Be a Lazy Landlord: 2 REITs To Buy for Easy Real Estate Income

Description

The Canadian housing market continues to defy the pandemic as home sales perked up after the lifting of lockdowns. Realtors and brokers note that activities were brisk in summer, not spring, which is the typical high season. However, despite the record highs from July to September, some groups predict a crash.

The Canada Mortgage and Housing Corp. (CMHC) say the full impact of the pandemic will emerge in the coming months. Even with low interest rates and changing housing needs, the pent-up demand will not sustain. The plummeting immigration will also cool things down.

People looking to gain exposure to the sector and earn real estate income can take an alternative route. Real estate investment trust (REIT) investing can provide stable income as if you're a landlord owning high-quality properties. Similarly, you'll experience the growing power of dividends.

Defensive holding

Choice Properties (TSX:CHP.UN) doesn't pay the highest dividend, but it's a defensive income-producing asset. This $3.82 billion REIT derives revenue from over 700 properties in the commercial, retail, office, residential, and industrial space. The anchor tenant is **Loblaw** that owns 50% of the assets.

The real estate stock trades at $12.33 per share and pays a 6.01 dividend. You can buy $75,000 worth of shares to realize $4,507.50 in passive income. Payouts should be sustainable, given the high rent collection. The long-standing association with Loblaw is also a plus factor.

Choice Properties has an extensive development pipeline but with more focus on industrial and apartment properties. There's a long growth on the horizon as completing these mixed-use assets will take a decade or two. This REIT is ideal for long-term investors because of the substantial development pipeline that assures no growth shortage. Also, the concentration of the properties is in attractive markets.

Global scale

NorthWest Healthcare (TSX:NWH.UN) is displaying resiliency in the stock market (+3.26% year to date) for an apparent reason, the only REIT in the cure sector. It has a market capitalization of 2.03 billion and is the largest non-government owner and manager of medical office buildings and healthcare facilities in Canada.

At present, NorthWest's portfolio of high-quality healthcare real estate consists of 189 income-producing properties. It provides real estate solutions to the global healthcare industry. The locations of the properties are in the major markets in the Americas, Australasia, and Europe.

Outside of the home country, the regional partners are the leading healthcare operators. Rental income should be flowing for years owing to the long-term indexed leases and stable occupancies.

For would-be investors, the current share price is $11.59, while the dividend offer is 6.97%. A $50,000 investment in NorthWest Healthcare will produce an income of $5,227.50. In a 10-year holding period, your capital will nearly double.

Be a landlord in November

REITs will save investors from the hidden costs of home ownership and vacancy risk for rental properties. Choice Properties should do well during economic slowdowns due to the high demand for groceries. Northwest Healthcare will continue to enjoy high occupancy rates for sure.

Income investors would have a potent combination of low-risk assets to add to their stock portfolios. Seize the opportunity to be a landlord this November.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/16
Date Created
2020/11/06
Author
cliew