



Generate Passive Income While Betting on Canada's Future

Description

A few decades ago, generating passive income was relatively easy. If you had enough of capital, you could simply stick your wealth into a savings account and live off the interest. Alas, times have changed which means your passive income strategy needs to change as well.

Instead of looking back at the juicy interest rates and high dividend yields of the past, it's time to bet on the future. And in my view, there's no better way to bet on Canada's future than investing in an emerging crop of iconic hard assets.

Hard assets for passive income

Hard assets, otherwise known as tangible assets, are simply objects that you can see and feel. Gold, obviously, meets this description. However, the best hard asset is probably real estate.

Canadian investors are no strangers to the benefits of real estate investing. Nearly every homeowner is also a landlord with rental properties or commercial real estate in their portfolio. Passive income from rentals or real estate investment funds has been a remarkably lucrative strategy for decades.

This year, the story has changed. Residential rental rates are dropping while commercial properties sit vacant. Remote work and an urban exodus could be our new reality. So, savvy investors should look for passive income in upcoming niche properties.

One-of-a-kind real estate

Iconic properties that are still in development offer passive income seeking investors two benefits. Firstly, they are years away from completion, which means they won't be ready until this current crisis is resolved. Secondly, these properties could be sold or leased at a premium since they're so rare.

Dream Impact Trust, previously known as the **Dream Hard Asset Alternatives Trust** (TSX:DRA.UN) portfolio is a good example. The company's portfolio includes a 34 acre waterfront master-planned community called *Zibbi*. The site could be labelled one of the "least environmentally impactful communities in North America," when completed.

The team is also developing The West Don Lands in Toronto. The site is a purpose built rental community and is one of the largest affordable housing projects in Canada. In north Toronto, the Dream team has partnered with Anishnawbe Health Toronto to develop the Indigenous Hub, a rental complex with integrated health centre, career centre, and day-care for the local indigenous community.

Finally, the company is redeveloping a former oil refinery in Port Credit on the outskirts of Toronto. This master-planned community, known as Brightwater, will offer housing for over 6,000 people when completed.

Dream fundamentals

The Dream Hard Assets Alternative Trust currently offers an impressive 7.5% dividend yield. The stock trades at a 32% discount to book value per share. The company has plenty of cash on the books (\$106 million) and a low debt-to-equity ratio (15.9%).

In short, this trust is in great shape to execute all its development projects in the foreseeable future. Meanwhile, its portfolio of iconic hard assets should weather the storm of this ongoing crisis. Early investors should expect a robust balance sheet and reliable cash flows over the next few years.

In fact, my Fool colleague Nikhil Kumar believes the stock is ["recession-resistant for the next 50 years."](#) If you're seeking passive income, this one should certainly be on your radar.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. TSX:MPCT.UN (Dream Impact Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
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Author

vraisinghani

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