
Be a Lazy Landlord With These 3 REITs

### Description

Few investments are as tangible and reliable as real estate, and given the right circumstances, it can also be incredibly profitable. However, if you want an income-producing real estate investment, you may have to put more than money into the game.



You have to put in time and effort into managing your properties, unless you are hiring a property manager. This option is financially unfeasible unless you reach a certain portfolio threshold and would still cut into your profits/income potential.

However, there is an alternative way to become a hands-off landlord: REITs. With dividends replacing rent, you will have almost no "active" obligations to your investment. And there are other benefits as well.

## A niche commercial real estate REIT

Most retail investors, even if they have enough capital to invest directly in real estate, choose familiar asset classes (primarily residential). However, if you are becoming a landlord through REITs, you can add niche CRE assets to your portfolio with investments like **Automotive Properties REIT** ( TSX:APR.UN).

It offers exposure to a decent portfolio of 72 vehicle dealerships with a weighted average lease term of over a decade (11.6).

It's a healthy enough business, but it might see even more activity in the coming decade, as Canada transitions from conventional vehicles to EVs.

And even though the stock is currently trading at quite near its all-time high price, the yield is an attractive 5.6%. The REIT is also relatively undervalued, indicating a continuation of the current bullish phase.

## An industrial REIT

If you are looking to invest in a relatively general asset class like industrial properties, **Nexus Industrial REIT** (TSX:NXR.UN) should be on your radar, especially if it sees a correction phase anytime soon.

It was one of the most generous REITs trading on the TSX in the early days of the pandemic-driven market crash when its price was down roughly 30% from its pre-pandemic peak, and the yield was up by a significant margin.

Now that the REIT is trading at an almost 43% premium, the yield is down to 4.8% (which is still quite substantial). The slight undervaluation might delay the inevitable correction for a while but not indefinitely, and that would be the perfect time to buy.

The dividends seem quite stable, especially considering the rock-solid payout ratio of 39%. This ratio and the financial stability of the dividends have been a strong point for REIT since 2016, as it has remained well under 100%.

## A high-yield commercial REIT



A perfect combination of yield and valuation would be the **PRO REIT** (TSX:PRV.UN). This REIT is currently trading at a price-to-earnings ratio of 4.36 and is offering a juicy 6.3% yield.

One “force” behind this solid yield would be the current price, which is still 8.5% below the pre-pandemic peak. Another attractive number associated with this REIT is the payout ratio of 32.5%.

While PRO REIT is a holistic commercial REIT, and its portfolio contains all three popular commercial properties segments: retail, office, and industrial; the latter dominates the REIT’s holdings. The occupancy rate is quite decent (98.4%), which indicates that the REIT is getting the most out of its portfolio, though the lease term is not very attractive.

## Foolish takeaway

The three REITs offer a decent exposure to the commercial real estate of Canada, which has proven to be more stable compared to residential properties, which are still experiencing a bubble. The dividends are stable, and the yields are high enough to start an income comparable to rental income from real estate properties.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

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2. TSX:NXR.UN (Nexus Real Estate Investment Trust)
3. TSX:PRV.UN (Pro Real Estate Investment Trust)

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