



## Get \$500/Month in Stress-Free Passive Income From These 3 Great REITs

### Description

Real estate has long been a powerful wealth creator.

Personally, I know at least three average Joes who became multi-millionaires following an extremely simple real estate strategy. They would buy a property or three, use the cash flow (and additional savings) to pay down the mortgage significantly, and then repeat the process. After a couple of decades, these investors quietly amassed a solid portfolio worth a couple million.

It's been a great strategy in the past, but I'm not sure about the future. Yields on investment barely cover mortgage rates, at least in large markets like Toronto or Vancouver. Capital appreciation, which has been steady for the last couple decades, may not be there in the future. And let's face it; managing property is a pain. It's almost like having a second job.

There's a better way. Investors can use real estate investment trusts (REITs) to have their cake and eat it too. REITs generate nice yields while giving investors access to a diverse set of properties and professional management teams. REITs also offer much greater liquidity than owning a rental property. And buying a few hundred shares of your favourite REIT is a pretty small commitment versus buying an entire house.

REITs can be used to generate some pretty serious passive income. Here's how you can turn three of Canada's best REITs into a cool \$500 per month.

### Which REITs to choose?

Let's start with **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)), which is one of Canada's largest owners of retail real estate.

RioCan has been selling off properties to focus on expanding its core portfolio in Canada's largest cities. Gone are the U.S. portfolio and holdings in markets like London, Waterloo, and Trois Rivières. These sales freed up cash that will be spent redeveloping properties into mixed-use facilities with retail space on the bottom and apartments above. RioCan is confident it can develop these properties at an

attractive cost because the land is long paid for.

This expansion effort will take the better part of a decade to complete, so investors must have a long-term focus here. In the meantime, shares pay a 5.8% yield.

**Dream Industrial REIT** ([TSX:DIR.UN](#)) doesn't get much attention, likely because it has a relatively small \$923 million market cap. But the stock has a great deal going for it, including strong occupancy (above 95%), a solid balance sheet, a low price-to-funds from operations ratio, nice growth potential, and exposure to the United States. Approximately 20% of total assets are located south of the border, with management looking to add more.

It also pays a well-covered \$0.70/unit distribution — good enough for a 6.9% yield.

Finally, we have **Northwest Healthcare Properties REIT** ([TSX:NWH.UN](#)), the owner of 153 medical office buildings and hospitals in markets like Toronto, Sao Paulo, Sydney, and Berlin. Healthcare is a rapidly growing industry around the world, which should translate into ample expansion opportunities for Northwest.

While Northwest does carry some currency risk — because of its exposure to many different nations — it still boasts a solid payout ratio and a dividend yield of 7.7%. It also delivers great diversification to the average portfolio; it's pretty hard for most investors to go out and buy their own hospital.

## Collect \$500/month

You'd need to make the following investments today to collect a total of \$500/month from these three great REITs

- 2,504 Northwest Healthcare shares for a total investment of \$25,816
- 2,865 Dream Industrial shares for a total investment of \$28,821
- 1,392 RioCan shares for a total investment of \$34,493

In total, you'd have to make an investment of \$89,130 in these three companies to create a passive income stream of \$500/month.

That might be a lot for investors first starting out, so perhaps it's better to focus on that first \$100/month. This can be accomplished with a \$17,826 investment, which is less than the price of a new car.

## The bottom line

Start creating your own real estate empire today. You'll be up to hundreds of dollars worth of stress-free income before you know it, all without doing a bit of extra work. Leave dealing with tenants for traditional landlords.

### CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Dividend Stocks
2. Investing

## Tags

1. Editor's Choice

## Date

2025/08/20

## Date Created

2018/12/11

## Author

nelsonpsmith

default watermark

default watermark