



How to Earn Monthly Income Without Working

Description

Many investors become landlords to boost their monthly income stream. However, [real estate investing](#) comes with work and costs — tenant management, property maintenance, property insurance, property taxes, rental income taxes, etc. — not to mention a huge mortgage weighing on their backs.

Many Canadian real estate investment trusts (REITs) offer the same kind of monthly income. They can be better investments in that you can earn monthly income from them without working! Essentially, no work is required on your part, as the list of work and costs, including mortgage payments mentioned earlier, are managed by a professional team. So, all you need to do is buy quality REITs at good valuations, sit back, and start earning monthly income.

With that said, here are a couple of reasonably priced REITs you can consider today.

H&R REIT

At \$13.12 per unit, **H&R REIT** ([TSX:HR.UN](#)) trades at a discount of more than 15% from the 12-month analyst consensus price target of \$15.50 per unit. The REIT provides a yield of about 3.9%, which equates to an annualized income of roughly \$3,900 (or monthly income of \$325 per month) on an investment of \$100,000.

The Canadian REIT's funds from operations (FFO) payout ratio is estimated to be below 50% this year. You'll notice that H&R REIT's payout ratio is relatively low versus its peers because the business is going through significant multi-year changes. The low payout ratio helps keep its monthly cash distribution safe.

Specifically, the REIT is moving away from retail and office properties and focusing on multi-residential and industrial properties. When all is said and done in about five years, the Canadian REIT stock should be able to command a higher valuation due to the different components of underlying assets.

Canadian Net REIT

I like **Canadian Net REIT** ([TSXV:NET.UN](#)) even more for the industry it's in and its growing monthly dividend. It's rare to find a Canadian Dividend Aristocrat among Canadian REITs. The REIT has raised its monthly cash distribution every year since 2013.

What's unique about Canadian NET REIT is that it's relatively small so its acquisitions make a more meaningful impact on its growth. Moreover, it's in the sought-after space of triple-net and management-free leases.

For instance, last year, it raised revenues by 46% to almost \$19 million. Net operating income jumped 45% to \$14.3 million. FFO increased 51% to \$10.8 million, while FFO per unit rose 19%. This is not a one-off. From 2012 to 2021, Canadian Net REIT increased its FFO per unit by 18.1%. This is an impressively high growth rate in the world of REITs, which also led to its safe cash distribution increasing by 10.2% per year in the period.

Canadian Net REIT currently trades at a discount of approximately 12% from the 12-month analyst consensus price target of \$9.33 per unit. It offers a safe yield of 4.1%. An investment of \$100,000 produces an annualized income of about \$4,100 (or monthly income of \$342 per month). Its reasonable valuation, juicy yield, and growth potential make the Canadian REIT an awesome monthly income generator without work on your part!

Earn monthly income tax-free without working

A benefit of investing in Canadian REITs is that you can pick and choose the range of real estate asset classes to invest in at the right valuations. For example, you might prefer residential and industrial REITs for stability and steady growth or hospitality REITs for a potential post-pandemic turnaround.

Although you can hold Canadian REITs in your taxable account, tax reporting on their cash distributions can be more complex than tax reporting on dividends. So, consider buying Canadian REITs in your [TFSA](#) for tax-free monthly income.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:HR.UN (H&R Real Estate Investment Trust)
2. TSXV:NET.UN (Canadian Net 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. kayng
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/21

Date Created

2022/03/29

Author

kayng

default watermark

default watermark