



Passive-Income Alert: Collect \$500/Month From These 3 Terrific REITs

Description

Becoming a landlord was one of the safest and more consistent ways to become rich in the 20th century. All you had to do was purchase a few properties, consistently rent them out, and make needed repairs, and the market took care of the rest.

But I'm not sure that's the best strategy today. Real estate prices in major Canadian cities have already skyrocketed, which makes further price appreciation unlikely. Cap rates are anemically low. And it's tougher than ever to deal with annoying tenants, who can make life miserable for a landlord.

There's a better way. Investors can load up on top real estate investment trusts (REITs), which give exposure to the overall market while avoiding all the hassles of owning your own rentals. REITs are a true passive real estate investment. All you have to do is invest and collect your dividends.

It's not that hard to generate some serious passive income from a basket of Canadian REITs, either, since most offer generous dividend yields. Here are three you can own today and a plan for generating \$500 per month in passive, stress-free income.

First choose your REITs

There are plenty of solid REITs in Canada, with most paying dividends north of 6% annually. Combine that with capital gains potential, and you have an investment with some serious upside.

Let's start with **Brookfield Property Partners** ([TSX:BPY.UN](https://www.bse.com/quote/BPY))(NASDAQ:BPY), one of the world's largest owners of real estate. Its portfolio spans everything from some of the finest office space in the world, a collection of top shopping malls in the United States, and a smattering of distressed assets that are projected to return 15-20% annually. That's a compelling mix.

I like Brookfield so much I called it [my top pick of 2019](#) a couple of months ago. Shares are up 19% thus far in 2019.

Brookfield shares yield 6.7% after a recent dividend hike. In fact, Brookfield has increased its dividend

annually since 2012.

Another great REIT is **Dream Global REIT** (TSX:DRG.UN), which owns office towers in Europe, primarily in Germany. It's an interesting business model today because the company can borrow from European banks, which offer cheaper interest rates than in North America. Keeping your cost of capital down is a good thing for landlords.

Dream Global has been doing a lot of things right lately, and results are showing up in the share price. The portfolio continues to grow beyond Germany, with assets in the Netherlands, Belgium, and Austria. Debt has been reduced significantly. And a good European economy is helping to boost real estate prices.

The company's shares currently yield 5.8%.

Finally, we have my favourite apartment REIT, **Northview Apartment REIT** (TSX:NVU.UN). The bulk of Northview's portfolio of nearly 30,000 suites is away from major centres like Toronto and Vancouver, with approximately half of assets located either in northern Canada or parts of Ontario outside the Toronto area. These apartments come with higher cap rates than in larger centres, simply because there's less competition.

Northview continues to push down the accelerator, including a recent push to expand into commercial and industrial property. That part of the portfolio now includes 1.2 million square feet of space. The company has spent more than \$300 million on new developments since 2012 and is actively looking for acquisition opportunities.

Shares yield 5.6% today.

Collect \$500 per month

To collect \$500 per month from these three terrific REITs, you'd have to make the following investments:

- 1,228 Northview REIT shares for a total investment of \$35,845
- 2,492 Dream Global REIT shares for a total investment of \$34,290
- 1,141 Brookfield Property Partners shares for a total investment of \$29,894

That represents an investment of a hair under \$100,000.

If \$100,000 seems a little out of reach, then aim for getting \$100 per month in income from these REITs, which you can get with a \$20,000 investment. \$100 a month buys a nice dinner out or pays for your cell phone bill.

At the end of the day, it comes down to investing consistently and putting these dividends back to work. Do that and you'll create your own passive-income empire quicker than you'd ever imagine.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date

2025/08/24

Date Created

2019/03/09

Author

nelsonpsmith

default watermark

default watermark