Mortgage Paid Off? Look at Investing in These 3 REIT Stocks

Description

When you take out a mortgage, paying it off takes an eternity. However, when the last amortization is over, you'll have a big chunk of free money. So what will you do next?

Wouldn't it be nice to allow your money to earn this time, and not pay any more principal-plus-interest? Why not look into investing in the leading real estate investment trusts (REITs) that offer generous perks?

You can earn like a landlord from **Automotive Properties** (TSX:APR.UN), **Choice Properties** (TSX:CHP.UN) and **CT REIT** (TSX:CRT.UN).

Great mix of tenants

Automotive Properties has shown impressive growth since its debut on the TSX in 2015. Since that time, the size of its portfolio has ballooned to 61 properties. The tenant base of this $483.65 million REIT is a mix of mass-market and luxury auto dealers selling to a cross-section of vehicle users.

The timing is perfect if you invest in this real estate stock. Consolidation in the auto industry is looming. Canada's car dealership sector, specifically, is about to experience a significant shift. In about five to 10 years, small dealerships will eventually sell to the bigger ones.

At present, Canada's largest dealership operator owns less than 100 of the nearly 2,000 car dealerships in the country. Your extra money will go a long way, as the 6.38% dividend of this REIT is sustainable. Long-term leases ensure the stability of the rent. Any spare income is spent on growth opportunities.

Strong anchor tenant

Choice Properties is another real estate stock worthy of consideration. This $4.57 billion REIT focuses mostly on retail and commercial properties. You can find its operations in nearly all Canadian provinces. A clear indication of stable rental payments is the long-time partnership with Canada's top retailer, **Loblaw**.

Besides the attractive locations of Choice's properties, there is potential for expansion and future development. This REIT had two consecutive years (2015–16) of high growth, with a total return of 39.41%.

Let us assume you've been paying $15,000 annually for a mortgage. Now, the same amount invested in Choice Properties could earn $820.56 yearly from the 5.26% dividend yield.

Link with a Canadian icon

About 300 retail properties comprise CT REIT's portfolio, although the tenants are predominantly **Canadian Tire** stores. This $3.7 billion REIT has four distribution centres, three development properties, and one mixed-use commercial property. The properties are in 10 Canadian provinces and two territories.

Some investors regard CT REIT as a safety net because it's a high quality stock with bond-like features. This REIT is actually a spin-off from Canadian Tire. From 2016 to 2018, CT REIT averaged $292.4 million in net income. The consensus estimate for 2019 is about $304 million.

One thing going for CT REIT is its link with a Canadian icon. For as long as the Canadian Tire brand remains stable, so will this REIT. If your aim is to generate at least $1,000 yearly from your extra money, $20,000 worth of CT REIT shares would be enough as the stock pays a juicy 5.04% dividend.

Post-mortgage reward

There's nothing more satisfying than paying off a mortgage. Your post-mortgage reward can be the investment income from Automotive Properties, Choice, and CT. Make your move.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
3. TSX:CRT.UN (CT Real Estate Investment Trust)

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