



1 Top TSX Stock for Investors Interested in Real Estate Exposure

Description

Tricon Residential ([TSX:TCN](#)), with over 30,000 single-family rental homes and multifamily rental homes in 2021 across the U.S. and Canada, is an ideal pick to add [diversification](#) to investor portfolios. Indeed, the company's core business model is perfect for investors lean on real estate holdings.

Given the impressive improvement in real estate prices of late, REITs are increasingly being looked at by many investors. Let's dive into why Tricon may be an excellent pick for such investors today.

Tricon focusing on market diversity

With REITs, one of the key factors investors look at when assessing these assets is their diversification. In this regard, Tricon is a winner.

The company spreads out its rental housing portfolio across 21 markets. These 31,000 housing properties are focused on single-family homes in regional markets in the United States. These markets tend to have favourable demographic tailwinds. Furthermore, rental rates are rising in these markets, making Tricon's fundamentals attractive.

The company's occupancy rate remains high, as does its NOI growth. This REIT has seen institutional demand skyrocket, as retail investors pile in as well. For Tricon, a robust management fee stream has helped shore up the trust's balance sheet and provide room for further growth.

Aside from this organic growth potential, Tricon is also planning the sale of a majority interest in its American multifamily portfolio. This sale will boost the REIT's cash liquidity and make future portfolio additional possible. I think the timing of this deal is superb, and investors stand to benefit from this deal over the long term. Accordingly, Tricon is worth a second look by investors seeking exposure to the U.S. single-family home market.

Strong financials and bright future

While Tricon's Q4 results are not yet out, I expect them to be strong. The company's most recent results showed impressive net income growth (nearly doubling) to \$58 million. The company's orientation toward the U.S. sunbelt and the aforementioned strong demographic drivers played a big role in these results.

Long-term investors bullish on Tricon's positioning will like this stock at these levels today. Indeed, the company's pipeline of 4,000 additional units, which are scheduled to be delivered between 2022 and 2024 provide additional long-term growth potential. Construction delays have been minimized, and it appears the company is on track to meet its supply targets in the coming years. For long-term investors, this is a very good thing.

Indeed, as far as residential real estate plays go, Tricon is a winner. This stock is one that provides excellent diversification for Canadian investors. Additionally, the company's growth prospects are about as strong as investors can get in the REIT space today.

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