TFSA Income: 3 REITs Yielding up to 6.3% to Buy Today

Description

The COVID-19 pandemic has drummed up considerable anxiety in the real estate sector. Large residential and commercial property holders have seen the world change on a dime. Millions of jobs have been lost, which threatens the ability for rent holders to make payments going forward. Meanwhile, the value of commercial space is threatened in a new world that could usher in a fundamental change in the way we work. That does not mean that investors should turn their backs on real estate investment trusts (REITs). Today, I want to look at three that are perfect for generating income in a TFSA.

Why REITs are perfect for your TFSA

In late May, I'd discussed how CERB recipients could respond to their payments coming to an end. Historically, REITs have been reliable options for TFSA investors on the hunt for income. As well as Canada's real estate market performed throughout the 2010s, the data shows that holding the right REITs was more lucrative in terms of capital growth and income generation over time.

Below are three solid and reliable REITs that would be right at home in a TFSA. The volatile market has also produced some solid discounts for many of Canada's top REITs.

Two REITs that boast 6% dividend yields

Choice Properties REIT (TSX:CHP.UN) is the owner, manager, and developer of a portfolio consisting of over 700 properties. It is focused on retail and commercial properties across Canada. Shares of Choice Properties REIT have dropped 8.7% in 2020 as of close on July 21.

The company released its second-quarter 2020 results on July 20. It posted a net loss of $95.8 million, primarily due to an unfavourable change in the value of investment properties. However, in the year-to-date period, net income increased to $236.9 million compared to a net loss of $663.8 million in the first two quarters of 2019.

Fortunately, Choice Properties still offers a monthly distribution of $0.061667 per share. This represents a strong 6% yield. Better yet for TFSA investors, the stock last had a favourable price-to-earnings ratio of 13 and a price-to-book value of 1.2.

Chartwell Retirement Residences owns and operates a range of seniors housing communities. The COVID-19 pandemic has highlighted the need for more investment in this area. Canada is wrestling with an aging population, and there is increasing demand for more retirement living space. This REIT is a great long-term bet for TFSA investors.

In June, Chartwell paid out a monthly dividend of $0.051 per share, representing a 6.3% yield.

One more REIT to stash in your TFSA

CT REIT is a REIT that aims to own income-producing commercial properties, mostly in Canada. Shares of CT REIT have dropped 13% in 2020 so far. However, the stock is up 9.7% over the past three months.

Investors can expect to see CT REIT's second-quarter 2020 results in early August. In Q1 2020, the REIT delivered 3.7% growth in adjusted funds from operations per unit. Best of all, 96.5% of tenants fulfilled their May 1st rent obligations. This allowed operations to breath a sigh of relief ahead of the summer season.

TFSA investors can count on a monthly dividend of $0.06562 per share from CT REIT. This represents a 5.7% yield.

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

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aocallaghan