3 REIT Stocks Canadian Investors Can Buy for Reliable Passive Income

Description

Real estate investment trusts (REITs) are some of the best ways that Motley Fool investors can bring in passive income. This can be especially beneficial for your Tax-Free Savings Account (TFSA). The TFSA allows you to only contribute a defined amount each year. To make more than that and avoid taxes, you want dividend stocks. And REITs are some of the best.

But it does depend on *which* REIT stocks you choose. While some might have high yields now, they may not be able to deliver down the line. Instead, you want companies that will keep paying out no matter what happens.

And it just so happens I have three you can consider.

Dream Industrial REIT

Industrials are some of the best REIT stocks out there right now. That's because they provide storage for the booming world of e-commerce. Analysts continue to be bullish on this area, even with pandemic restrictions easing. Supply-chain demands mean storage demands are increasing as well. And that leaves REIT stocks like **Dream Industrial REIT** (TSX:DIR.UN) in high demand.

Analysts continue to give the company a "strong buy" rating. The stock looks undervalued, especially for Canadian investors seeking out REIT stocks to buy. Motley Fool investors get access to both Canadian and European exposure as well, which continues to grow. And yet it still trades at a valuable 6.07 times earnings.

Then of course there is the solid dividend for passive income, currently at 4.34% as of writing. Shares are up 16% in the last year, with a target price of $19.65 as of writing.

Brookfield Industrial REIT

Sticking with the industrial theme, **Brookfield Industrial Partners LP** (TSX:BIP.UN)(NYSE:BIP) is a strong buy for similar reasons. Obviously, it's still within the booming business of infrastructure. But the company is also much larger than Dream REIT. And among REIT stocks, it has solid strength in terms of growth.

Analysts believe the stock has the potential for double-digit annual EBITDA growth and funds from operation per share. This comes from the company's ability to make smart merger and acquisition decisions, capital spending plans, and organic growth choices. The company should continue to deliver steady results, even though it trades at 32.84 times earnings.

Yes, it's more expensive, and probably not a deal. But it's a strong investment for long-term investors. Furthermore, it offers a stable dividend yield of 3.21% as of writing.

RioCan REIT

Switching gears, we'll finish off our list of REIT stocks with **RioCan REIT** (TSX:REI.UN). Among REIT stocks, it has the best chance of making a strong rebound out of the pandemic. It's created multi-use properties where Canadians can live, shop, and work. This includes many essential use properties, such as grocery store chains.

This has led analysts to believe the stock will continue to outperform, with occupancy not just holding, but growing. And with restrictions easing and Canadians getting back to work, it looks like the company will continue to see these rates rise in the near future. And yet it trades at a valuable 13.36 times earnings.

It's still a steal today among REIT stocks then, with a stable 3.99% dividend yield for investors to consider for their TFSA.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:DIR.UN (Dream Industrial REIT)
4. TSX:REI.UN (RioCan Real Estate Investment Trust)

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