



Diversify Your Portfolio and Become a Landlord!

Description

Becoming a landlord remains one of the most popular ways that investors can reap the benefits of an [additional income stream](#), but once that initial honeymoon period ends, investors are left with mortgage payments, repair bills, and tenants to deal with. Throw in the fact that home prices are well into the stratosphere across much of the country, and you're left with an unappealing revenue model with an entry barrier that is far too costly for most investors.

This is exactly the niche market where REITs operate, and chief among the growing list of REIT investments is **RioCan REIT (TSX:REI.UN)** — one of the largest and most innovative REITs on the market with a sprawling portfolio of over 230 locations valued at over \$14 billion.

What makes RioCan unique?

REITs typically operate in a few areas of the market, typically focusing on either the commercial, retail, industrial, or residential segments of the market in predefined geographic regions.

RioCan placed an emphasis on retail locations across the country — more specifically, on shopping malls. That strategy has worked well for RioCan over the years, allowing the company to steadily grow into one of the largest and most well-known REITs in Canada.

That trend appears to be changing, as evolving shopping trends and the dominance of mobile commerce continue to eat away at foot traffic and sales at traditional brick-and-mortar stores.

To counter that emerging threat, RioCan has moved into the realm of residential properties, albeit with a retail twist. Under a new scheme, RioCan is going to construct residential property towers on top of several floors of retail, resulting in a mixed-use property full of potential.

The properties, dubbed RioCan Living, are situated in the major metro areas of the country, and apart from the obvious diversification advantage that this provides over traditional retail properties, these new mixed-use properties cater to the growing need for housing within metro areas across the country, particularly among younger professionals that want to live near jobs, shopping, and entertainment

options that are lacking in the more affordable suburbs.

RioCan has earmarked the cost of the mixed-use initiative at \$2 billion, with the sale of non-core assets providing the necessary financial muscle to get the project started. The first RioCan Living locations open this year, and RioCan has over half a dozen sites in various phases of development.

Another reason to consider RioCan is the company's monthly distribution, which currently amounts to an impressive 5.52% yield, handily making RioCan one of the [better-paying options](#) for income seekers on the market.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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Date

2025/08/21

Date Created

2019/06/13

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