



This Instant 5-REIT Portfolio Will Generate \$500/Month in Passive Income

Description

Real estate is a great asset class to own. There will always be a need for it, it's easy to understand, and it's fairly recession resistant. I recommend everyone looking for passive income to take a long look at owning real estate.

Loading up on Canada's best real estate investment trusts (REITs) is a great way to invest in real estate. REITs are passive investments and much less work than buying a place yourself to rent out. REITs offer exposure to retail, office, or industrial properties — assets the average person simply can't afford to buy. And one REIT owns hundreds of different properties, offering instant diversification.

Here are five great Canadian REITs and how you can collect \$500/month from them.

The famous five

I like to focus on high-quality names — REITs with solid balance sheets that own good assets.

The first I'd like to feature today is **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)), one of Canada's largest owners of retail space. The company has lately been selling non-core properties in markets outside our largest cities to both focus the portfolio and to raise cash to put to work in its re-development program.

This re-development program is no small deal. The company has approximately 40 million square feet of gross leasable space today. At the conclusion of the re-development program, which is expected to take about a decade, RioCan will have approximately 65 million square feet of space.

And while you're waiting, investors are treated to a 5.5% yield.

Next up is **H&R Real Estate Investment Trust** ([TSX:HR.UN](#)), one of Canada's largest REITs with exposure to retail, office, industrial, and residential property, with assets in both Canada and the United States. The company is currently focused on growing its residential component, both acquiring and building properties in the U.S. market.

H&R shares have run up lately, surpassing \$23 for the first time since 2016. That has pushed the dividend down to 5.9%, which is still an attractive payout.

Perhaps my favourite REIT is **Automotive Properties REIT** ([TSX:APR.UN](#)), the owner of approximately 50 car dealerships in Canada. This company is growing like a weed, essentially doubling since its 2015 IPO. It offers a compelling value strategy in a rapidly consolidating industry. As car dealership operators acquire properties, they can flip the real estate to Automotive Properties and focus on what they do best, which is operations.

The company pays a \$0.067-per-share monthly distribution, which is good enough for a 7.5% yield.

Another great REIT is the recently transformed **Choice Properties REIT** ([TSX:CHP.UN](#)). The company went from owning primarily grocery-anchored real estate to a diverse operator with retail, office, industrial, and residential exposure. And like RioCan, Choice has identified a large pipeline of potential redevelopment projects.

Choice pays investors a \$0.0616 per share monthly dividend, which is good enough for a 5.2% yield.

And finally, we have **Dream Industrial REIT** ([TSX:DIR.UN](#)), which has quietly turned its attention from the Canadian market to the United States. It now owns more than \$2 billion worth of property, with 14% of the portfolio located in the United States. Occupancy stands at 97.1% and the company has a diverse tenant base.

Dream shares currently yield 5.9%.

Collect \$500/month

To collect \$500/month from these five great REITs, you'd have to buy the following:

- 833 RioCan shares
- 870 H&R shares
- 1,493 Automotive Properties shares
- 1,613 Choice Properties shares
- 1,724 Dream Industrial shares

This is no light investment. You'd need to invest approximately \$100,000 to collect \$6,000 in annual passive income from these five great REITs. Most investors would take years to build a portfolio like this.

Just remember, you don't have to earn \$500/month to make a difference in your finances. Even \$50/month can help. \$200/month can easily pay one or two utility bills. It all adds up.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
3. TSX:DIR.UN (Dream Industrial REIT)
4. TSX:HR.UN (H&R Real Estate Investment Trust)
5. TSX:REI.UN (RioCan Real Estate Investment Trust)

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Date

2025/08/25

Date Created

2019/04/13

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