



Scared of the Housing Market? 3 Easy Ways to Become a Landlord

Description

One of the most lucrative ways to bring in stable passive income is through real estate. But right now, that's a pretty sketchy area of investment. The housing market crisis continues across Canada, with the provincial and federal government attempting to bring it back to earth.

Sales have been falling across the country. In fact, the Canadian Real Estate Association (CREA) recently reported there was a 12.6% drop in home sales across Canada between March and April 2022. It was the lowest decline since the drop in 2020 and even worse in major urban centres.

So, what should passive-income seekers do in this housing market?

Use what you have

Rather than purchase property, one way to create passive income is by using what you already have. And this doesn't mean you need to own property in the first place. Instead, you can stay out of the housing market and continue to rent if that's what you're comfortable with. If you've already bought, you can use this method as well.

Canadians can create a passive-income stream by renting out what they already have. If you rent, that could mean a parking space, a storage unit, or other items. If you own a home, it could mean renting out a garage, attic, or even a storage shed. All you need to do is research your area and provide competitive prices.

Why do this? The e-commerce industry is booming with small businesses that are using a side hustle for extra income. You can provide them with a place to store their products on the cheap, while creating easy passive income on a monthly basis. Everybody wins!

Invest in interest rates

Interest rates are rising, which has been a big part of the drop in the housing market. Higher interest

rates mean higher mortgage rates, so this can be a tough pill to swallow for many Canadians looking to get into the housing market.

Instead, Canadians may want to create passive income by investing in companies that will see a climb due to these higher interest rates. This would include the Big Six banks, that will have higher interest rates, and therefore higher profit. And honestly, these companies are solid investments regardless, having been on the market for on average 100 years.

So, if a Motley Fool investor is going to create passive income, you want companies that can pay it. That would include **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)), which is [invested in the housing market](#), has increased its interest rate, and has the highest dividend of the batch comparatively. Shareholders can bring in a 4.72% dividend yield that continues to climb.

Invest in real estate, sort of

And finally, Canadians can, of course, invest in the housing market by investing in a [real estate investment trust](#) (REIT). This way, you can pick and choose the area of the real estate market you believe will continue to do well.

One option I would encourage is **Choice Properties REIT** ([TSX:CHP.UN](#)). This company has a number of things going for it. Mainly, it invests in urban areas that are mixed-use properties. It will create residential condominiums above retail stores. This includes **Loblaws**, the largest grocery chain in Canada, which will continue to support Choice's dividend.

You can lock in a dividend yield of 4.99%, without worrying about rental agreements. Furthermore, it offers a valuable share price of 10.24 times earnings.

Foolish takeaway

If a Motley Fool investor uses these methods all together, they could create passive income from renting, use that cash to invest and create passive income, and bring it in each month for life. The kicker? That means you're only investing what you earn, so there is no actual cash coming out of your pocket.

Can the same be said for investing in a property in today's housing market? Absolutely not. So, get started today!

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