



## Truly Passive Real Estate Investing

### Description

When it comes to investing in real estate, the first typical idea that might come to mind would be becoming a homeowner. Buying a home and owning a property you can call home is considered a massive achievement by many. Real estate tends to appreciate in value over time, making it a significant investment.

And then there is real estate as an investment that generates returns. When thinking of real estate investing to generate returns, the first thought might be to purchase a property and rent it out. People who own homes typically invest in a rental property if they have the money to invest in a long-term asset.

Some people even tend to rent out a portion of the property that is their principal residence to use it to earn rental income. [If you're just starting investing](#) and want to get into real estate, purchasing rental property might be the first thing that comes to mind. However, rental income is not truly passive income.

Owning a rental property is active work, because you have to look for tenants when the current ones leave. You need to manage the property and take care of maintenance and repairs. Rent collection can be a hassle if the tenants are problematic. You might hand over the property's management to a property manager, eliminating the hassle but eating into your rental income.

Fortunately, there is a way to become a landlord to [generate truly passive income](#) through real estate investing without the typical hassles of being one.

## Truly passive real estate investing

Canadians have the luxury of investing in residential properties and other types of real estate through the stock market. Real estate investment trusts (REITs) are assets that trade on the stock market, allowing you to indirectly invest in real estate to generate passive income like a landlord without any responsibilities of being one.

A REIT trades like stock on the equity market. It is a trust that owns, develops, and operates a portfolio

of various types of rental properties. Purchasing a share of a REIT means earning monthly passive income through its returns based on the number of units you own.

You can essentially become a landlord to generate rental income through a REIT without putting in the effort to find tenants and manage all the affairs of the rental property.

With REITs, you can simply invest your money and watch it appreciate while relying on the expertise of professional management teams to do all the hard work. It is crucial to make the right picks when investing in REITs. It is better to choose a REIT that is likely to grow over time and provide you with reliable “rental income” in the process.

## Foolish takeaway

Choosing the right REIT can provide excellent long-term returns through capital appreciation and regular monthly payouts. **InterRent REIT** ([TSX:IIP.UN](#)) is one such REIT to consider. InterRent is a \$2.09 billion market capitalization REIT headquartered in Ottawa, specializing in residential real estate.

InterRent REIT trades for \$14.87 per unit on the stock market, and it pays its shareholders at a 2.24% 12-month trailing dividend yield. Investing a hypothetical \$100,000 would generate \$2,240 per year, translating to \$186 per month through its payouts alone.

However, the monthly distributions are only a part of why it could be an attractive investment if you are interested in benefiting from the real estate market.

InterRent REIT has a 12-month consensus price target of \$19.63. The REIT trades for a considerable discount from that price target at writing. You can expect to get decent returns on your investment at current levels if it reaches its price target within a year. InterRent is also a [reliable dividend-paying asset](#) that has introduced dividend hikes for the last 10 years.

It could be a viable investment to consider if you plan on dipping your toes in the real estate market to generate truly passive income.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)

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