Make $500 of Passive Income a Month With These 2 REITs

Description

Building a portfolio that will bring in steady passive income isn't easy, but it is possible. To do so, turning to the REIT sector is a good idea. While the real estate business has its ups and downs, unlike many technological innovations, offices, residential apartments, and shopping malls never run out of style.

Further, REITs are required to pay dividends to their shareholders. Let's turn our attention to two REITs that can help you earn $500 a month in passive income: **SmartCentres REIT** (TSX:SRU.UN) and **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY).

Home of retail giants

SmartCentres is one of the largest REITs in Canada. The company operates apartment malls in ideally placed locations. With over 3,000 tenants, an occupancy rate of around 98%, and various ongoing growth projects, SmartCentres is well positioned to keep its earnings afloat and its shareholders happy.

Detractors may point out to the fact that shopping centres tend to suffer in times of economic downturns, which could affect SmartCentres since its tenants are primarily retail stores. However, with tenants such as **Costco** and **Wal-Mart** — two retail giants that tend to attract more customers than their peers regardless of economic conditions — SmartCentres is well equipped to weather economic storms.

Indeed, SmartCentres's share price shows little fluctuations (compared to the market) over the past five years. While that means the firm isn't likely to outpace most other stocks when equity markets surge, it also means the Ontario-based REIT is likely better equipped to handle a bear market.

SmartCentres's 2018 financial results were impressive. The company's net income increased by 47%, while its funds from operations (FFO) grew by 6%. SmartCentres currently offers a 5.17% dividend yield and an FFO payout ratio of 77.5%. No doubt SmartCentres can continue increasing its dividends, and, as a bonus, the company offers monthly dividend payouts.

Diversification, diversification, diversification

The name “Brookfield” inspires confidence in many investors and analysts, and with good reason. The Brookfield umbrella is home to several excellent investment options, and among them is one of the largest real estate operators in the word: Brookfield Property Partners.

One of Brookfield’s strength is its diversification. The company owns assets all over the world. But it isn’t just geographical diversification Brookfield relies on; the company is also operationally diversified. Unlike SmartCentres, there is no particular sub-sector of the REIT industry in which most of Brookfield’s properties are concentrated. The company owns offices, retail properties, residential apartments, and hospitality assets such as hotels and parks.

Brookfield’s diversity is an excellent protection against economic downturns. While its earnings might be dragged down because of adverse economic conditions in one particular geographic area — or across a particular operational segment — it is unlikely that the company’s entire portfolio is negatively affected at the same time across the board. Thus, Brookfield is likely to survive almost any economic environment, though it may not always come out unscathed.

Over the past five years, Brookfield’s revenues have grown by 12%, while the company’s net income soared by 49% pointing to a higher level of efficiency by management. Brookfield has increased its dividend payout by 32% over the past five years, and with a dividend yield of 6.32% and a payout ratio of 55.75%, the company looks well positioned to keep issuing rich dividend payouts for years.

How to earn $500 in passive income a month

SmartCentres and Brookfield currently trade for $33.87 and $27.81 per share, respectively. SmartCentres offers a yearly dividend payout of $1.80 per share, while Brookfield offers $1.74 per share. Investing $57,579 in SmartCentres will get you 1,700 shares of the company for a yearly dividend payout of $3,060. Similarly, if you put $50,058 in Brookfield you will acquire 1,800 shares of the company and cash in on $3,132 per year in dividends. In total, you will earn $6,192 in dividends from these companies for an average of a little over $500 per month.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise

4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/25
Date Created
2019/04/20
Author
pbakiny