Lazy Landlords: 2 REITs to Give Yourself a Passive-Income Boost!

Description

Being a lazy landlord is the way to go if you're looking to collect big sums of passive income from real estate investments. Sure, it's nice to have tangible properties that you could rent out, but then you'd need to put forth a massive down payment, manage it, and need to be in town for those untimely emergencies. With REITs, everything is covered, and you don't need to do anything but collect the distributions that will come flowing in every month.

Undoubtedly, REITs are a popular pick among retired passive-income investors. With many compelling growth REITs out there, they should also appease the younger crowd of investors. Not only are REITs a great (and stable) way to get a solid return over time, but they're also alternative assets (alternative to equities), which tend to have a lower correlation to common stocks.

Perfect REITs for lazy landlords seeking big passive income

Still, given almost every alternative asset has been securitized, low betas are less meaningful when there's blood on the Street and everybody is short on cash in a crash. So, do understand that REITs will be volatile, with some acting just like equities when the market currents get rough.

At this juncture, I see many opportunities in the Canadian REIT space, especially with the residentials. Growth REIT **Canadian Apartment Properties REIT** (TSX:CAR.UN) and **Interrent REIT** (TSX:IIP.UN) stand out to me as bargains, despite having staged full recoveries from last year's market crash.

Canadian Apartment Properties REIT

CAPREIT is a residential REIT that's right back to where it was before stocks fell off a cliff in February 2020. As the economy continues its recovery, I think shares of CAPREIT have far more room to run, as the real estate markets it's exposed to starts to really heat up again. In Vancouver, where CAPREIT owns many apartment properties, the real estate market is booming, and prices are likely to continue surging. With that, CAPREIT will have the means to continue lifting rents and rewarding its shareholders with distribution hikes.

Undoubtedly, you could buy and rent out a home in Vancouver. But by doing so, you'd probably obtain a far lower cap rate than CAPREIT at the end of the day. You see, the managers know the business like few others, and with an optimized operation, shares of CAPREIT and a lazy landlord strategy are likely to outperform any attempt at renting out a home.

Interrent REIT

Interrent REIT is another solid REIT that has very talented managers running the show. The REIT specializes in renting out residential properties within the provinces of Quebec and Ontario. With an intriguing strategy of acquiring seasoned properties and sprucing them up, there's room for synergies. Undoubtedly, Interrent has proven itself as a worthy growth REIT over the years. And after fully recovering from the COVID-19 crisis, the REIT is ready to move on and get its foot back on the growth pedal.

Although the yield is low at 1.9%, it's worth noting that the REIT can raise its distribution at one of the quickest rates out there. Indeed, capital gains are the primary reason to own shares, but if you're looking to set your future self up with a huge, growing payout, it makes sense to buy shares here for the next decade and beyond.

CATEGORY

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

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