



1 High-Risk and 1 Low-Risk TSX REIT to Buy Today

Description

Just like every other industry on the **TSX**, REITs have seen a wide divergence of impacts on business.

Residential and industrial REITs have been some of the best performers, with retail and senior living being some of the highest impacted segments of the industry.

The degree of impact, however, is not based on industry alone. As is always the case with real estate, the geographic concentration of companies' assets is also playing a major role.

Some provinces and cities are experiencing far worse economic conditions, such as those with high exposure to the energy industry.

There are several opportunities for savvy investors; it just requires a lot of research. This is crucial to get a full understanding of these REITs' assets, and what exposure the businesses may have.

Some investors may prefer a defensive REIT, one that will remain robust and return significant cash to shareholders.

Others may be looking to buy a higher-risk REIT, while it trades at a significant discount to fair value.

Here are two of the top TSX real estate stocks to consider today.

Low-risk TSX REIT

One of the top REITs for investors looking to shore up their portfolio is **Granite Real Estate Investment Trust** ([TSX:GRT.UN](https://www.scribd.com/document/444444444/TSX-GRT-UN)).

Granite is a massive industrial REIT with assets in Canada, the United States, and Europe. Industrial REITs have been some of the most resilient real estate investments due to the strong demand for the services.

And of those industrial REITs, [Granite](https://www.scribd.com/document/444444444/TSX-GRT-UN) is one of the lowest risk options. Not only does it have significant

diversification, but it also has high-quality tenants such as **Magna**, its single biggest customer.

It's always good to have a major tenant that is a high-quality company such as Magna is for Granite. However, the more rent that client is responsible for, the more exposed you are to the risks of that company.

Granite has recognized this and has been growing rapidly to diversify its rents from solely Magna's. In 2011, Magna accounted for more than 90% of its rents. Today that number is down to just 40%. And with Granite's long runway of growth and development projects, that exposure should continue to decline.

It's also eliminated a tonne of risk by renewing 80% of its leases expiring in 2020.

All in all, if you want a high-quality TSX REIT with plenty of stability, Granite and its 4.25% dividend may be the investment for you.

High-risk TSX REIT

On the flip side, while industrial REITs have been some of the top performers, one of the worst-performing sectors of the real estate market until now has been retail REITs.

Some retail REITs have held up better than others, but a business like **RioCan REIT** ([TSX:REI.UN](#)) has been greatly affected.

As of Wednesday's close, RioCan was trading more than 45% off its 52-week high. Part of the reason for the major selloff is due to it being a retail REIT.

However, it also has to do with its exposure to enclosed malls and theatres, which account for 15% of RioCan's total rents — not to mention that 17% of its portfolio being located in Alberta.

To date, RioCan has collected less monthly rents than almost every company in the real estate sector, including all in the retail space. This is one of the major reasons for the big selloff as risk-averse investors flee the space.

However, for [long-term investors](#), this could be a major opportunity.

RioCan hasn't been this cheap in over a decade. The stock is so cheap that it's currently offering a dividend yield upwards of 9.5%.

If RioCan can continue to weather this storm, and especially if the worst of the coronavirus is behind us, the TSX REIT may be one of the best value opportunities in the current environment.

Bottom line

Real estate is always a great industry in which to invest. However, it's paramount investors understand what they are buying and what the risks are.

Whether you want a TSX REIT with low or high risk, though, these are two of the top choices to buy

today.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:GRT.UN (Granite Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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1. Business Insider
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Author

danieldacosta

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