Buy 3 Canadian REITs for Passive Income of $4,971 Per Year

Description

Real estate investing is a great source of income. Many Canadians will probably think of getting a residential rental property to earn rental income. Seldom do they think of investing in commercial properties for diversification.

Here's an easy and passive way to invest in real estate. Via Canadian REIT stocks, investors can diversify and earn substantial passive income.

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With free trading platforms on **National Bank of Canada** and Wealthsimple, Canadians can invest as little as a share in a stock to get started. The more you invest, the more income you get. Here are some interesting Canadian REITs that offer juicy monthly cash distributions yielding up to 6.5%.

Dream Industrial REIT

Dream Industrial REIT (TSX:DIR.UN) has a portfolio of 244 industrial assets, including 358 buildings, comprising more than 44 million square feet of gross leasable area. Its Q1 committed occupancy was high at 98.7%.

The REIT enjoys both organic and inorganic growth. Mark-to-market rent provides organic growth for its net operating income. Additionally, it has development and intensification opportunities in its current portfolio. Dream Industrial also has local teams to source acquisition opportunities in North America and Europe. For example, its multiple ways of growth led to its Q1 funds from operations per unit growing 16% higher year over year.

After the selloff of about 30% from its peak, Dream Industrial REIT offers magnificent value and an attractive yield of 5.6%. Analysts believe price appreciation of about 40% is possible over the next 12 months.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is another good consideration for monthly income. The REIT has a globally diversified portfolio of healthcare real estate. It generates rental income from hospitals, healthcare facilities, and medical office buildings.

The healthcare REIT's portfolio consists of about 229 properties. It enjoys a high occupancy of about 97% and a long weighted average lease expiry of more than 14 years. Therefore, it generates defensive and stable cash flows.

Analysts believe the stock can potentially appreciate approximately 15% over the next 12 months. Meanwhile, it also yields about 6.2%.

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is a stable retail REIT that enjoys an industry-leading committed occupancy of 97.2%. Since about 98% of its revenue comes from open-air centres, consumers can shop at its retail centres with greater reassurance as we experience another wave of COVID.

More than 60% of SmartCentres's rents are sourced from strong, creditworthy essential service tenants like Shoppers Drug Mart, **Royal Bank of Canada**, and **TELUS**. The Canadian REIT generates more than 25% of its revenues from **Walmart**.

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The REIT has identified 93 out of 174 properties from its portfolio so far for intensification, which can be a catalyst for growth. At writing, the retail REIT offers a juicy yield of almost 6.5% for the wait.

REITs are perfect for holding in TFSAs

Investors should consider real estate as a core component for income. You can get amazing tax-free passive income by holding Canadian REITs in your TFSA. If you were eligible for the TFSA since 2009, your TFSA contribution limit is at least $81,500. The three Canadian REITs introduced here provide an average yield of 6.1%. On an equal-weight portfolio with $81,500 invested, you would generate an annual income of $4,971.50!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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