Earn $950 a Month With These 3 REITs

Description

Even if you have enough money to buy an actual real estate asset (or at least pay the down payment) like an apartment that, once paid off, can be a great source of rental income, you should still run the numbers on an alternative like REITs.

Not only do REITs allow you to become a lazy landlord, but you can start a sizeable passive income right away and also gain access to assets that are usually too far beyond most retail investors' reach.

An industrial REIT

Nexus Industrial REIT (TSX:NXR.UN), as the name suggests, is an industrial REIT. The company has a portfolio of 73 industrial properties, three of which are co-owned. And even though it's primarily industrial focused, it also has 21 retail and 13 office properties, most of which are co-owned.

This small bit of diversification can be a great asset, especially in markets where industrial properties are less in demand and REITs suffers higher turnover rates.

Industrial properties, especially when it comes to warehouse and logistics properties that are highly sought-after by e-commerce businesses, have seen a serious boost during the pandemic. It has been one of the catalysts behind the Nexus stock's powerful rise to the last peak (over 130%) since the 2020 crash.

It's currently trading at a discount price (23%) and valuation (with a price-to-earnings ratio of about six). The price discount has thankfully pushed the yield up to 6.24%.

If you invest $50,000 in the REIT, you can earn about $260 a month. It's worth noting that the REIT hasn't slashed its payouts once since 2014 since it started paying.

A retail and residential REIT

For many investors, the allure of an industry leader's safety is enough to look past its return potential limitation. However, **SmartCentres** (TSX:SRU.UN) offers both. It's a leader when it comes to unenclosed shopping centres, with an impressive portfolio mostly anchored by **Walmart**. And it's also growing its presence in the residential space.

When it comes to returns, it has always been a generous dividend payer. But now that the stock has slumped over 18%, the yield has become even more attractive. At 6.8%, the REIT can offer you a monthly income of about $283 with $50,000 invested in the REIT. It used to grow its payouts, but that practice has been suspended since 2020.

An office REIT

An office REIT like **True North Commercial REIT** (TSX:TNT.UN) is a good choice to complete the commercial trio after industrial and retail-focused REITs. It already had an amazing yield, and the current 20% slump has pushed it up even more. With its 9.79% yield, the REIT is currently one of the most generous dividend stocks in the real estate sector.

At this yield, the company can turn $50,000 capital into a monthly income of about $408. The payout ratio is safe, despite such a high yield, and the REIT's strong dividend history gives a testament to its dividend sustainability potential. The portfolio is quite diverse as well — 46 properties worth about $1.4 billion spread out over five provinces.

Foolish takeaway

While choosing REITs and dividend income is not the same as going for active vs. passive investing, there are certain parallels. A property requires time, care, management, and a lot of footwork. Whereas stable REITs are passive-income machines that require almost no oversight, especially if you don't rebalance your portfolio periodically.

These three REITs can offer you a healthy $950 monthly income with $150,000 capital, the amount you may put down for a decent property.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
3. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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