Collect Passive Monthly Income With These 2 REITs

Description

Real estate investment trusts (REITs) are typically considered among the best options for passive-income-seeking investors who want to generate monthly payouts. Unlike investing in real estate assets like rental properties, REITs offer you the chance to generate rental-like monthly income without the hassles that come with owning and managing investment properties.

The cash outlay necessary for REIT investing is significantly lower. It is also a more liquid method to gain exposure to the performance of the real estate industry. The ongoing inflationary pressure on the economy has combined with rising interest rates to create problems for many real estate-centric investors.

The housing market is going through a correction, as median home prices have declined in the last two months due to higher borrowing costs. Many landlords can expect further interest rate hikes and lower book value in the coming months. REITs present a more feasible and liquid alternative to purchasing investment properties to earn rental income.

Today, I will discuss two REITs that could be more resilient than others in the market.

Slate Grocery REIT

Slate Grocery REIT (TSX:SGR.U) is a $699.22 million market capitalization REIT focused on assets in the retail and grocery industry. The pandemic and rising inflation rates wreaked havoc on most of the economy, barring essential services like groceries.

Regardless of how bad the economy gets, people still need to get consumer staples, allowing Slate Grocery REIT's tenant base to continue generating revenues. Slate Grocery, in turn, managed to enjoy strong cash flows.

Slate Grocery REIT trades for $14.92 per unit at writing, and it pays its investors their monthly distributions at a juicy 7.76% forward annual dividend yield. It could be an ideal asset to buy and holdto earn reliable, monthly, and passive income.

Slate Office REIT

Slate Office REIT (TSX:SOT.UN) could be an excellent play to consider since the world is moving into a post-pandemic era. The work-from-home culture thrived due to necessity amid the pandemic. However, many traditional companies have started reverting to on-site work again, calling employees back to the office.

Slate Office REIT trades for $4.97 per unit at writing, and it pays its investors their monthly distributions at a juicy 8.01% forward annual dividend yield. The company owns and operates 55 properties worth over $1 billion across Canada, the U.S., and Ireland.

The trust suffered substantial losses amid the health crisis due to lockdown orders restricting foot traffic to offices. However, it could be the ideal play to consider as offices continue reopening for employees.

Foolish takeaway

Creating more income streams by investing in passive income-generating assets is becoming increasingly important due to the current state of the economy. REIT investing gives you the chance to earn truly passive income through real estate, adding monthly cash distributions to your account.

The Bank of Canada (BoC) is working towards cooling down the red-hot inflationary environment through a series of interest rate hikes. Persistently high living costs along with reduced borrowing power through higher interest rates could result in trouble for many REITs.

However, a few REITs like Slate Grocery and Slate Office REIT could be better positioned to continue delivering reliable monthly cash distributions to investors.

Consider adding units of these two REITs to your investment portfolio to collect passive monthly income.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:RPR.UN (Ravelin Properties REIT)
2. TSX:SGR.U (Slate Retail REIT)

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Date
2025/08/21
Date Created
2022/05/31
Author
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