2 REITs to Buy to Collect Easy Rent Money

Description

The allure of owning real estate, a piece of land to call your own, has been practically ingrained in our DNA. But as an investor, you should never let the instinct and an inherent love for real estate cloud your judgment, even if you do have enough capital to buy a property outright.

For most investors, buying a rental property directly is not an option. Most investors pay off part of the property and use the rental income (and some of their capital) every month to pay off the mortgage. In these deals, the properties don't offer positive cash flow for several years (usually over a decade). And it makes sense if real estate (and the capital-appreciation potential it offers) is your primary goal.

But if you wish to invest in real estate for passive/rental income, REITs can offer you a great way to start earning immediately. They also don't pose as significant a cost barrier to investing as actual real estate does.

And for easy rent money, there are two REITs that you should consider.

An automotive properties REIT

Automotive Properties REIT (TSX:APR.UN) signifies another benefit of earning rental income through REITs instead of an apartment or a commercial property. And it's that it allows you to invest in asset classes you may not have exposure to otherwise. This REIT gives you the option to invest in some of the most strategically positioned car dealerships in the country.

It also benefits from its partnership with 32 global automotive brands and a comprehensive mixture of regular and luxury vehicles. From a rental income/dividend income perspective, the most important feature of the REIT for you would most likely be the juicy 6.2% yield. If you can invest about $100,000 in the company, you can get a monthly rental income of $516.

A commercial REIT

Another commercial REIT you might consider for generous and relatively reliable payouts is **True North Commercial** (TSX:TNT.UN). It has a diverse portfolio of 45 properties spread out over five provinces (though mostly concentrated in Ontario). The REIT also focuses on its tenant profile, and for most of its properties, the lead tenants at least are reliable names that are unlikely to default on their rents.

The REIT's ability to sustain its dividends was tested in 2020, and the payout ratios saw a significant rise from 2019, and the REIT came through. It maintained its dividends and is still sticking to the $0.0495 per share payout. And since the stock has yet to reach its pre-pandemic valuation, this translates to a mouthwatering yield of 8%. At $100,000, this promises you a monthly rental income of about $666.

Foolish takeaway

REITs have a dominant place among dividend stocks, thanks to their high dividends. But these two REITs offer more than just that. They offer healthy dividend sustainability potential as well as exposure to specialty asset classes (at least Automotive Properties does). And thanks to their generous yields, they also offer an enviable dividend income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

PARTNER-FEEDS

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

PP NOTIFY USER

1. adamothman
2. kduncombe

Category

1. Dividend Stocks

2. Investing

Date
2025/06/30
Date Created
2021/10/15
Author
adamothman