
# Lazy Landlords: Collect Passive Income for a Lifetime With These 3 Great REITs

## Description

Lazy people have a poor reputation. People think they're just loafing around while everyone else gets work done.

I couldn't disagree more. In fact, I strive to be lazy in every facet of my life. For me, laziness is about efficiency. If I can achieve the same result as someone else while only putting in a fraction of the work, I'm going to take steps to do exactly that.



In other words, being lazy isn't about avoiding work. It's all about working smart. Once you start looking at it that way, it takes on a whole new meaning.

I've used this personally in countless ways, including buying real estate. I used to be all about buying physical property, convinced I had an edge because of my knowledge of the local market. Now I take the lazy way out, buying Canada's best REITs.

Perhaps I've given up some total return, but I'll gladly take that trade-off to avoid having to attract tenants, collect rent, and deal with potential 4am emergencies.

If you'd like to join me in the lazy landlord route, here are three great REITs to get you started on the path of true passive income.

## Morguard REIT

I've called **Morguard REIT** (TSX:MRT.UN) Canada's cheapest REIT before, thanks to its gigantic discount to net asset value. Management figures the company is worth $26 per share, but the stock is persistently stuck in the $12 per share range.

The market hates Morguard REIT today because it has outsized exposure to a weak Alberta realestate market. Out of the 8.4 million square feet of retail, office, and industrial space owned by thetrust, some 25% is located in Alberta. The stock trades like the Alberta assets are worthless, despitebeing more than 90% occupied. That doesn't make sense to me.

While investors wait for Morguard REIT units to appreciate to more normal levels, they can sit back, relax, and collect one of Canada's best dividends. The stock currently pays out 7.7% distribution, a payout that is easily supported by cash flow.

## H&R REIT

**H&R REIT** (TSX:HR.UN) is one of Canada's largest and more diverse REITs. It owns some 41 million square feet of gross leasable area, split between retail, office, industrial, and residential property, located in both Canada and the United States.

H&R is using some of its considerable cash flow to help fund an expansion into residential property in large U.S. markets. First it completed a big project in a New York City suburb. Next up was a big multi-use building in Miami. Now it has various other projects in the works, including property in Long Beach, Austin, Seattle, and San Francisco. It's also planning on developing mixed-use buildings in Toronto.



Although H&R shares aren't as cheap as Morguard's, the stock still trades at a discount to its net asset value. This helps the overall dividend yield stay pretty high; shares currently yield 6.4%. The payout ratio is secure too, so you won't have to worry about this dividend going away.

## Sienna

**Sienna Senior Living** (TSX:SIA) owns and operates 84 different retirement homes in British Columbia and Ontario, ranging from a lower level of care to long-term care homes, which offer the highest level of care.

These homes offer plenty of predictable cash flow today with wonderful growth opportunities in the future. Remember, there are some 9 million baby boomers in Canada, most of whom will end up in some sort of retirement home.

The company is currently using its solid balance sheet to fund an expansion program, which will include both new projects and extensions to current assets. It plans to mostly add in the retirement residences part of the portfolio to increase exposure to that part of the market.

In the meantime, investors are treated to a generous dividend yield – the stock yields 4.9% – as well as dividend growth. The company just hiked the payout by 2%, and its payout ratio is low enough that investors should be able to expect more dividend growth going forward, too.

## The bottom line

Morguard, H&R, and Sienna are each different types of real estate offering different reasons to invest. But they have one important thing in common. They're all poised to deliver predictable passive income for decades to come.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:HR.UN (H&R Real Estate Investment Trust)
2. TSX:MRT.UN (Morguard Real Estate Investment Trust)
3. TSX:SIA (Sienna Senior Living Inc.)

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