Got $1,000? 3 Ideas for Massive Passive Income

Description

$1,000 may not be enough for passive income right away, but it's certainly a step in the right direction. Deploying this cash in robust, high-yield dividend stocks that are immune to disruption is the key.

By reinvesting your dividends and deploying more savings over time, some high-yield dividend stocks can help you achieve financial freedom much earlier than you expect. Here are the top three dividend stocks I would target today.

Passive income stock #1

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is an ideal passive-income stock for a number of reasons. Firstly, real estate investment trusts (REITs) are designed to deliver safe, recurring income to shareholders. This safety is amplified when the underlying real estate is used by an industry that is disconnected to the rest of the economy: healthcare.

Hospitals and clinics don't move often. That means they're willing to sign long-term leases. The average age of a lease contract with NorthWest is 14 years. That gives the company enough visibility on cash flows to make long-term investments with conviction.

The fact that this REIT is currently trading at just nine times earnings per share and offers a 6.2% dividend makes it an ideal target for passive-income seekers. Add this to your long-term dividend portfolio.

Passive income stock #2

Fortis (TSX:FTS)(NYSE:FTS) is what I would call an "all-weather dividend stock." That's because utilities are the safest segment of the economy. Fortis stock barely dipped during the panic selling of early 2020. In fact, the company declared a dividend boost last year.

It also declared a dividend bump this year, making it the 47th year in a row of dividend growth. The management team predicts steady dividend growth for the next five years or so.

That's what makes Fortis such an appealing passive-income play. At the moment, Fortis stock is trading at 21.9 times earnings per share and offers a 3.5% dividend yield. If you own the stock already and have $1,000 in spare cash, now is the perfect time to add some more exposure.

Passive income stock #3

One thing we've learned from the pandemic is that retail is being disrupted. Shopping from home is now the norm. That's why **SmartCentres REIT** (TSX:SRU.UN) is in such a favourable position.

The company owns three of the most lucrative segments of Canada's real estate sector: residential rentals, pick-up locations, and shopping centres. Residential real estate in Canada, of course, has been an excellent investment for the past three decades. In fact, this asset class has outperformed most stocks.

Meanwhile, the company's Penguin Pickup locations offer exposure to the online shopping and omnichannel future of retail. This segment of their business did exceptionally well during the pandemic, and I think this model is here to stay.

SmartCentres's core portfolio is dedicated to essential retail such as grocery chains, quick-service restaurants and liquor stores.

Considering the strength of this portfolio, it's surprising that the stock is trading at just 19.7 times earnings per share and offers a 6% dividend yield. This could be the ultimate passive-income opportunity for long-term investors.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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