



TFSA Investors: 1 REIT That Could Earn You 5.04% Dividends Every Year

Description

Over the past two decades, the Canadian real estate market has seen a stellar rise in value, with prices appreciating over 337% from the year 2003 to present day in some cities.

However, with a price-to-rent ratio of over 112% and the global economy entering a slowdown, putting all your money into a single property would not be a wise choice.

Real estate is still a sound investment, but only if you have your portfolio diversified. Fortunately, you don't have to be absolutely rich to do that, as this is [where Real Estate Investment Trusts \(REIT\) come in](#).

REITs manage a diversified portfolio of real estate themselves, and your returns are based on its aggregate performance.

One of the safest, high-yielding options right now is **Choice Properties** ([TSX:CHP.UN](#)).

An easy choice for the long term

There are a lot of things going for Choice Properties that make it an ideal choice for investing your hard-earned money. For one, the REIT deals primarily in retail properties rather than housing.

Compared to housing, retail real estate tends to be a safer investment because of lower vacancy risk and a greater tenancy period. In the case of properties held by CP REIT, the occupancy rate was nearly 98% for the most recent quarter.

Furthermore, the REIT has also benefitted from the [resilient Canadian retail environment](#). Compared to down south, Canadian physical retail stores have shown themselves to be more resilient to the advent of e-commerce, and are still seeing healthy annual growth in sales.

Additionally, Choice Properties mainly targets business tenants that make up of staples in theeconomy, such as banks, grocery stores, and drug stores.

As consumers tend not to change their buying behaviour when it comes to necessities regardless of market trends, the risk of such businesses going bust when the market is down is far less.

All this translates to Choice Properties being a safe, long-term investment that you can even buy and forget about.

Grow your TFSA income

The maximum Tax-Free Saving Account (TFSA) contribution limit allowed for 2020 is \$69,500. If you are to distribute this amount into a diversified investment portfolio yielding an average of 4.8% annually, you can earn around a decent sum of \$280 in passive income monthly.

Choice Properties currently offers an annual dividend yield of an appreciative 5.04%. The REIT has a history of reliable payout to its investors and has steadily grown its dividend by 14% over the past five years.

Over the same period, its share has also appreciated decently over the same period, seeing an increase of 23% in value.

Summary

Due to the quality of its assets and with a healthy payout ratio of 80%, CP REIT's current yield is quite sustainable. CP REIT presents itself as a perfect choice for TFSA investors looking for a long-term, low-risk investment in the real estate to grow their passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)

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