



## 3 Top Income Stocks to Profit From Toronto's "Smart City" Project

### Description

Looking for upside in the natural materials space? Investors may want to forget about oil stocks and start focusing on other natural resources. Oil is facing mounting headwinds as society becomes more efficient, using less oil and reducing demand.

As supplies increase, demand is further lowered, and turbulence from risk events is eased, as the [resilience of oil prices](#) has shown this week. Surprisingly, another natural resource, one that captures carbon instead of releasing it, may about to rise thanks to an innovative real estate-tech collaboration.

### How to play the Waterfront development

**Alphabet's** Sidewalk Labs plans to build innovative new multi-storey timber structures along Toronto's rejuvenating waterfront. The smart city development spearheaded by the Google parent company offshoot will feature towering wooden structures — if the innovative buildings get the all-clear, that is.

While Alphabet's investment in Toronto could mean good things for the country's most populous urban centre, the reverse is also true. Toronto's Eastern Waterfront is a prime real estate location that would benefit from a makeover and could attract a significant inflow of business.

**Canadian Apartment REIT** could also be a [safe bet for lakeside upside](#), with the modest yield and classic defensiveness of a residential real estate trust matched with strong development potential along the Toronto harbourfront. Rental real estate is one a handful of recession-proof asset types.

A TSX investor focusing on yield could do much worse than to stack shares in a Canadian REIT like CAPREIT. It's a solidly defensive stock tailor-made for a portfolio based on regular dividend payments and could grow as cities like Toronto continue to expand and add top-tier accommodation developments.

Infrastructure stocks could also get a boost from the initiative. **Badger Daylighting** is an rewarding way for passive-income investors to play this space. While there are numerous service and consumer plays for upside from the Waterfront project and the innovation in city-building that it could initiate, the

site excavation and environmental services company is a low-risk buy for steady wealth creation.

For a pure play on timber, the TSX has a dedicated option in **West Fraser Timber**. The Canadian forestry products industry is an attractive area ripe for capital gains in the long term, as the natural resources space transitions away from hydrocarbon fuels and into carbon capturing.

West Fraser Timber pays a 1.4% yield, while CAPREIT and Badger Daylighting pay 2.6% and 1.7% yields, respectively.

Timber could become the building material of choice, overtaking concrete, metal, and other heavy, messy, energy inefficient choices. The downside if timber construction takes off? The steel industry could take a hit. However, in the long run, a building material that doubles as a carbon sink could go mainstream, as the climate crisis increasingly influences policymakers.

## The bottom line

All three Canadian stocks listed here would suit a mid- to long-range portfolio for investors looking to grow wealth in the construction space. West Fraser Timber offers direct access to a resurgent lumber industry, while CAPREIT and Badger Daylighting offer strongly recession-resistant income plays on urban growth.

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