



How to Make \$1,200 Per Month in Rental Income: Boardwalk REIT, Dream Global REIT, Real Estate Investment Trust

Description

You don't need an MBA to get rich in real estate: buy a few properties, take care of your tenants, and pay off the mortgages.

You collect rent month after month and every year your property values go up. It's no wonder many people *retire* on the money earned from their rental properties!

But aside from cashing those rent cheques, becoming a landlord is not for everybody... unclogging toilets... dealing with tenants... and taking out big mounds of debt.

However, there is another way to collect monthly rental income. And the best part is, you don't even have to own an acre of land. Let me explain...

Earn a monthly 'rent cheque' without becoming a landlord

Simply put, I'm talking about buying real estate investment trusts, or REITs.

As regular readers know, a REIT is simply a real estate management business. They own properties, collect rents from tenants, and pass on the income to their investors. And compared to owning rental properties, there's no better investment in the world. Here's why...

REITs are money machines. Thanks to a special tax loophole, these trusts pay ZERO corporate income taxes. No, that's not a typo.

In exchange for this privilege, these trusts are required by law to pass on all of their profits to unitholders. This explains why REITs pay such consistent, oversized distributions. Many of these trusts sport yields between 5% and 10%.

Rentals are risky. When you buy a property, you can have a big percentage of your net worth tied up in a single asset. That's a giant bet on one neighborhood... in one city... in one country.

REITs, on the other hand, are diversified. Many own hundreds of properties across Canada and around the world. This includes not only residential properties, but retail and industrial assets as well.

Rental properties are illiquid. Realtors charge 5% of the property's value on each transaction. Don't forget about lawyer fees, transfer taxes, title insurance, and sleeping pills (buying a house is stressful). Immediately after you purchase an investment property, you're already down 7% to 10%.

Buying a REIT, in contrast, is just like buying a stock. And just like any equity trade, you pay a small broker commission. These transactions are usually completed faster than I can refresh my computer screen.

However, the thing I like best about owning REITs: there's no hassle. There are no tenants to deal with or toilets to unclog. Every month a payment is deposited directly to your brokerage account.

While Canadian landlords are stuck shoveling driveways this winter, I will be counting my rent cheques from a beach down south.

Collect your first 'rent cheque' by December 15

There are a number of high-quality REITs to choose from. Here are a few to get you started...

RioCan Real Estate Investment Trust ([TSX: REI.UN](#)): RioCan is one of my favourite names in this space. The trust's business empire totals nearly 79 million square feet of retail real estate. If you live in Canada, you have probably visited several of its shopping malls and big-box stores.

Boardwalk REIT ([TSX: BEI.UN](#)): Boardwalk is Canada's top residential landlord. Don't be dismayed by the trust's meager 3.3% yield. Over the past decade, the trust has increased its payout at a 22% compounded annual clip.

Dream Global REIT (TSX: DRG.UN): Dream owns 15.7 million square feet of grade A office space throughout Germany. Today, the trust pays a monthly distribution of 6.67 cents per unit, which comes out to an annualized yield of 9.1%. That means with a \$160,000 investment (less than the price of most rental properties), you can collect \$1,200 in monthly income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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