



## Start a Real Estate Empire With RioCan Real Estate Investment Trust

### Description

The richest people in the world achieved their wealth in a few ways. They either started their own business, created a large hedge fund, or bought real estate. While there are certainly other ways, time and again, this appears to be the easiest route to achieving wealth.

Real estate in particular is so useful because there will always be demand for land. And you can generate income from what you build on top of it, whether it's apartments, offices, or shopping centres.

But starting a real estate empire can be a daunting process. One of my favourite routes to getting exposure to real estate is through real estate investment trusts (REITs), which are special holding companies that invest all of their resources in real estate. In exchange for special tax considerations, these REITs pay out a considerable amount of their earnings to investors in the form of dividends.

With REITs, investors come as close to holding your own real estate as they can without owning the physical properties. REITs pay monthly dividends and, unlike holding your own real estate portfolio, they manage everything. In essence, you get the great without having to worry about the bad.

One company that I'm particularly fond of is **RioCan Real Estate Investment Trust** ([TSX:REI.UN](https://www.riocanreit.com)). Some investors have said that this is the top REIT in all of Canada and, when looking at its portfolio, I can't help but agree.

It owns 293 retail operations with 37 million square feet. What's important to understand is that these are not little strip properties. Rather, they are large centres with tenants such as **Canadian Tire**, **Wal-Mart**, and **Cineplex**. RioCan doesn't have to worry too much about its tenants disappearing suddenly. And while RioCan is already massive, it has an additional 5.5 million square feet of retail space in development and two million square feet of office space.

There are two things I really like about this company, though. The first has to do with its U.S. holdings, which it is selling. During the economic crisis, it picked up a bunch of assets for significantly reduced costs because everyone was going out of business. RioCan held on and was able to withstand the bad times, and its properties appreciated in value.

RioCan recently agreed to sell the U.S. portfolio to the **Blackstone Group** for US\$1.9 billion. When converted to Canadian dollars, that's \$2.7 billion, which is \$930 million more than it paid originally. That's an awesome profit.

This means that RioCan will be able to pay down a good chunk of its debt and work on the development and advancement of new properties. It also recently agreed to buy out the interest of **Kimco Realty Group**., which had owned a stake in over 20 of RioCan's operations.

The second reason I really like this company is because of its dividend. Like I said above, RioCan is considered one of the best in the business, and its yield shows that. Presently, it pays a 5.25% yield with a \$0.12 per month distribution. Buying 1,000 shares of this stock would earn you \$120 per month in distribution, which, if you reinvest, would put you well on your way to building a real estate empire.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

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