



## The Real Estate Secret Your Portfolio Needs

### Description

The white-hot real estate market remains an issue for many would-be landlords. Fortunately, there's an option for investors that doesn't involve taking out a massive mortgage and hunting for tenants. That option is a real estate secret that your portfolio really needs right now.

### The problem

The best way to describe the current real estate market is by calling it a tug-of-war. Sellers want to get the best (or highest) price possible, which has no limit. Buyers, however, such as would-be rental landlords, are limited by how much they can pay.

The result is an endless tug-of-war, with external factors, such as rising interest rates, only having a partial effect, if any, that will trickle down to the bottom line of homebuyers. To put it another way, a drop in home prices is offset by an increase in interest rates.

At the end of the day, the core issue (affordability) is not being solved, and that's pricing would-be rental landlords out of the market entirely.

### The solution

For a [real estate solution](#), landlords should look at **RioCan Real Estate** ([TSX:REI.UN](#)). RioCan is one of the largest real estate investment trusts (REITs) in Canada, with over 230 properties, mainly situated in Canada's metro areas.

Those properties are mainly commercial retail, but that mix is changing. RioCan has added mixed-use residential units into the mix recently. Those units comprise residential units sitting above several floors of retail. The properties are situated in transit corridors within major metro areas, where demand is high.

RioCan offers several major advantages to would-be landlords.

First, that initial investment is broken out over potentially hundreds of properties and units, not one. With a rental unit, if a tenant leaves, the revenue stream is dried up until a new tenant is found, vetted, and begins to pay rent.

Second, the management of the rental unit is taken care of. There is no need to chase down tenants, acquire deposits, and do repairs on the unit.

Third, the cost of entry is significantly lower. With the average price of a home still well above \$1 million, few landlords will have \$200,000 or more for a down payment. Contrast that with the share price of RioCan, which is just above \$20.

Finally, there's your income. Instead of monthly rent, investors in RioCan receive a monthly [distribution](#). The yield on that distribution works out to a juicy 4.93%. This means that a \$60,000 investment in RioCan (still far below a traditional down payment), will earn just shy of \$250 per month.

Even better: long-term investors can opt to buy RioCan as part of a TFSA and reinvest that income until needed. Oh, and speaking of tax free, let's not forget one final advantage: no property taxes! That's a real estate secret that all would-be rental investors should know!

## Final thoughts: The real estate secret

No stock is without risk. Fortunately, in the case of RioCan, that risk is lower than taking out a mortgage on a single property.

In my opinion, a small position in RioCan should be part of every well-diversified long-term portfolio.

Buy it, hold it, and watch it grow.

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