

2 Real Estate Stocks to Earn Passive Income

Description

<u>Investing in real estate</u> is one of the best ways to generate long-term passive income as a landlord through monthly rental income. Of course, buying an investment property is not an affordable option for everyone.

Benchmark interest rates in Canada have been increasing this year. The Bank of Canada (BoC) has introduced several interest rate hikes to control red-hot inflation, making borrowing money more expensive.

Fortunately, you can explore other avenues in the real estate industry to create a passive-income stream. Investing in the right real estate stocks can set you up for a lifetime of passive income through capital gains and <u>shareholder dividends</u>. Today, I will discuss two real estate stocks you can consider adding to your investment portfolio for this purpose.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is a \$103.97 billion market capitalization alternative investment management company. Among the largest of its kind worldwide, Brookfield Asset Management owns and operates a diversified portfolio of real estate assets across virtually every industry.

Investing in everything from energy infrastructure to hotels, the company offers diverse exposure to several sectors of the economy.

As of this writing, Brookfield Asset Management stock trades for \$66.57 per share, paying its investors their shareholder dividends at a modest 1.07% dividend yield. Such a low dividend yield might not make it look attractive as a passive-income stock.

However, it can be an excellent investment due to its long-term growth potential. Buying and holding its shares in your portfolio for a few decades can provide you with substantial total returns through capital gains and dividend income.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD) is a \$59.60 billion market capitalization multinational convenience store operator. The company has over 15,000 stores throughout Canada, the U.S., Mexico, Ireland, and several other international markets. Headquartered in Laval, many Canadians might be familiar with Circle K, the banner under which it operates in Canada.

The convenience store operator has acquired several businesses worldwide over the years, expanding its presence and adding more revenue streams. The company does not just operate retail stores. It has a gas bar, retail services, and more that it plans to keep expanding every year. As of this writing, Alimentation stock trades for \$58.31 per share and boasts a modest 0.74% dividend yield.

Like Brookfield Asset Management stock, its dividend yield might not be attractive. However, it is a strong real estate business with substantial long-term growth potential. Adding its shares to your portfolio and remaining invested for decades can deliver stellar total returns on your investment.

Foolish takeaway

Real estate stocks allow you to take advantage of the real estate industry's performance to grow your wealth. You can use your income from shareholder dividends to line your account with additional cash. You can also reinvest the shareholder dividends to buy more shares and unlock the power of compounding to accelerate your wealth growth.

Brookfield Asset Management stock and Alimentation Couche-Tard stock can be excellent investments for this purpose.

CATEGORY

- 1. Dividend Stocks
- 2. Investing

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- 2. TSX:ATD (Alimentation Couche-Tard Inc.)
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