



Got \$5,000? Double it With This Passive-Income Stock

Description

Right now is one of the best times to get in on a solid passive-income stock. The market volatility has led to many stocks trading far below fair value. This can allow Motley Fool investors to lock in stellar dividend yields at low prices. You then get amazing returns coupled with high dividends!

So, if you're a Motley Fool investor with \$5,000 to spare, you could, in fact, double it in the next few years. How? By choosing the right passive-income stock and [reinvesting](#) your dividends.

The passive-income stock

Today, **Allied Properties REIT** ([TSX:AP.UN](#)) looks like a great choice. Allied has grown its portfolio by investing in properties like warehouses and flipping them for urban workspaces. So, it is seeing an increase in use thanks to the return to work and by creating a strong return on investment.

But short term, Motley Fool investors may have worries about the passive-income stock, as it continues to sign agreements. This includes both as interest rates rise for tenants and as it looks to flip its properties. But long term, its business model is solid. And it's one analysts fear investors have let drop too far.

That does mean that today it offers significant value. Allied currently trades at 9.03 times earnings and 0.74 times book value. Shares are down 11% year to date but have started climbing up by 3% in the last week.

Bring in dividends

Now, for the dividends, the passive-income stock currently sports a dividend yield of 4.49%. That dividend has grown by a compound annual growth rate (CAGR) of 3.77% in the last five years alone. Furthermore, it comes out on a monthly basis, so that's pretty much like a paycheck each month!

If you were to put that \$5,000 to good use, you could bring in \$673 on an annual basis from Allied

properties. That's why it's already a strong passive-income stock to consider. But if you reinvest it, that coupled with growth could see your shares double in no time.

Do the math

If you had that original \$5,000 investment, you now have \$673 you could put towards the stock each year. Furthermore, in the next year analysts give the stock a potential upside of 29% in the next year alone! So, let's start doing some calculations to see how long it could take you to [double](#) your money.

What we should do is first calculate out the next year. If you were to take your initial \$5,000 investment, reinvest your dividends and see shares rise by that 29%, you could have \$6,672.12 at the end of next year.

From there, you want to look at long-term performance. In the past decade, shares of Allied have grown by a CAGR of 3%. So, that's definitely not as high, but it's more conservative. This allows you to be more confident that your shares will in fact double.

If you take the cash from your passive-income stock and continue to reinvest dividends, here's what you end up with. To reach that \$10,000, it would take just under a decade to double your shares.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AP.UN (Allied Properties 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. alegatewolf
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/09/28

Date Created

2022/05/22

Author

alegatewolfe

default watermark

default watermark