3 Top Income Picks for Your RRSP or TFSA

Description

Real Estate Investment Trusts (REITs) are a favourite among income investors. The majority pay out dividends monthly, and several have consistent and reliable dividend growth streaks. Monthly income is important to investors, especially those near, or at retirement.

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It is important to note however, that a REIT's dividend may include other forms of income aside from eligible dividends. It's not uncommon for a REITs distribution to include interest and capital gains as an example.

It is for this reason that REITs are best held in either your Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP). This way, investors don't have to worry so much about the tax implications.

The following REITs are among the best in the country. If you're looking to boost your monthly income, all three make excellent investments.

Canadian Apartment Properties REIT

One of the country's largest residential property firms with interests in over 50 thousand units, Canadian Apartment Properties REIT (TSX:CAR.UN) is a top income stock. The company's yield of 2.84% is currently at the lower end when compared to its peers.

That said, investors should not overlook it for this reason. The low yield is in part thanks to considerable capital appreciation. Over the past five years, its stock has jumped by an average of 20% annually.

CAPREIT is a Canadian Dividend Aristocrat, having raised dividends for seven consecutive years. It has averaged low-to-mid single-digit dividend growth, which is in line with its peers.

It does however, have one of the best dividend coverage ratios in the business. The dividend accounts for only 15% of earnings and 43% of free cash flow.

A safe, reliable and growing dividend combined with significant capital appreciation. What's not to like?

CT REIT

A newer industry player, **CT REIT** (TSX:CRT.UN) split from Canadian Tire back in 2013. Since then, it has been a reliable income stock with some of the highest dividend growth rates in the industry.

Since going public, the commercial real estate firm has raised dividends by the double digits on average over six consecutive years.

As the company is expected to grow earnings by an average of 17% annually over the next five years, expect the strong dividend growth to continue.

Summit Industrial Income REIT

Another strong performer, **Summit Industrial REIT** (TSX:SMU.UN) has also increased in value by approximately 20% annually.

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What makes Summit unique is its focus on growing its portfolio of light industrial properties, which makes it stand out against residential, retail and commercial peers.

The company currently yields 4.15% and has a modest two-year growth streak. At 83.4%, the dividend is well covered by funds from operations and is at the lowest point in over three years.

This past May, it increased dividends by 4.7% on the back of the expectation for strong cash flows.

The market for industrial properties is highly fragmented, and as such, Summit is well positioned to become a leading consolidator. This should drive growth above the industry average for years to come.

Since 2016, it has more than tripled assets from $500 million to $1.82 billion as of end of the first quarter of 2019. It also marks a 70% increase over the $1.025 billion under management at the end of the first quarter of 2018.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
2. TSX:CRT.UN (CT Real Estate Investment Trust)
3. TSX:SMU.UN (Summit Industrial Income REIT)

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