



Why Real Estate Stocks Are a No-Brainer Addition to Your Portfolio

Description

Investors often buy rental properties for the stable income they provide. Some landlords expect it to be passive income. It can be if the property is relatively new and requires little maintenance (if at all) and you have good tenants that aren't troublemakers. Otherwise, it can be a lot of work and cost more than you think to maintain rental properties. Some landlords hire property managers, but that's an additional cost.

The worst cases have been that the tenants were so bad that they literally destroyed the property, which ended up as a big loss for those unfortunate landlords. Not only must they fork up ridiculously expensive renovation costs, but they also lose the time used for renovating that otherwise would have generated rental income by renting to another tenant.

To sidestep all these potential problems, real estate stocks can naturally become a no-brainer addition to your portfolio. You don't necessarily have to buy residential real estate stocks. Instead, you can diversify into healthcare, industrial, retail, and office real estate if you want.

Want passive income?

Here are some real estate stocks in diversified industries that you can look further into:

- **NorthWest Healthcare Properties REIT** offers a 6.6% yield
- **Dream Industrial REIT** yields 6.0%
- **SmartCentres REIT** provides a yield of 6.8%
- **Allied Properties REIT** yields 5.4%

Because of a rising interest rate environment, these [REITs](#) have been correcting and now offer greater income at cheaper valuations. They pay out monthly cash distributions, which could be perfect for passive income.

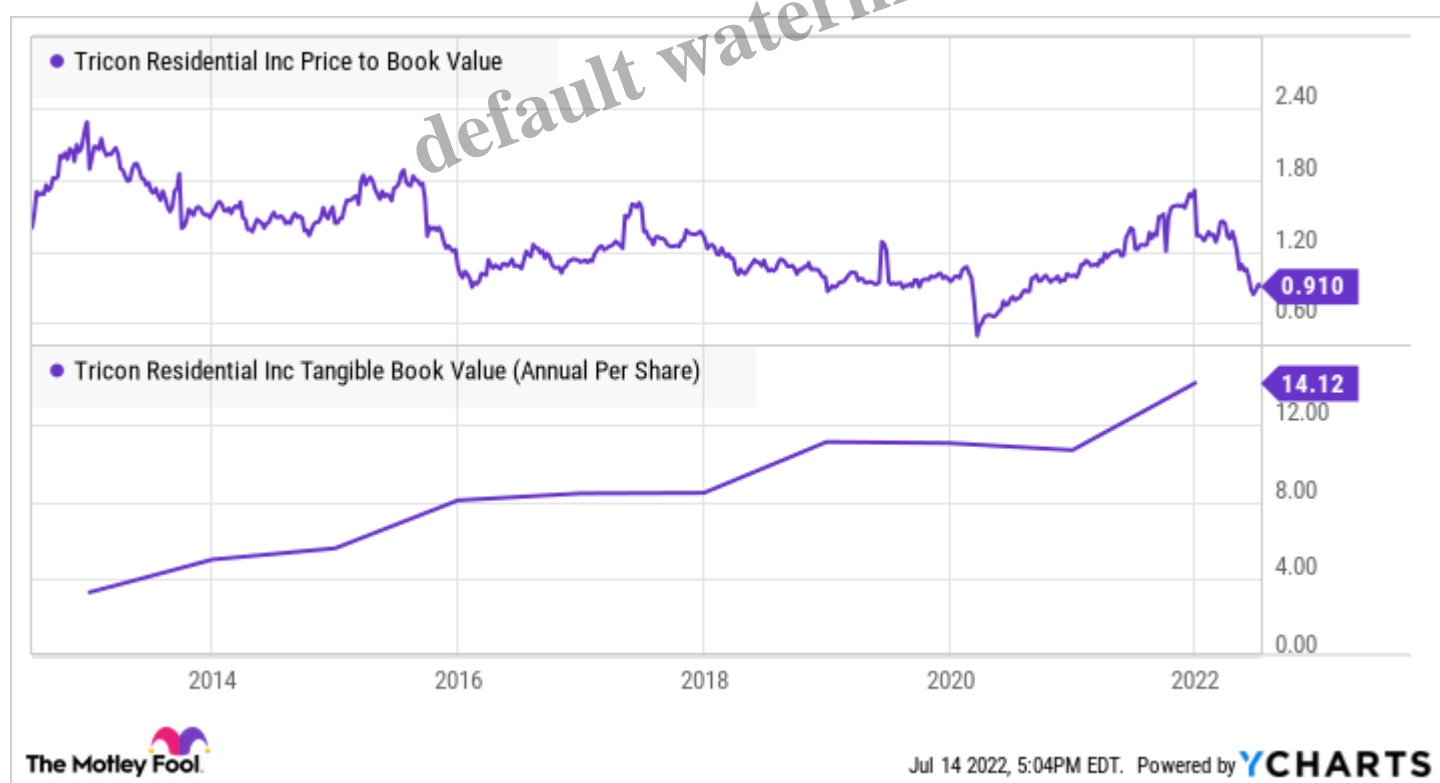
What about price appreciation?

Some landlords argue that real estate stocks don't provide the price appreciation that investing in real estate do. However, it's mostly a matter of the valuation you pay for the stocks. Of course, the management and portfolio quality matters, too.

But if you pay a bargain price for a good real estate stock, you will get price appreciation with patience. Since real estate is a long-term investment, you should have no problem waiting for price appreciation in real estate stocks that will more likely than not bounce back sooner ... assuming they're good quality.

Enjoy price appreciation with this real estate stock!

A real estate stock that looks interesting for a growth play but not so much as an income play is **Tricon Residential** ([TSX:TCN](#))([NYSE:TCN](#)). The company is primarily invested in the U.S. Sun Belt region, which makes up about 90% of its portfolio. Its properties are also predominantly single-family rental homes. It has about 31,032 single-family rental homes and 7,789 stabilized multi-family rental apartments. Additionally, it has about 4,000 multi-family rental apartments in the pipeline that will further propel growth.



TCN Price to Book Value data by YCharts

Management has shown its ability to increase the real estate stock's book value per share over time. The value stock has corrected meaningfully by about 38% from its peak and now trades below book value, which makes it a good time for investors to accumulate shares. The consensus analyst price target is about 50% higher from current levels, which indicates the stock is an absolute bargain! The stock's yield of approximately 2.3% boosts returns as well.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. pitch-BBN722

TICKERS GLOBAL

1. TSX:TCN (Tricon Residential Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. djarrin
2. tmfwordnerd

Category

1. Dividend Stocks
2. Investing

Tags

1. pitch-BBN722

Date

2025/06/30

Date Created

2022/07/15

Author

kayng

default watermark