Lazy Landlords: Collect $1,000/Month in Stress-Free Rent With These 3 REITs

Description

Many investors are attracted to real estate because it offers the possibility of significant passive income, especially after the mortgage is paid off.

Reality is much different, however. In fact, I'd argue real estate isn't a passive income stream at all. You screen potential tenants, show the place, coordinate moving schedules, pester your tenants for the rent, and then make sure the books are properly maintained. A traditional real estate investment isn't passive income; it's more like a part-time job.

There's a better way. Owning Canada's top REITs allows an investor to get access to some of the country's finest real estate without doing the work.

All you need to do is sit back, relax, and maybe read the annual report each year to make sure the investment isn't completely going off the rails.

Here are three great REITs to help you get to your first $1,000/month in true passive income.

Plaza Retail REIT

Plaza Retail REIT (TSX:PLZ.UN) is a retail REIT with a focus on properties in the Atlantic Provinces, Quebec, and Ontario. The portfolio stands at 275 properties spanning 8.4 million square feet of gross leasable area.

The company also has a robust development portfolio, with 28 properties and 1.5 million square feet of space in the pipeline.

The company has traditionally focused on locations anchored by a Shoppers Drug Mart store, with that chain representing approximately 25% of total rents.

Given the stability of the pharmacy business, this isn't such a bad position to be in. Other top tenants include leading fast food chains, **Dollarama**, and various **Canadian Tire** banners.

Plaza has done a nice job growing its funds from operations on a per unit basis over the years, increasing that particular metric from $0.07 to $0.33 from 2000 to 2018. That's growth of 9% annually, which is pretty solid for a REIT.

And finally, shares yield a robust 5.9%, an excellent payout.

CT REIT

CT REIT (TSX:CRT.UN) was spun out of Canadian Tire back in 2013, and the chain's landlord of choice has done nothing but deliver stellar shareholder returns since.

The portfolio includes 345 properties spanning more than 27 million square feet of gross leasable space. The vast majority of locations are occupied by the various Canadian Tire banners, which include Marks, Sport Chek, and AutoSource; 92.5% of rents come from its former parent company and Canadian Tire still owns a significant ownership stake in the REIT.

CT REIT has a number of growth options. It will continue to acquire property from its parent and will look to acquire Canadian Tire-anchored property from other landlords, as it has the potential to develop some of its existing locations into larger buildings.

CT REIT has delivered an annual dividend hike every year it has been publicly traded. Shares currently yield 4.9%.

H&R REIT

H&R REIT (TSX:HR.UN) is one of North America's largest commercial REITs. The company owns retail, office, and industrial property across both Canada and the United States, along with its most recent focus, residential property south of the border. In total, H&R's portfolio totals more than 41 million square feet.

Similar to many of its peers, H&R is in the middle of a big development push. It's expanding its residential arm into major U.S. cities with appealing long-term trends — places like Miami, Seattle, San Francisco, and Austin. It's able take on some big projects by partnering with other investors, which also minimizes H&R's total risk.

There's more good news. H&R shares are currently a little beaten up, trading at approximately 10% lower than recent highs. The sell-off was mostly due to a weak quarter, problems that should be corrected in the next few months.

H&R has an excellent yield, with shares currently paying 6.4%.

Collect $1,000 per month

In order to collect $1,000 per month from these three great REITs, you'd need to invest 14,273 Plaza Retail REIT shares for a total investment of $67, 368; 5,277 CT REIT shares for a total investment of $80,421, and 2,895 H&R REIT shares for a total investment of $62,879.

In total, you'd need to invest $210,668 to secure $1,000/month in passive income. I also highlighted a way recently you can start collecting serious passive income without having that much capital.

Remember, even if you don't have that much capital, the important thing is to get started. Steady saving will ensure a sizable passive income stream faster than you could ever imagine.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:CRT.UN (CT Real Estate Investment Trust)
2. TSX:HR.UN (H&R Real Estate Investment Trust)
3. TSX:PLZ.UN (Plaza Retail REIT)

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Date
2025/08/17
Date Created
2019/12/09
Author
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