2 Top TSX Real Estate Stocks to Buy

Description

Now could be a good time to buy real estate stocks on the **Toronto Stock Exchange**. Interest rates are low and it's more important than ever to invest in a comfortable living space whether that means renting or owning.

The primary risk in real estate is in office space and retail during the pandemic. Nevertheless, multifamily rental properties and other types of real estate are also feeling the effects of the pandemic.

Despite the risks, there are still two great real estate stocks on the TSX that might be worthy of your time and money.

#1 real estate stock to buy

Brookfield Property Partners (TSX:BPY.UN)(NASDAQ:BPY) fell to $10.05 during the March market sell-off from a 52-week high of $26.38. At the time of writing, investors are trading the stock for around $19.00 per share. The annual dividend yield is fantastic at 6.63%.

Brookfield Property Partners is a reputable stock. Canadian investors should feel comfortable owning this company in their retirement portfolio. Over the long term, Brookfield will give any stock market investor outstanding returns.

The dividend yield alone is amazing and now is a great time to buy this stock. It is still trading for less than its pre-pandemic high. If you are looking to add some real estate stocks to your Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan, then this is one of your best options.

It's true that like many firms, Brookfield suffered some small setbacks this year due to the COVID-19 crisis. Nevertheless, Brookfield CEO Brian Kingston believes the worst has passed for the real estate asset management company:

> "We saw consistent improvement in our operations over the course of the third quarter and, while there may be temporary setbacks as different regions reach different stages of recovery, we are confident that the worst of the economic shutdown is now behind us.
>
> Our staff has done an amazing job preparing our buildings for safe re-opening and each day it is gratifying to see more office workers, retailers, customers and visitors returning to our properties around the globe."

Soared during 2019

Mainstreet Equity (TSX:MEQ) fell to $41.75 during the March market sell-off from a 52-week high of $96.25. At the time of writing, investors are trading the stock for $71.50 per share.

Like Brookfield, Mainstreet Equity also manages real estate assets. Conversely, Mainstreet Equity boasts a less diversified portfolio than Brookfield. Unlike Brookfield, Mainstreet Equity mostly manages multi-family residential properties.

The downside to Mainstreet Equity is that it doesn't issue a dividend yield to shareholders. If you are looking to generate income from a real estate stock, Mainstreet Equity would not fit the criteria. Still, the stock price was soaring throughout 2019 before the pandemic caused it to plummet in value.

Mainstreet Equity CE Bob Dhillon commented on the impact of the COVID-19 pandemic on the firm in its Q4 2020 financial results on December 7:

> "The global pandemic in 2020 introduced unprecedented challenges for Mainstreet, forcing our management team to adopt a socially-minded internal policy that prioritized health and safety. Even so, we have continued to prove that the mid-market rental space remains a highly resilient asset class, and to demonstrate growth in our key financial metrics."

Also in the announcement, the firm reported an increase in the vacancy rate to 7.3% from 6.4%. According to the press release, less immigration and foreign students caused a fall in demand for rental properties.

Despite the risk from softer demand for apartments, this could be a great stock to buy before the year ends. Especially if you are interested in buying stocks that are still trading below pre-pandemic levels, Mainstreet Equity could be a good stock to bet on.

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TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)

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