Instant Landlord: How to Build a Passive-Income REIT Empire

Description

Have you ever envisioned yourself to be a real estate tycoon renting out or leasing out supermall, strip mall, and other retail spaces? If yes, then you can be part of the growing number of laid-back real estate lessors.

Stock investors found the right avenue to diversify their portfolios and at the same time become pseudo-landowners. The Canadian REIT (real estate investment trust) stocks are getting the nod of retail investors. The stocks in this sector, comprised of seven industries, are great sources of passive income.

Investors can build a passive-income REIT empire by investing in two of the high-income-generating REIT stocks. **Choice Properties REIT** (TSX:CHP.UN) and **SmartCentres REIT** (TSX:SRU.UN) are the tickets to fulfill your dreams as landlords while amassing wealth through healthy dividends.

Loblaw's initiative

Choice Properties REIT is relatively new but is allied with Canada's leading retailer **Loblaw**. The market capitalization of this preeminent diversified REIT is $9.7 billion.

As an investor in this REIT stock, you're practically a part-owner of 756 high-quality real estate properties covering 67.7 million square feet of gross leasable space. Loblaw is the principal tenant, which is essentially the key competitive edge. You don't physically own a single property, but you partake of the gains.

Choice Properties is one of the largest, if not *the* largest, REITs in Canada. The current dividend yield of 5.5% is weighty enough to start building your own small empire. That is super fantastic for an investment below $15. The properties are mostly supermarket-anchored shopping centres and standalone supermarkets.

Successful alliance

SmartCentres is close on the heels of Choice Properties REIT in terms of market cap. This REIT stock came about with the alliance of Calloway REIT and SmartCentres in 2015. The end result is a formidable, fully-integrated real estate provider.

The coalition brings together the expertise in acquisition, asset management, construction, development, leasing, operations, planning, and property management under one umbrella. As an investor, you're free of the headaches associated with the various responsibilities mentioned.

An investment of less than $35 per share in this $5.65 billion comes with a corresponding dividend yield of 5.5%. If Choice Properties REIT is Loblaw-inspired, SmartCentres is basically focused on **Walmart**-anchored retail centres.

The real estate portfolio consists of 82 Walmart stores. Completing the tenant list are prominent national and regional retailers, along with strong neighbourhood merchants. In totality, the occupancy rate is an astonishing 99%. No wonder that cash flow is not a problem.

Build your empire

Choice Properties has risen by 20.5% year to date, while SmartCentres is up by only 7.95%. Income wise, both REITs experienced solid growth in the last two years. Whichever stock you choose is a great buy. Maybe your budget will lead you to the decision.

The best REITs have four common attributes: dividend growth, price appreciation, consistent payout, and decent income distribution. With the two REITs in focus, are you ready to build your kingdom?

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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