Buy Stocks Like How You Would Buy a House

Description

We live in a rapidly changing world. Our societies and technology have probably changed more in the last decade than they did in the previous two decades. And even though we might not want to admit it, this has also transformed our psychological behaviour in many ways.

Most importantly, it has made us relatively more impatient. Unlike our forefathers, who used to take their time getting things done, most people nowadays seek immediate results.

And this translates to our investment habits as well. Many investors nowadays seek rapid growth and try to track the market quite closely, almost like traders.

Investing and buying a home

When you decide to become a homeowner, you tend to conduct a lot of research because you want maximum output from minimal input. You might look into houses in several different neighborhoods and shop around for the best mortgage price. After much research and consideration, you might find your ideal fit and buy it.

This is true for both the home you live in and investment properties, although the latter would require you to conduct your research from your potential renters' perspective.

But once you've bought the house, will you keep looking into the real estate market and see how your home price is doing? Will you think about selling as soon as the price spikes or get worried when it dips?

No, and *that* is how investors should think about investments as well. If you keep letting market fluctuations influence your decisions, especially when it comes to selling stocks, you might not be able to benefit from the advantage of the essential variables: time and compounding.

A potential long-term bet

While it's a relatively new company, **True North Commercial REIT** (TSX:TNT.UN) might have the potential of being a decent long-term bet. The company is still trading at a 15% discount from its pre-pandemic valuation peak, and it's almost fairly valued. The balance sheet is strong, and the revenues have been growing, even through the rough 2020.

By the end of 2020, the company had 47 properties in five provinces at a 98% occupancy rate. Three out of every four tenants of the REIT are government and credit-related businesses, which means the stability of rental income. 42% of the company's properties are in GTA alone, but that's not bad from a diversification perspective since it *is* the thriving hub of business activity.

TNT's five-year CAGR of 14.15% might not be an accurate representation of its growth history, but even if you consider a modest 10% growth, the company might turn a $2,000 investment into $35,000 in about three decades. It might also be considered a decent income-producing asset, thanks to its 9.2% yield.

Foolish takeaway

Taking a longer view of things might not seem like a promising strategy, especially in such a dynamic market. But one possibly timeless fact about the stock market is that it's constantly changing. The changes we see now seem more aggressive than they did in the past, because now more people have exposure to the stock market. Regardless, the notion that investing in stocks might pay off if you stick to your good businesses long enough is still valid.

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1. Dividend Stocks
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