



RRSP Investors: 2 Top TSX Stocks to Buy for Passive Income

Description

There's a reason why many investors look for stocks that can create stable passive income. Some look at these stocks as defensive, low-risk options (which they are). Others consider the retirement impact these investments could have over time. Whatever the case, creating another income stream, via [dividends](#) or otherwise, is a solid idea.

Let's take a look at two companies that are well positioned to provide solid, consistent passive income for investors over the long term.

Top passive income stocks: Dream Industrial REIT

Dream Industrial REIT ([TSX:DIR.UN](#)) remains one of my top picks for long-term investors looking to build passive income. This REIT has a solid portfolio of industrial real estate properties, mainly targeting the logistics sector. Key to the surge in e-commerce we've seen of late, Dream Industrial is a stock that I think represents great indirect exposure to this secular growth trend.

This \$3.7 billion REIT is the owner and operator of 326 industrial properties across Europe, Canada, and the United States. The trust's net income and operating income have been rising consistently from 2018 to 2020. Due to Dream Industrial's robust fundamentals, this REIT maintains secure cash flows each year.

Supply chain issues, on-shoring, and e-commerce have implied that industrial real estate demand is immensely elevated. This has proved to be a giant tailwind for this REIT. Dream has +98% occupancy. Also, this REIT is witnessing double-digit rental growth. Besides boasting a superb balance sheet, this stock has still got room for more acquisition growth this year.

With a [dividend yield of 4.4%](#) and a strong growth trajectory, Dream Industrial REIT is a passive-income stock to buy and forget about for decades.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) is a top utilities stock I've also been pounding the table on of late. This company, like many regulated utilities, provides extremely stable cash flows over time. Accordingly, the company's bond-like 4.9% yield is very enticing to long-term investors.

However, Algonquin is also a utility that's not afraid of growth. This company's focus on growing its renewable energy portfolio is something I like. I think Algonquin is one of the few utility companies looking forward to the future and is carving out a niche early. Thus far, this strategy has worked wonders for the company's stock price.

Among the recent deals investors are talking about is Algonquin's agreement to purchase Kentucky Power for US\$2.85 billion. The market appears to be concerned about the deal's size and how Algonquin eventually pays for the purchase. That said, Algonquin has stated it has the financing for the deal and sees its customer base growing 19% as a result of this combination.

Overall, the recent downside with AQN stock is a buying opportunity, in my view. This company's dividend remains solid and is also priced in U.S. dollars (a good thing for Canadian investors looking for a currency hedge).

CATEGORY

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:DIR.UN (Dream Industrial REIT)

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Author

chrismacdonald

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