



## 2 REITs That Provide a Lifetime of Growing Passive Income

### Description

If you've been sitting around considering whether or not to create a passive-income portfolio, I'm here to tell you that now is the time. Everyone could use a bit of extra cash, especially when markets are down. A dividend portfolio means that you will have a guaranteed chunk of change coming your way every month or quarter, just like a pay cheque. Rather than let that wad of cash sit around in your bank account collecting dust, collect some dividends in the best place possible: real estate investment trusts (REITs).

The beauty of the REIT is that if you've been good at letting that cash sit in your bank account, you won't have to change up your style after you make that initial investment. By simply buying and waiting over the long term, you'll learn over the next few years that REITs offer steady share growth and dividends increases regularly.

Now, of course, not every REIT is the same, so it's important to find the stocks that will stick it out even when times are tough, like, for instance, a housing or market crisis. You want to choose stocks that have strong management that wants to reward shareholders through share growth and dividend growth.

That's why today I'm recommending you start off that passive-income REIT portfolio with **RioCan** ([TSX:REI.UN](#)) and **InterRent** ([TSX:IIP.UN](#)). Both REITs provide investors with a strong opportunity to see immense growth over the long term, both in share price and passive income.

### RioCan

RioCan is Canada's [largest operator](#) of shopping malls, and the business is currently making a huge transition that should have long-term investors excited. The company will potentially add 10,000 new residential units above retail space over the next decade, creating a long-term steady cash flow that should only continue to grow as more residents take on these new spaces.

But the company isn't dependent on one area alone, including this new venture. In fact, not one client represents more than 5% of the company's revenue. When one retailer leaves, RioCan has proven

time and again that it can fill that space at higher rates.

Investors should look at the company's strong balance sheet for confirmation that this company isn't going anywhere. In its most recent quarter on May 7, revenue was up to \$325 million from \$290 million a year before, and net income was up to \$194 million from \$137 million

In the last decade, shares have steadily increased more than 100%, with the share price as of writing at \$26.12. And, of course, there's the dividend yield, released monthly, that sits at 5.52% at the time of writing. That means an investment of \$20,000 could increase to \$41,060 in the next decade and bring in \$87 per month, or \$1,040 annually.

## InterRent

For an investment that's more on the contrarian side, InterRent offers investors an [under-the-radar](#) stock that has seen a steady, sharp increase in share price over the last decade. The stock is on the smaller side with a market cap of \$1.56 billion, but that can be seen as a bonus, since it makes the company more agile, being able to navigate the residential real estate market with ease.

While this focus on residential real estate means it's more susceptible to changes in this sub-industry, it also means it's exposed to more increases when they occur. And InterRent has chosen a low-risk option to make its gains, buying up properties at a low price, then shining them up and charging higher rents. It looks like it's been working for InterRent, with the stock increasing about 870% in the last decade and 75% in just the last two years.

So, if you have a stronger stomach, you could see some big gains from a stock like InterRent, especially with its dividend yield. As of writing, the yield is at 2.13%, and that is set to increase substantially over the next few years. That means that same investment of \$20,000 would bring in \$426 annually, or \$35.50 per month, but you could see an increase from \$20,000 to \$328,154 in the next decade if things continue the way they have been for the last two years.

## Bottom line

REITs are an excellent option to bring in monthly passive income and see substantial growth as a long-term investor. So, if your cash is already just hanging around, this is the perfect option for you.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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