



Lazy Landlord: Add Real Estate for Passive Income

Description

Investing in the housing market is one of the biggest activities for Canadians. If you are not an investor or a homeowner in Canada yet, you might still be thinking a lot about it. Unfortunately, the massively inflated housing prices can make it an inaccessible market for many investors to enter. The real estate market has never been this hot, despite the pandemic.

Canada's post-COVID economic recovery, historically low interest rates, and several other factors continue to drive the market higher. The residential real estate sector has been a crucial financial boon for the Canadian economy for over a decade. It makes sense that you might want to get a piece of the pie as well.

Fortunately, there is a way to add exposure to real estate in your portfolio without the massive upfront investment: real estate investment trusts (REITs).

REITs are publicly listed companies that own a basket of real estate. Units of a REIT represent partial ownership in the portfolios of professionally managed rental properties across the country.

Top REIT to consider

Canadian Apartment Properties REIT ([TSX:CAR.UN](https://www.scribd.com/document/444444444/TSX-CAR-UN)) [could be an ideal pick](#) for exposure to residential real estate. It is a top asset in the segment with an impressive performance in recent weeks. The REIT continues to recuperate all the losses it accumulated during the 2020 sell-off. Its bounce-back is falling in line with the ongoing economic recovery, as the dust has started to settle from the economic fallout of COVID-19.

The largest residential landlord in the country, Canadian Apartment Properties offers its investors broad diversification and better valuation than most of its closest peers. Its portfolio consists of residential units, townhouse suites, and purpose-built rental apartments. The REIT's diversified portfolio is spread across Canada, Ireland, and the Netherlands, making it an excellent opportunity in this asset class.

CAR offers a commodity that will always be in demand. The REIT's funds from operations continue to remain strong and will likely continue to rise, barring any drastic problems in the residential real estate sector.

Foolish takeaway

Interest rates continue to remain near historic lows. The Bank of Canada has also reiterated that interest rates could stay at record lows until 2022. It means that the real estate industry has an ideal environment to remain strong. CAR has the opportunity to continue raising cheap capital and bolster its portfolio for [decades](#).

More people will, in theory, buy homes because interest rates are pegged at record lows. Increasing home sales could push home prices and rents higher, allowing CAR's book value and net income to boost this year. As the market currently stands, Canadian Apartment Properties is a low-risk and robust dividend stock in the real estate sector that could make you a wealthy lazy landlord for decades.

Barring any significant decline in the real estate sector, CAR could continue to provide you with stable dividend income through its monthly payouts.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

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1. Business Insider
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