TFSA Investors: Make $280/Month in Tax-Free Income With These 2 REITs

Description

Real estate investment trusts (REITs) are attractive investment options for TFSA holders that want an easy way to accumulate growth. REITs generally pay some good yields and have a lot of recurring income, rendering t hem more stable than other investments.

It's not hard to see why REITs are attractive options. Below, I'll look at two REITs that together, can generate $280 in dividends every month for you:

Slate Retail REIT (TSX:SRT.UN) may scare off some investors who may want nothing to do with retail, especially in light of another major retailer, Forever 21, announcing it will be shutting down its operations in Canada.

However, with Slate Retail, the stock isn't as risky as its name suggests. While it's in retail, its locations are also anchored by U.S. grocery stores.

Food retailers are a whole lot more stable than other types of retailers, and that's where Slate could be flying a little under the radar these days. In six months, the stock has risen by less than 2%.

It could be a good contrarian play, as investors may be hesitant to buy Slate Retail, which could make it easier to get a good value for it today. In addition investors can take advantage of great dividend.

Slate Retail is currently paying its shareholders around 8.8% per year, but with dividends in U.S. dollars, that can fluctuate. Investing $30,000 in the stock would generate dividend income of about $2,600 every year, or about $217 per month.

However, those figures could rise over time as the company raises its dividend payments or the U.S. currency strengthens in relation to the Canadian dollar.

However, investors may be a little concerned with Slate Retail's risk, which is where having another REIT in your portfolio can help diversify some of that risk. One way to do that is with the following stock:

Canadian Apartment Properties (TSX:CAR.UN) could be a very appealing option for long-term investors. With housing prices still very expensive in major markets like Toronto and Vancouver, apartments are going to see a lot of demand, especially as these cities continue to grow.

With limited space and rising prices, rents could also soar higher in the years to come, and the stock also provides a good dividend.

Currently, Canadian Apartment Properties pays investors a modest but stable yield of around 2.5%. It's nowhere near Slate Retail's dividend, but it could still generate some good cash flow for your portfolio.

Canadian Apartment Properties has also recently hiked its payouts, and there's definitely the potential for more, allowing investors to earn even more.

If you invested another $30,000 into Canadian Apartment Properties, you could earn $750 per year or about $62 a month. Combined with the $217 that you can earn from Slate Retail, and you've got a total monthly income of around $280. And both of these investments, should you have the room, could be shielded from taxes within a TFSA.

Overall, Canadian Apartment Properties and Slate Retail can give investors a good mix of value, growth and dividends.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:MAGT (Magnet Forensics)
2. TSX:SGR.UN (Slate Retail REIT)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2019/10/13
Author
djagielski