3 Ways to Invest in Canadian Real Estate Under $20

Description

Real estate can be some of the best ways to make passive income. However, traditionally, this has meant buying real estate and bringing in passive income through rent or flipping a home or business. Today, that just seems less and less likely.

In fact, there are many Canadian renters who believe they will never become homeowners. And that's all right! Furthermore, it certainly doesn't mean you need to stay out of real estate investment altogether.

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Today, I'm going to focus on three easy ways to get into real estate investing for under $20.

Use what you have

First off, Canadians can use what they have as a real estate investment. In fact, this first method won't cost you a penny, because you already have it available. Whether it's a home or an apartment, it's very likely that you have some sort of storage space. This could be cleaned and rented out for monthly passive income.

There are a couple of ways to do this. Small businesses would certainly be interested in storing in an attic, garage, shed, or even storage unit in an apartment building. If you can offer cheaper rates than local rental units, even better. You could even rent out your parking space if you live close to a business centre. These are fast, easy, and *free* ways to immediately bring in cash through real estate.

Choose an REIT

Then there are real estate investment trusts (REIT). These are the easiest way to see immediate returns without the need to potentially declare yourself as a business. If you start making over $30,000 per year, you'll need to create an HST account through the Canada Revenue Agency (CRA). And that can get complicated.

Furthermore, if someone doesn't rent your unit, then you're without cash that month! Instead, you can invest in an REIT that you see has potential. One I would recommend is **Slate Grocery REIT** (TSX:SGR.U). This REIT is anchored to grocery stores throughout the United States. It offers long-term contracts through its focus on grocery stores and provides essential items to customers, so it wasn't shut down during the pandemic.

The REIT offers a whopping 7.85% dividend yield as of writing and trades at a valuable 14.85 times earnings right now. It's never been a better time to pick it up.

Choose an REIT ETF

If you're not sure which REIT to choose, then you might want to consider investing in an REIT exchange-traded fund (ETF). This leaves the guess work to the experts who will actively manage the ETF, allowing for the largest gains and the best dividend.

A strong choice right now would be **BMO Equal Weight REITs Index ETF** (TSX:ZRE). This REIT ETF offers a yield of 4.2% as of writing and holds an equal amount in each of the 23 REITs it holds. It remains quite diversified in the Canadian market, including everything from retail to industrial. Shares are up 22% in the last eight years, as it's continued to pay out a dividend month after month.

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Bottom line

So, no matter what option you choose, it doesn't matter if you can't buy a house as an investment. You can certainly still get into real estate investing through these options today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:SGR.U (Slate Retail REIT)
2. TSX:ZRE (BMO Equal Weight REITs Index ETF)

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