



Collect \$12,000/Year in Passive Income Using Only \$150,000 Capital

Description

Owning a property seems like the ideal investment. You get to collect the rent, you have a tangible asset on your hands, and its value is continually increasing.

And with the rents exceeding \$1000 a month, buying a house or an apartment seems like a great way to establish a solid passive income.

If you don't count the two most expensive housing markets in the country, the Greater Toronto Area and Greater Vancouver Area, the average house price, as of November, was \$400,000.

This price alone might be enough to deflate any notions of investing in property, and even it doesn't, you should consider the amount of work a landowner does.

First, you have to find good tenants. If by some miracle, you find someone amazing who pays their rent on time, you still have to maintain the property, keep the paperwork in order, and have the uncomfortable discussion of raising the rent every year. It's not a very passive investment if it requires your active attention.

But if owning property is your dream, why not try another avenue? Invest in a REIT. You get to invest in real estate without all the fuss of being a landowner.

You will also have a safer, more diversified stake in the real estate market, rather than a single asset. And if you choose the right REIT to invest in, you can meet the \$1000 a month mark at a fraction of the cost. And the right investment is **BTB REIT** ([TSX:BTB.UN](https://www.btbreit.com)).

A solid investment

REITs are not always seen in a favourable light. Investors are skeptical of the high dividend yields and growth prospects. Still, [there are many REITs](#) with sustainable business models and stable operations.

BTB is one of such REITs. The company focuses on commercial real estate, focusing primarily on

office, retail, and industrial spaces.

Some of BTB's prominent clients are Public Works and Government Services Canada, Provigo, and West Corp. The company owns 70 assets worth about \$900 million. Most of the properties are in Quebec, with more than half of the properties concentrated in Montreal.

BTB has grown relatively faster this year, with the market value having increased by about 12%. Currently, the company is trading at \$5 per share at writing.

BTB is relatively undervalued right now, considering the low price-to-earnings of 8.3 and price-to-book of just 0.97. It might be a good time to stack your portfolio with this dividend beast.

Solid monthly income

An apartment might cost you \$400,000, and earn you \$1000 a month. But with BTB's [juicy yield](#) of 8.35%, you get about \$1043 a month with an investment of \$150,000. That's a significant number, but less than half of what it would cost to own an actual piece of real estate that will get you the same returns.

Compared to past years, the payout ratio of BTB has also stabilized. The current payout ratio is 65.63%, which is pretty cool for a REIT, especially such a high-yield one. The stock is also relatively low-risk, with a beta of 0.71.

Foolish takeaway

BTB is a fantastic investment when it comes to yield. But it also has the potential to grow, and if it does, you will be looking at significant capital gains along with a decent monthly payout without any of the responsibilities that come with being a property owner.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BTB.UN (BTB Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/09/09

Date Created

2019/12/20

Author

adamothonman

default watermark

default watermark