Retirees: 3 Rock-Solid REITs to Start Your TFSA Income Fund

Description

When it comes to investments for an income fund, I've often encouraged retirees to consider safety, upfront yield, and growth potential as traits to look for — the latter of which is highly neglected by the many retirees who value upfront yield over all else.

Sure, a higher upfront yield is sexier. It's (almost) instant gratification, but as you age, possibly to well beyond 80, you're going to want to ensure you're getting consistent raises, not just to keep up with inflation, but to beat it, so you'll be better equipped for those pesky contingent expenses as they come along.

Here are three REITs that form a portfolio that blends growth, yield, and safety very nicely.

Canadian Apartments REIT

For growth (capital appreciation and distribution growth), we have **Canadian Apartments REIT** (TSX:CAR.UN), a 2.84%-yielding REIT that trades more like a stock that a REIT.

In terms of capital gains, shares have more than doubled over the past five years, and as management continues developing new properties within "white-hot" markets of interest like Toronto and Vancouver where rents are absurdly high, CAPREIT will be there to collect huge wads of cash that'll go right back into the pockets of its shareholders.

So, if CAPREIT is able to grow its distribution by so much, why is the yield so low? Investors have been flocking to the name for the market opportunity at hand.

With CAPREIT in your portfolio, you'll be profiting from massive tailwinds that are unique to firms within its markets of interest.

RioCan REIT

For safety, we have **RioCan REIT** (TSX:REI.UN), Canada's second-largest REIT with its $8.15 billion market cap. The owner of over 280 retail properties is in the midst of a strategic redevelopment to include residential units to increase value for shareholders.

Fellow Fool David Jagielski stated that RioCan is "one of the top REITs on the TSX" that "can provide your portfolio with a lot of stability" thanks in part to its "beta of less than 0.5," which effectively means shares zig when the markets zag and vice-versa.

With a 5.4% yield, RioCan is both a larger, more bountiful play that's going to keep getting better as the REIT makes more progress with its long-term redevelopment strategy. The REIT also plans to narrow in on the six largest Canadian cities (Vancouver, Toronto, Montreal, Ottawa, Calgary, and Edmonton) as it continues to bolster its already impressive portfolio of properties.

Inovalis REIT

Finally, for that massive yield, we have **Inovalis REIT's** (TSX:INO.UN) whopping 8.1% yield, which is sustainable and could be subject to generous raises over the years, as the firm adds to its relatively small portfolio of French and German properties.

Inovalis is a peculiar play, not just because it's a small-cap name with a mere $240 million market cap, but because it's a European-based REIT that's traded on the TSX. As weird as that sounds, it's a terrific way for Canadian investors to obtain instant exposure to hot spots within France and Germany.

Geographic diversification is important as is scoring a high enough yield to meet your income needs immediately. As one of the few securities out there that's within 5% of its all-time high that also sports a yield north of the 8% mark, Inovalis is a gem that's buried beneath the dirt.

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