



Tax-Free Fortune: Earn \$800/Month of Passive TFSA Income With This Reliable REIT

Description

If you're one of those disciplined investors who's stuck with their TFSA, contributing the maximum amount while using the proceeds to invest in high-quality assets like stocks and [REITs](#) through thick and thin, then you're likely sitting on a TFSA fund that's in the six-figure mark. Let's just say your TFSA is at \$120,000 for simplicity's sake.

If you're tens of thousands shy of \$120,000, don't fret! You may have been financially unable to contribute the max amount in any given year, and there's no shame in that. But if you've tried to time the markets with your TFSA proceeds over the past decade by overweighting your portfolio in risk-free fixed-income securities and cash, then it may be time to make some significant changes to your investment strategy.

In any case, **Inovalis REIT** ([TSX:INO.UN](#)) is a top 8% yielder that all Canadian income investors should [keep on their radars](#). Inovalis is a play on the French and German markets with its small portfolio of 14 properties, which, in aggregate, have an occupancy rate of around 93%.

Office properties aren't ideal REITs. In fact, here in Canada, offices are seen as one of the unsexiest real estate sub-industries. The phenomenon of working from home continues to take off, and with various businesses eager to slash their expenses, it's not a mystery as to why office REITs have lost their lustre in recent years.

Despite the apparent long-term secular downtrend in the world of offices, I still believe there's a lot to love about Inovalis and its European properties.

When it comes to real estate, it's all about location, location, location. And that's where Inovalis's properties shine, as all the office properties are strategically situated in urban hotspots.

Around half of Inovalis's properties are located in the Greater Paris Region — one of the hottest urban locations on the planet. Even if all offices were to become a thing of the past (a nearly impossible likelihood), Inovalis would be able to convert its properties into lofts and command lofty rents!

So, with the worst-case scenario out of the way, Canadian investors hungry for a big payout or an outlet into the European real estate markets should have no fears when it comes to Inovalis.

Sure, the 8% distribution yield is big, but it's fully covered by the REIT's AFFO. With financing secured from a new investor, Inovalis will be able to grow its property portfolio and AFFO at a rate that wouldn't be possible if it were a behemoth of a REIT that many income investors have grown to love.

Furthermore, Inovalis is off less than 2% from its all-time high, despite having one of the highest sustainable yields out there. Inovalis shares have a low correlation to the broader markets and serve as a perfect hiding ground for investors who are looking to reduce their portfolio's overall risk profile.

Foolish takeaway

There are a tonne of reasons to love Inovalis. The main attraction is undoubtedly the 8% yield, which would pay \$800/month on \$120,000 in invested principal, with the potential for raises as the REIT continues to pursue AFFO growth endeavours.

Aside from the big income payout (and the potential for further distribution growth), Inovalis has a low correlation to the broader market and is thus a solid volatility-combating play for investors of all ages. Even if you don't have a massive pocketbook, Inovalis shares have the potential to do a tonne of good for your portfolio with the shares you're able and willing to pick up at this juncture.

Stay hungry. Stay Foolish.

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TICKERS GLOBAL

1. TSX:INO.UN (Inovalis Real Estate Investment Trust)

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