



A Real Estate Stock You Can Safely Stash in Your TFSA

Description

Owning and managing real estate assets has never been easy. But in Canada, it's become more difficult after a [decade-long boom](#), which has made it almost impossible for young Canadians to buy properties.

Even if you have the resources to buy a couple of apartments, managing the day-to-day affairs of tenants is something many investors can't handle. For income investors, however, it's important to have some exposure to real estate, because this asset class produces returns that historically beat inflation.

There are many advantages of owning real estate, such as a low correlation to other financial assets and relatively high, stable income returns. The low correlation with other asset classes means that by adding real estate to an existing portfolio of equities and bonds, you can gain diversification benefits and balance out your risks.

So, how do you buy real estate if you don't have a hefty bank balance to pay for the down payment? One way to achieve this goal is to buy the shares of real estate investment trusts, or REITs. These instruments provide an easy way to become a shareholder in a real estate asset that gets managed by professionals.

Here is a quality REIT stock you can consider buying through your investment accounts, such as Tax-Free Savings Account (TFSA).

RioCan

RioCan Real Estate Investment Trust ([TSX:REI.UN](#)) is one of the safest bets for young investors who have a long-term investing horizon. [RioCan](#) is Canada's largest retail REIT, managing a portfolio of 289 properties, including 17 development properties, with an aggregate net leasable area of 44 million square feet.

To counter a possible slump for retail properties, following a shift to e-commerce and online shopping, RioCan is exiting Canada's smaller markets and instead will focus on the six largest markets. The company is also shifting gears and increasing its footprint in Canada's strong residential market.

As part of this push, RioCan announced its new residential brand, RioCan Living. In five years, RioCan expects that up to 5% of its operating income will come from the residential segment, and in about a decade its goal is 10% or higher.

For TFSA investors, RioCan's consistent history of rewarding investors is the biggest attraction. The company has been paying dividends for the past 23 years. During that period, RioCan raised its annual distribution 17 times.

The bottom line

If your investment objective is to earn steady monthly income, then RioCan offers a solid entry point, especially when it's well on track to transform its business in the next few years. Trading at \$24.36 at the time of writing, RioCan offers an attractive 6.26% dividend yield. For buy-and-hold investors, this yield will translate into a \$0.12-a-share monthly dividend.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Tags

1. Editor's Choice

Date

2025/09/10

Date Created

2018/06/27

Author

hanwar

default watermark

default watermark