RRSP Deadline for 2020: 2 Top REITs to Buy Now

Description

March 1 is the RRSP deadline for 2020 contributions. If you haven't yet maxed out your contributions, keep in mind that the tax savings could be huge. Investing early, and letting those investments grow tax-free, is a solid path to retiring comfortably. But where should investors begin?

Here are three interesting picks to consider adding to your portfolio.

How about a residential-focused REIT?

The first stock to consider buying is **Canadian Apartment Properties REIT** (TSX:CAR.UN). As the name suggests, Canadian Apartment Properties is a REIT, which is focused on the residential market. The company is one of the largest residential REITs in Canada, boasting a portfolio of over 65,000 residential units. Additionally, Canadian Apartment Properties has properties in both the Netherlands and Ireland, making it a global investment.

Why should you buy Canadian Apartment Properties? There are two key reasons to note. First, the stock trades at a significant discount. Specifically, over the trailing 12-month period, the REIT is down over 17%. Much of that drop can be attributed to the impact of the pandemic. This also means that as markets continue to reopen, the market should recover.

The second point has to do with the distribution on offer. The REIT offers a respectable yield of 2.82%, which is distributed on a monthly cadence. While that may not seem like a huge return, it is frequent and can lead to handsome long-term gains.

How about a diversified REIT?

The importance of diversifying can't be understated. That's just one reason why investors looking for a well-balanced REIT stock to buy before the 2021 RRSP deadline should take a look at **RioCan Real Estate** (TSX:REI.UN).

RioCan is one of the largest REITs in Canada, with a portfolio that consists primarily of large, anchor-tenant retail sites. The REITs list of tenants consists of the largest names in retail and finance, offering some stability. RioCan also boasts the fact that no single tenant holds a majority of the company's portfolio.

As impressive as that sounds, that's not the real reason why investors should consider RioCan. That reason comes down to a more recent initiative known as RioCan living. In short, RioCan is diversifying outside of its traditional retail roots, by adding an assortment of mixed-use residential units in Canada's metro areas.

Those units provide RioCan a unique opportunity to offset the decline in traditional brick-and-mortar with in-demand residential units located in key markets. The mixed-use properties also have dedicated retail spaces, making them a perfect balance between the two segments.

In terms of a dividend, RioCan offers a monthly distribution that currently works out to an appetizing 5.17% yield. This makes the REIT one of the better-paying options on the market. Also, given the upcoming RRSP deadline for 2020 contributions, RioCan could be a great candidate for your portfolio right now.

Will you buy before the RRSP deadline for 2020 contributions?

One of the many aspects of smart investing is to invest early to give your investments time to grow. Picking one or both of these REITs will provide plenty of growth and income-earning opportunities for years to come. Throw in the incentives of buying before the upcoming RRSP deadline for 2020 contributions, and you have a solid path for growth.

In short, buy them, hold them, watch them grow (and make you rich).

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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