



## Lazy Landlords: Lock In an Extra \$500/Month in Passive Income Today

### Description

Who couldn't use [a little extra income](#)?

Many people who look for passive income have used real estate as the investment vehicle of choice, and it's easy to see why. Real estate offers a number of advantages, including steady demand, low barriers to entry, and the ability to use borrowed money to become a big player in a hurry.

But owning physical real estate also comes with many disadvantages, too. Between showing the place to tenants, coordinating repairs, and keeping track of the books, having a rental property is the equivalent of a part-time job. So much for that so-called passive income.

And then there's the risk of putting all of your eggs in one basket. What happens if you load up on real estate in your city and then the local economy tanks? You'd have to deal with two issues — fewer renters and a decrease in property value. Nobody wants that.

Fortunately, there's a better solution. Investing in Canada's top REITs as a passive investor gives you access to some of Canada's top real estate and diverse portfolios run by some of the most qualified people out there. All you need to do is sit back, relax, and collect your dividends.

Let's take a closer look at one of these high-quality REITs: **Northview Apartment REIT** (TSX:NVU.UN).

### The safest part of the sector

There are numerous reasons why real estate investors usually end up buying residential property. It's easy to understand, banks are willing to lend against it, and you're assured of steady demand. After all, people are always going to need a place to live.

Northview took a slightly different route to building its portfolio, which currently stands at more than 27,000 apartments, 344 executives, and, more recently, 1.2 million square feet of commercial space. It focused on more rural locations in northern and western Canada, places where there was strong

demand and the market was dominated by local landlords.

The company then took the cash flow delivered by these units and used it to fund an expansion program that saw it really start to expand into the Toronto market. Since the beginning of 2017, Northview has acquired more than 2,000 units in Ontario, with most of them in the Greater Toronto Area.

Despite delivering excellent results — including a total portfolio annual rent increase of nearly 3% in its most recent quarter — Northview still trades at a big discount to its peers. Northview's price-to-adjusted funds from operations ratio is approximately 15 times compared to 20-25 times for its competition. Look for that gap to shrink over time.

This translates into a much better dividend yield, too. Northview's competition pays dividends in the 2-3% range. Northview's current yield is nearly double that, checking in at 5.7% today. Despite having such a high yield, Northview's payout ratio is still an acceptable 85%. There's little risk of the dividend getting cut.

## Collect \$500 per month

Northview is a diverse operator with real estate in eight Canadian provinces and two territories. Remember, it also has a commercial property portfolio, which is growing nicely. This diversity makes it an excellent choice for passive-income seekers.

A relatively small investment in Northview will generate gobs of income, thanks to that fat dividend yield. You would need to buy 3,624 Northview shares to generate [\\$500 per month in passive income](#), which works out to an investment of just over \$104,500. Remember, it would take an investment in the \$200,000 range to generate the same income from Northview's competition.

If that's a little much for you today, look at it another way: an investment of just \$20,910 would give you a passive-income stream of \$100 per month. Do it a few times, and we're talking serious money here.

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**Author**

nelsonpsmith

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