



## Lazy Landlords: Collect \$400 a Month From These 4 Great REITs

### Description

It's time to embrace a new generation of lazy landlords.

These folks have realized owning a condo or three in a major market is a poor investment choice. Not only does such an investment come with significant work attached, but it also carries major diversification risk. Sure, the market is humming right now, and landlords can increase their rent and count on capital appreciation. But what about next year? Or 10 years from now? Hot markets don't last forever.

There's a better solution. Investors can get comparable yields while doing absolutely zero work by owning Canada's top real estate investment trusts (REITs). These companies also offer instant diversification, both across different asset classes and locations. This is a much safer bet than putting all your eggs in the local basket.

With just a relatively small investment, these four REITs could produce \$400 per month in passive, stress-free income. Who couldn't use another \$400?

### The contenders

REIT investors have to be cautious of names that pay all of their earnings back to shareholders. It's best to have a little wiggle room just in case the business stumbles a little bit.

**H&R Real Estate Investment Trust** ([TSX:HR.UN](#)) is a great first choice. The company has diverse holdings across Canada, which include retail, office, and industrial properties. It is also expanding south of the border, primarily by adding residential properties to its already sizable portfolio in the United States.

H&R pays a 6.6% dividend, and its payout ratio is fairly conservative, coming in at 80% of funds from operations. Shares also trade at 20% below net asset value.

**Choice Properties Real Estate Investment Trust** ([TSX:CHP.UN](#)) recently closed a big acquisition

that will expand the company's portfolio away from retail real estate and specifically its main tenant, **Loblaw Companies**.

The next step for the new company is a further push away from retail, including developing some 60 retail-only locations into mixed-use retail/residential buildings. The stock pays a 6.1% dividend and the payout ratio for 2018 thus far is just over 80% of funds from operations.

**Slate Retail Real Estate Investment Trust** (TSX:SRT.UN) is a little different than the rest on this list. It invests in grocery store-anchored real estate in so-called secondary cities in the United States. We're talking locations such as Atlanta, Denver, or Charlotte. These places are often ignored by big real estate investors, which leads to slightly better returns.

The trust pays distributions in U.S. dollars, which offers interesting diversification potential for Canadian investors. The current yield is an eye-popping 8.6% with a recent payout ratio of under 70% of funds from operations.

Finally, keeping with the diversification away from Canada theme, we have **Dream Global Real Estate Investment Trust** (TSX:DRG.UN), which owns property in Germany, Austria, Belgium, and the Netherlands. Dream's focus on solid tenants and lower borrowing rates over in Europe has been a winning strategy, with shares up more than 60% in the last three years.

This run-up has decreased the yield paid to investors. This company once offered a distribution close to 10%; these days, the payout is just 5.8%. Still, combine that with a payout ratio under 80%, and investors are getting a good income choice.

## Collect \$400 a month

Investors would need to make an investment of the following amounts into these four REITs to collect \$100 per month from each:

- 1,500 Dream Global shares for a total investment of \$20,625
- 1,082 Slate Retail shares for a total investment of \$13,579
- 1,621 Choice Properties shares for a total investment of \$19,648
- 869 H&R shares for a total investment of \$18,214

In total, you'd have to invest a little over \$72,000 in these four real estate companies for each of them to pay you \$100 per month.

Think about the benefits an extra \$400 per month could bring you. That covers the condo fees for many buildings. It's a bare-bones grocery budget for a family of four. Or it'll take care of your family's telecom bills with money left to spare.

The best part? This income stream never dries up. As long as the existing real estate is there, being rented, then your cash flow will remain.

The only thing left for you to do is get started.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:HR.UN (H&R Real Estate Investment Trust)
3. TSX:SGR.UN (Slate Retail REIT)

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