



Collect \$1,000 in Monthly Rent From RioCan Real Estate Investment Trust

Description

Many Canadians want to become landlords, but who has the patience to deal with all that stuff?

Think of what the average landlord has to go through. First they have to find a tenant, and then spend time to show everybody the space. Half the time tenants don't bother to show up, and finding someone who is trustworthy can be difficult. Even after the landlord finds a good tenant, they have to do things like check their credit or phone references.

Once the person has moved in, the work doesn't stop. There's a seemingly endless trickle of repairs that need to be done, and tenants tend to have all sorts of little things they'd like to have, so they ask the landlord. Repairs either need to be coordinated, or the landlord needs to go in and do the work themselves.

Of course, a landlord could just hand all this work off to a property manager, but that takes up much of the profits, at least until the place is paid off.

Fortunately for all the wannabe landlords out there, I have a better way. All you need to do is buy shares in a real estate investment trust (REIT), a publicly traded entity that offers diverse and true passive income.

Which REIT to choose?

There are dozens of REITs that trade on the Toronto Stock Exchange. You can buy ownership in everything from shopping malls to apartment buildings to industrial parks. Heck, there's even a REIT that owns trailer courts.

Shopping mall REITs have traditionally been popular. Investors like the stickiness of the tenant base—a big retailer like **Wal-Mart** isn't about to vacate a space after a bad quarter or two—and the credit worthiness of the retailers. The majority of space in these shopping centres is leased to brands we've all heard of.

The biggest, and arguably the best, retail REIT in Canada is **RioCan Real Estate Investment Trust** ([TSX:REI.UN](https://www.riocanreit.com/))

). RioCan owns more nearly 80 million square feet worth of space, with some 67 million square feet located in 293 different shopping centres in Canada, and an additional 13 million square feet located in the United States. The company is currently considering selling its U.S. assets to take advantage of the exchange rate and the appetite for real estate assets by local investors.

If you look at RioCan's list of top tenants, you'll see the best retailers in North America. Names like **Loblaw, Canadian Tire, Cineplex**, and Sobeys are the company's top tenants. It's so diversified that no single tenant is responsible for more than 5% of its total revenue. That diversification and an occupancy rate of approximately 97% is the type of combination I like to see.

Growth potential

Perhaps the most interesting thing about RioCan is the company's potential for growth.

The company has a number of properties that are located in urban areas that have the potential to be redeveloped into something bigger, like a strip mall being converted into a condo tower. Since the land is long paid for and the services are already in place, RioCan can develop these properties at a much lower price than if they were starting from scratch.

There are dozens of these projects in the works, which have the potential to start adding to the bottom line in 2016. This could mean the distribution is heading higher in the future, which would be a nice bonus. The dividend is already a generous 5.4%.

To collect \$1,000 per month in income from RioCan, investors would need to acquire just over 8,500 shares of the company at \$26 per share, excluding any commissions or other fees. This would cost approximately \$221,000.

This seems like a lot, but remember, that \$1,000 per month would be pure passive income. There's no mortgage interest, repair bills, or any other expenses that would get taken out of the income. It's pure profit, at least until you pay the tax man.

If you become a shareholder by October 31st, you can set yourself up for November's dividend. It's just that easy to begin collecting passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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