



## Save \$200,000 While Earning \$155 Every Month

### Description

Don't look now, but home prices in Canada are still edging higher. You can try to blame it on foreign buyer interest, lower interest rates, lack of housing supply, or just overall strong market growth. The fact remains that if you want to buy a home in one of Canada's larger metro areas, it will cost a cool million or more. By extension, this means you need to save \$200,000 or much more as a down payment.

This prices first-time homebuyers and rental property investors out of the market entirely. Now, if you don't have that down payment saved, you're not alone! But that doesn't mean you can't earn a rental income and still save that down payment.

### Save \$200,000 now

The best way to save that down payment is not spend it, at least on a down payment. Instead, investing a fraction of it in a solid REIT can provide rewards with [significantly lower risk](#). But which REIT should investors consider?

Lt's take a moment to talk about **RioCan Real Estate** ([TSX:REI.UN](#)).

RioCan is one of the largest REITs in Canada. The company is primarily focused on retail properties, but its portfolio does include other types. In total, the REIT boasts over 200 properties with 37 million square feet of net leasable area.

That retail portfolio tenant list includes some of the largest names in retail and finance packaged into a well-diversified package.

RioCan is slowly shifting that composition to include more mixed-use residential properties. Those new properties are located in Canada's major metro areas close to or along transit lines. RioCan has branded those mixed-use properties as RioCan Living.

RioCan Living represents a unique and lucrative opportunity for investors for several reasons. The

surge in home prices noted above has led first-time homebuyers and rental investors to look far out into the suburbs.

The only problem with that is younger buyers and tenants want to be close to the city and along transit lines for easy commutes and entertainment options. RioCan Living addresses both of those concerns.

Another key point is the evolution of retail itself. Consumers are increasingly turning to mobile browsing in lieu of traditional foot traffic. This has troubled traditional brick-and-mortar stores for years. By transitioning some of that risk over to mixed-use properties, RioCan is staying ahead of the curve.

## Earn \$155 (or more) every month

Investors that invest RioCan will be treated to a juicy dividend that carries a yield of 4.14%. Even better, that dividend is like a tenant's rent — paid out monthly. The only difference is that as an investor in RioCan, there's no need to be concerned with maintenance costs or chasing down tenants.

And because RioCan's portfolio is very diverse, there is overall less turnover risk compared with a single landlord concerned with a single tenant moving out.

To put that earnings potential into context, let's consider a \$45,000 investment. That initial (yes, initial — more on that in a moment) investment works out to a juicy \$1,863 income in just the first year, or just over \$155 each month.

Now, here's the best part that investors often overlook. If you aren't ready to draw on that income just yet, then don't. Instead, reinvest that juicy monthly stipend to let your investment grow even quicker until you are ready to draw on it.

Factor in growth, and that investment could grow very quickly.

## How much will you save and earn?

It's worth noting that no investment is without risk. That certainly extends to both RioCan and traditional rental property owners. Fortunately, RioCan's portfolio is significantly more diversified and therefore lower risk than the alternative.

Throw in a handsome monthly dividend, and you have a great investment option that would do well as part of any [well-diversified portfolio](#).

### CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:REI.UN (RioCan Real Estate Investment Trust)

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