



RioCan Real Estate Investment Trust: Earn a 5.4% “Rent Cheque” Without Becoming a Landlord

Description

It might be the greatest investment of all-time... owning real estate.

These friendly companies called banks lend you all the money you need to invest, then these wonderful people called tenants pay off your mortgage. In 20 years or less, you own the property free and clear, but you continue to receive the rental income. Many people *retire* on the money generated from their investment properties.

However, owning real estate is also kind of a hassle: chasing down late payments, repairing leaky facets, fixing clogged toilets. That's why you might be interested to learn about a way to collect monthly rental income but without becoming a landlord.

Thousands are doing it

Thousands of ordinary Canadians are using this simple method to collect steady rental income without stepping foot on a single property. Simply put, I'm talking about becoming a partner with an already-established landlord: **RioCan Real Estate Investment Trust** ([TSX: REI.UN](#)).

RioCan's business empire spans 331 properties throughout Canada and the United States. This company's portfolio includes some of the most valuable real estate in the country, totalling some 79 million square feet, of which 97% is currently occupied.

As a partner, there are no driveways to shovel or toilets to unclog. The day-to-day hassles of property management are none of your concern. You just sit back and wait for the cash to arrive in your brokerage account.

However, RioCan isn't your typical landlord. It specializes in an area of the rental market that is usually off-limits to small investors: retail and commercial tenants. I'm talking about rock-solid companies like **Wal-Mart Stores, Inc.**, **Canadian Tire Corporation Limited**, and **Loblaws Companies Limited**.

That's a smart strategy because corporate tenants have far more “rent money” than your typical

household. Needless to say, these tenants always pay their bills. They aren't going out of business anytime soon.

This is how the trust has managed to pay such consistent, oversized rent cheques to unitholders. Since the trust started sending out distributions in 1994, it has never missed or lowered its total annual payments. Remember, that period included several recessions.

Today, RioCan pays investors an annual distribution of \$1.41 per unit. That comes out to a yield of 5.4%. However, I expect that payout to grow substantially in the years ahead as tenants renew their lease agreements at higher rates.

And so can you, starting next month

Best of all, RioCan sends out its rent cheques monthly, so you don't have to wait to start cashing in. The next round of distributions are scheduled to be mailed out in a few weeks. If you become a partner by September 26, you'll be eligible to collect your first rent cheque by October 7.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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