TFSA Investors: Stop Saving! These 2 REITs Are a Better Bet, Even in a Recession

Description

Too many Canadians are making the mistake of hoarding cash within their TFSAs.

A High-Interest TFSA Savings Account may seem like a risk-free way to grow your wealth in these uncertain times. Still, many Canadians may not know that by saving money in such savings accounts, they stand to lose pricing power over time through the insidious effects of inflation.

While savings accounts and GICs may be "guaranteed" not to decline in value, they're also guaranteed to give you sub-par results over prolonged periods, and that's with recessions factored into the equation.

Although it may seem risky to invest in this market with rising geopolitical tensions, being out of the market, I believe, appears to be the even bigger risk.

So, forget about going all-in on cash and consider the following two REITs if you're looking for a risk-risk investment that will allow you to grow your purchasing power.

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is a cheap retail REIT that's over 15% off its 2016 all-time high thanks in part to brick-and-mortar retail fears that have been blown out of proportion.

The REIT is well run, with a 5.55% yield, with no soaring vacancies as a result of the rise of retailers in the e-commerce arena. The secure payout will dampen potential downside come the next market-wide plunge, and if we're not in for another housing meltdown, SmartCentres REIT and various other cheap REITs will have an easier time holding their own compared to the 2007-08 financial disaster.

Moreover, SmartCentre's long-term plan to diversify into mixed-use (residential-retail) properties doesn't seem to be fully appreciated by investors who see the REIT as a sitting duck in the crosshairs of hungry digital retailers.

SmartCentres has reliable tenants that will hold their own and likely renew their leases over the years until we see SmartCentres evolve into something that's so much more than just a play on strip malls.

NorthWest Health Properties REIT

NorthWest Health Properties REIT (TSX:NWH.UN) is a low-volatility (0.8 beta) REIT with a bountiful 6.8% yield. Unlike SmartCentres, however, the REIT isn't looking to expand beyond the confines of its circle of competence.

Health properties are a red-hot real estate sub-industry and as the demand for health services continues to surge, so too will the need (and rent) for health properties.

NorthWest is a pretty dull bet with fairly predictable AFFO stream, precisely the type of investment to seek out when the market waters become rougher.

With a diversified mix of medical properties across various geographies including Australasia, Brazil, Canada, and Germany, NorthWest is capitalizing on a worldwide secular trend that's so strong that not even the next economic downturn will have a long-lasting negative impact.

Stay hungry. Stay Foolish.

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2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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joefrenette