Become a Passive Landlord and Get $500 a Month!

Description

Real estate investing generally requires work, such as managing properties, including maintenance, mortgages, and finding tenants. Fortunately, you can choose to become a passive landlord instead by investing in real estate investment trusts (REITs) that are managed by professional teams. Since REITs own a portfolio of properties, your real estate investment would be diversified on day one.

You can also draw on the historical performance of specific REITs to determine how they might perform in the future. Typically, investors look more highly upon income generation in real estate investing. That said, price appreciation is definitely possible, but you have to be careful to buy the dividend stocks at good valuations.

Here are two quality Canadian REITs that are becoming attractive. It's a good time to start researching them for investors who are interested in becoming passive landlords.

Canadian Apartment Properties REIT

The demand for residential properties in populous geographies continues to rise as the population increases. This is why **Canadian Apartment Properties REIT** (TSX:CAR.UN) tends to command a premium valuation. Its occupancy rate seldom drops below 97%. About 41% of its Canadian properties are in Ontario, 18% in Quebec, and 9% in British Columbia.

In the first nine months of the year, the REIT increased operating revenue by 5.3% to $692.5 million and net operating income by 6.3% to $456.6 million. In the period, the net funds from operations (FFO) per unit rose 3.1%.

Currently, at $54.76 per unit at writing, it trades at about 23.2 times FFO. According to Yahoo Finance, the 12-month price target across 15 analysts suggests that the quality dividend stock could appreciate 25%.

The quality residential REIT will be reporting its fourth-quarter and full-year 2021 results on Thursday. Interested passive landlords should watch out for it.

Canadian Apartment Properties REIT is also a Canadian Dividend Aristocrat that has increased its payout for a decade. Its five-year dividend-growth rate is 2.7%. Right now, it provides a decent yield of 2.65%, but it may not be enough for income investors.

Choice Properties REIT

Passive landlords could easily raise their real estate investment income by adding **Choice Properties REIT** (TSX:CHP.UN) to their Canadian REIT portfolio. At $14.38 per unit, Choice Properties REIT yields 5.1%. According to Yahoo Finance, the 12-month price target across eight analysts represents near-term upside potential of more than 11%.

> “Stable income provider you can add to any portfolio. Likes it. Great real estate nationally. Biggest tenant is **Loblaw**, so it has a secure cash flow. An element of growth, which is unique, from the industrial sector. Nice combination of safety and growth. Hold and sleep well at night with the distribution yield.”
> *Andrew Moffs, senior vice president and portfolio manager at Vision Capital*

The quality retail REIT just reported its fourth-quarter and full-year 2021 results last Wednesday. For the year, its rental revenue increased by 1.6%. Net operating income (NOI) climbed 3.2%, while same-asset NOI rose 2.5%. Its occupancy rate was 97.1%. FFO per unit rose 3.6%.

Get $500 per month

Between the two quality REITs, passive landlords can get an average yield of approximately 3.9%. To earn $500 per month from the portfolio, passive landlords would need to invest about $153,846 (or $76,923 in each REIT). The cool thing is, REIT investing is so much more flexible than real estate investing in individual properties — you can invest as little as you need to to start earning a stable monthly passive income.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

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

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