



Collect \$1,000 Per Month in Stress-Free Rent With These 3 REITs

Description

Historically, investors who wanted to get rich had to do only one thing—borrow as much money as possible and use it to buy real estate, especially in Toronto and Vancouver.

I'm not sure this strategy will continue to work in the future, however. Every week, we're subject to another story from a credible source telling us prices in Canada's two largest markets are out of whack. Cap rates in these markets are also unbelievably low, even after adjusting for interest rates. And with so many renters buying, it's harder than ever to find good tenants.

Perhaps the biggest kicker is that the passive option looks so attractive. Canada's largest REITs offer better yields than physical real estate as well as truly passive cash flow. Many also trade at less than book value—it's the equivalent of investors going out into the market and buying properties for up to 30% off.

Who doesn't love a good 30% off sale?

Start building your passive-income empire with these three REITs today.

Dream Global

Dream Global REIT (TSX:DRG.UN) is one of Germany's largest owner of office towers with 203 properties spanning 13.5 million square feet in gross leasable area. Most of the portfolio is clustered in the seven biggest markets in the country.

Dream is still overly dependent on Deutsche Post as its top tenant with the giant comprising some 22% of the company's revenue. But the relationship between the two companies is good; Deutsche Post recently signed an extension. Dream continues to make acquisitions to further diversify its tenant base as well.

Based on first-quarter results, Dream will generate approximately \$0.80 per share in adjusted funds from operations for 2016. That means the company trades at just 11.5 times earnings—a very reasonable number in today's expensive market. Additionally, the company has a book value of \$11.16

per share, meaning investors who get in now are buying at a 17% discount to the true value of the assets.

Dream Global pays a dividend of 8.7%, a terrific yield.

Artis

If buying Dream Global shares at a 17% discount to their true worth excites you, you're really going to like **Artis Real Estate Investment Trust** ([TSX:AX.UN](https://www.artisreit.com))—a company that sells at a 27% discount to its book value.

Why is Artis so cheap? Mostly, investors don't like the company's exposure to Alberta. Approximately one-third of the company's income comes from the struggling province. Much of the Albertan exposure is via office buildings in Calgary, where new supply is poised to come on the market.

But Alberta hasn't weighed on results too much. The company posted \$1.49 per share in funds from for 2015, putting shares at just 8.8 times trailing earnings. And if Alberta continues to be weak, results from the company's U.S. portfolio should help offset some of this weakness once converted back to local currency.

Artis pays investors an enticing dividend yield of 8.2%. With a payout ratio of just 72% of funds from operations in 2015, investors should be able to count on this distribution for years to come.

Northview Apartment

Northview Apartment REIT ([TSX:NVU.UN](https://www.northviewreit.com)) owns more than 24,000 apartment suites in 60 markets across eight different provinces, along with 1.2 million square feet of commercial real estate.

Although Northview doesn't trade at the same discount to book value as Artis or Dream Global, it does have an attractive dividend yield of 7.5%. Northview is cheap on a price-to-adjusted funds from operations perspective too, trading at a 30-40% discount compared with its peers on that metric. It also has a much better dividend yield than other apartment-focused REITs.

Investors don't have to worry about Northview's dividend either. With a payout ratio of just 67%, the company looks poised to not only maintain its payout, but to raise it.

Collect \$1,000 per month

To collect \$1,000 per month from these three terrific REITs—before taxes and any other expenses—you'd have to make the following investments:

- 5,000 shares of Dream Global REIT for an investment of \$46,000
- 3,700 shares of Artis REIT for an investment of \$48,803
- 2,452 shares of Northview Apartment REIT for an investment of \$53,306

For an investment of less than \$150,000, you could collect \$1,000 per month in passive, stress-free rent. That's not half bad.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AX.UN (Artis Real Estate Investment Trust)

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