
Income Tax		0	6	15	17	21	65	(8)	(57)	29

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	5,118	5,854	7,306	7,960	10,670	12,155	13,892	13,072	12,791	10,853
Cash & Equivalents		-	19	19	365	95	58	35	22	95
Accounts Receivable								12	12	12
Inventories						-	6	12	5	-
Goodwill & Int.				-	12	13	12			
Total Liabilities	2,481	2,770	3,391	3,323	4,237	4,882	5,736	5,702	5,797	4,563
Accounts Payable	52	69	65	80	36	46	45	41	31	31
Long-Term Debt	2,354	2,610	3,204	3,154	3,715	4,329	5,028	5,133	5,321	4,175
Shareholder's Equity	2,637	3,084	3,915	4,638	6,434	7,273	8,157	7,371	6,994	6,290
LTD/E Ratio	0.89	0.85	0.82	0.68	0.58	0.60	0.62	0.70	0.76	0.66

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.3%	6.0%	9.8%	12.3%	9.7%	6.1%	8.5%	0.1%	-2.4%	1.8%
Return on Equity	10.4%	11.6%	18.5%	22.0%	16.3%	10.1%	14.4%	0.1%	-4.2%	3.2%
ROIC	5.4%	6.2%	10.1%	12.6%	10.0%	6.4%	9.0%	0.1%	-2.5%	1.9%
Shares Out.	127.1	134.4	136.9	145.7	169.9	171.8	173.4	169.4	167.6	160.6
Revenue/Share	3.49	3.40	3.58	3.69	3.70	3.84	4.23	4.43	4.64	4.80
FCF/Share	0.78	0.91	1.09	1.22	1.02	1.03	1.14	1.15	1.34	1.72

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.