



Be a Landlord in Different REITs With the 3rd Most Popular ETF

Description

Real estate investment trusts (REITs) rose to prominence during the global pandemic and with rising housing prices. Investors who want exposure to the housing market without purchasing real estate properties have a [wide selection](#) of REITs on the TSX.

However, [leasing activities](#) in sub-sectors like retail, offices, and hospitality diminished significantly after Q1 2020. Fortunately, [instant diversification](#) is possible in the real estate sector. With BlackRock's **iShares S&P/TSX Capped REIT Index ETF (TSX:XRE)**, you don't have to choose individual REITs.

Moreover, the REIT ETF had the third-highest trading volume in 2021 after **BMO Equal Weight Banks Index ETF (TSX:ZEB)** and **iShares S&P/TSX 60 Index ETF (TSX:XIU)**.

The top two ETFs

BMO Equal Weight Banks Index ETF and iShares S&P/TSX 60 Index ETF were the top two ETFs by trading volume last year. The former is popular because the fund invests in Canada's Big Six banks, while latter holds large-cap TSX stocks. Both are excellent for passive investors, owing to the decent dividend yields.

Everyone knows that the banking sector in Canada is a bedrock of stability. BMO's ZEB tracks the performance of the Solactive Equal Weight Canada Banks Index. The asset manager allocates an equal weight per bank or security instead of market capitalization.

Current ZEB investors enjoy an 8.07% year-to-date gain in addition to the 3.41% dividend yield. At \$41.99 per share, the trailing one-year price return is 45.44%. In the last 3.01 years, the total return is 64.3% (17.96% CAGR). This ETF carries a medium-risk rating and is ideal for investors looking for growth solutions.

BlackRock's iShares S&P/TSX 60 Index ETF has the same risk rating, as ZEB since 38.08% of the exposure is in the financial sector. Energy (15.48%), industrials (10.28%), and basic materials(10.02%) are the other sectors with percentage weights of at least 10%.

The fund has 61 stocks in the basket with the **Royal Bank of Canada** as the top holding (8.35%). XIU's total return in 3.01 years is 52.03% (15.08% CAGR). If you invest today, the share price is \$32.82, while the corresponding dividend yield is 2.39%.

Exposure to various REITs

The real estate industry has eight sub-sectors where diversified commercial REITs with the most number. Retail (including malls and strip malls), office, residential, healthcare, industrial, hotel, and specialty REITs round up the rest. iShares S&P/TSX Capped REIT Index ETF is a single fund with exposure to different types of REITs.

XRE's investment objective is to provide long-term capital growth. The fund replicates the S&P/TSX Capped REIT Index. Like a typical REIT, investors earn rental-like income, because the ETF pays dividends. At \$19.96 per share, the dividend yield is 2.39%.

The ETF has 20 real estate stocks and carries a medium-risk rating. **NorthWest Healthcare Properties** and **Killam** are the top two holdings. As of this writing, the next asset value of XRE is \$1.3 billion. For the last 19.33 years, XRE's total return is 558.22% (10.24% CAGR).

Convenient investing

ETF investing is convenient for passive investors. Since all three REITs pay dividends every month, you can incorporate the payouts into your monthly budget or reinvest them for faster compounding of your capital.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)
2. TSX:XRE (iShares S&P/TSX Capped REIT Index ETF)
3. TSX:ZEB (BMO Equal Weight Banks Index ETF)

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