



Revealed: Collect \$500/Month in Passive Income With These 3 Stud REITs

Description

Most people are stuck with whatever wage their employer pays them.

Sure, you can ask for — or demand — a raise, but that's hardly guaranteed. Many companies offer a yearly salary review to go with the performance evaluation, but most don't. They'd much rather make their employees ask for an increase.

Chances are, there are numerous people reading this who accepted a decent-paying position years ago and haven't gotten a raise since.

The good news is, you don't need to depend on your employer for all of your income. You can start building sources of passive income today — dividends from Canada's best companies. Sure, these payouts aren't guaranteed, but most are equally as solid as your paycheque.

Let's take a look at three of the best real estate investment trusts (REITs) out there and how they can help you achieve all your passive-income dreams.

Which REITs to choose?

Let's start with one of my favourite REITs, **H&R Real Estate Investment Trust** ([TSX:HR.UN](#)). I own a bunch of this one in my personal portfolio, loading up on shares when the stock [temporarily dipped below \\$20](#).

Shares have increased to \$23 each today, but that's still a good bargain for the diverse owner of office space, industrial buildings, retail stores, and residential apartments. The company is currently focused on expansion in the United States — including a big project in the New York City area — as well as increasing its apartment holdings in the southern part of the country.

H&R has maintained a solid balance sheet during this expansion mode, recently selling a marquee Toronto building to bring its debt-to-assets ratio down to 42%. Moves like this should be enough to ensure it can execute the growth plan without overloading its balance sheet.

The company's shares currently yield an attractive 6% — a payout that is nicely covered by earnings. The payout ratio currently stands at just over 75%, which means you can count on this succulent yield.

Another great REIT you should consider owning is **Northview Apartment REIT** (TSX:NVU.UN), the owner of apartments (and a small smattering of commercial space) across Canada, with a particular focus on the Northwest Territories and Nunavut. Approximately 30% of its operating income comes from these remote locations.

Northview is also expanding aggressively, spending some \$200 million per year developing apartments in more traditional locations. One area of particular focus has been the Toronto area, and it's working. The company recently reported income from Ontario was up more than 10% versus the prior year.

Like H&R, Northview offers a sustainable 6% yield. Its payout ratio is a tad bit higher, checking in at 77% of 2018's funds from operations.

Finally, let's take a closer look at a more unique company, **Automotive Properties REIT** ([TSX:APR.UN](#)), the owner of car dealership real estate across Canada. As recently pointed out by fellow analyst Will Ashworth, Automotive Properties has quietly [been growing like a weed](#), increasing the size of its portfolio from 30 properties when it had its 2015 IPO to 57 properties today. And it has nicely diversified away from Dilawri Group, which accounted for more than 90% of rental income back in 2015.

There are a number of things I like about the business model. There's plenty of growth potential, as the last three years have demonstrated. It's a unique asset class that can't be replicated by going out and buying a local car dealership or two. The car dealership market in Canada is also ripe for consolidation, and a dealership operating company — like **AutoCanada** — can expand much faster if it can flip the real estate to Automotive Properties.

Automotive Properties shares yield an attractive 7.6% today. It has a bit of a higher payout ratio, coming in closer to 90%. Still, it's a safe dividend.

Collect \$500/month

To get \$500 per month from these great REITs, you'd need to make the following investments:

- 2,492 Automotive Properties REIT shares
- 1,229 Northview Apartment REIT shares
- 1,452 H&R REIT shares

This represents a total investment of approximately \$90,000, which is more than most people have kicking around. So, start a little smaller. For \$20,000 you could create a passive-income stream of more than \$100 per month. Just keep investing and the amounts will add up in no time.

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2. Investing

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1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:HR.UN (H&R Real Estate Investment Trust)

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