



Passive Income Alert: Earn \$500/Month From These 3 REITs

Description

Earning passive income will change your life. I know it has changed mine.

There are a few different ways you can go about building your own passive income empire. One of the most common is buying up a rental property or three. You collect the rent, use the proceeds to pay off the mortgage, and after a couple of decades the place is paid for. It seems so simple, doesn't it?

Reality is much different, however. Buying one rental property is practically a part-time job; owning several is even more work. A landlord has to wear a million hats, taking care of everything from showing the place to making repairs. They also have to do the books and analyze the underlying market.

Sure, all of these tasks can be outsourced, but you'll be giving away both control and a portion of your profits.

There's a better way to accomplish your passive [income](#) goals. Just buy Canada's top REITs and collect your dividends. Here are three great names to get you started.

H&R REIT

H&R REIT ([TSX:HR.UN](#)) owns retail, office, industrial, and residential property all across North America. Its portfolio spans some 40 million square feet of gross leasable space.

The company is currently in the middle of a big expansion push that will see it add significantly to its portfolio of approximately 8,000 housing units. New developments are already finished in New York City, and its Miami property will be done soon.

Other projects in places such as Austin, Long Beach, and San Francisco will be finished in the next 18 months. H&R also plans to add mixed-use property in Toronto that will include a residential component.

Despite this growth potential, a solid balance sheet, and a sustainable payout ratio, H&R shares are

significantly undervalued. The stock is around \$18 as I write this. Net asset value of shares is closer to \$26. Shares are also cheap on a price-to-funds from operations perspective.

The recent sell-off has also pushed up the yield, which is excellent for passive income seekers. H&R shares currently pay a 7.6% dividend.

Plaza Retail

Plaza Retail REIT ([TSX:PLZ.UN](#)) owns property primarily in the eastern part of Canada. Its portfolio consists of 274 different retail properties spanning a little more than eight million square feet of gross leasable space. Its largest tenant is Shoppers Drug Mart, which accounts for about a quarter of all rents.

The company has two primary growth avenues. It'll acquire property that meets its criteria, which it does periodically. The big focus these days is on the development portfolio. If we include properties slated for renovation or redevelopment, Plaza has over one million square feet of property in its development pipeline.

Plaza has historically done a great job growing the portfolio; the evidence lies in the company's dividend growth history. It has consistently hiked its dividend since its 2003 IPO, which is excellent news for investors looking for passive income. And thanks to the recent sell-off impacting the stock, shares now yield a robust 6.7%.

Automotive Properties

Automotive Properties REIT ([TSX:APR.UN](#)) owns 64 car dealership properties across Canada — locations that span 2.3 million square feet of gross leasable area. These properties are then rented out to various car dealership operators under long-term leases with an annual rent escalator.

The company is expanding quickly; it has doubled in size since its 2015 IPO. Many dealership operators are interested in selling their real estate because it lets them grow more quickly, creating [a growth opportunity](#) for Automotive Properties. Persistently lower interest rates should help the company's bottom line, too.

Similar to the others on this list, the recent market sell-off has helped the company's yield climb much higher. The current distribution is \$0.067 per share each month, good enough for a 7.5% yield today. Growing earnings mean the payout is getting safer all the time. The current payout ratio is in the 80% range.

Collect \$500/month in passive income

To get a total of \$500 per month in passive income from these three REITs, you'd need to invest:

- 1,452 H&R REIT shares for a total investment of \$26,586
- 7,167 Plaza Retail REIT shares for a total investment of \$30,244
- 2,493 Automotive Properties REIT shares for a total investment of \$26,849

In short, it'll take an investment of \$83,679 in these three REITs to generate \$500 per month in passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties 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

2025/06/30

Date Created

2020/03/11

Author

nelsonpsmith

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