Collect Passive Income With These 3 Monthly Paying REITs

Description

The long-term outlook for Canada's housing market remains positive, although it's currently on a downward trend due to rising interest rates. A report from **Toronto-Dominion Bank** predicts the average home price could fall between 20% and 25% from its peak early this year to the first quarter (Q1) of 2023. Meanwhile, real estate investors are more cautious, because if they buy today, the property value might depreciate.

If you're looking to gain exposure to the real estate sector, the best option right now is through real estate investment trusts (REITs). You won't own any physical property, but still receive investment income every month from three top Canadian REITs in different sub-sectors.

Residential/apartment

Morguard North American Residential (TSX:MRG.UN) owns high-quality multi-suite residential properties (12,983 suites in 42 properties) in Canada (two provinces) and the United States (nine states). The $962.4 million REIT reported impressive financial results in the first two quarters of this year.

In the six months ended June 30, 2022, rental revenue and net operating income (NOI) rose 10% and 14% versus the same period in 2021. Notably, net income jumped 608% year over year to $337.7 million. Morguard's primary objectives are to generate stable and growing cash distributions and enhance the value of its portfolio.

The REIT's asset base should also expand through acquisitions and property improvements. If you invest today ($17.06 per share), the dividend offer is an attractive 4.07%.

Office

A top choice in the office market is **Allied Properties** (TSX:AP.UN). This $4 billion REIT owns and operates of urban workspaces in Canada's major cities. It also leases network-dense urban data centre (UDC) spaces. A business revival from the pandemic-induced lockdowns is underway.

In the first half of 2022, rental revenue and net income rose 7.1% and 63.2% compared to the same period in 2021. Allied's president and chief executive officer (CEO) Michael Emory said leasing activity continued to accelerate this year. At the end of Q2 2022, leased and occupied areas rose 160 (90.9%) and 120 basis points (89.5%) from Q1 2022.

According to management, upgrade activity is now constant in all its markets. The goal is to stabilize occupancy in three to five years and have a weighted average lease term of 12.2 years. Allied Properties trade at $32.24 per share and pays a fantastic 5.43% dividend.

Hotel industry

American Hotel Income Properties (TSX:HOT.UN), or AHIP, used to be a dividend titan until the global pandemic created havoc on the hotel industry. Because of government-mandated lockdowns, business suffered tremendously. The REIT had to stop dividend payments to stay afloat.

However, the dividend payments have resumed in 2022 due to strong revenue growth and rising occupancy rate. This $271.74 million REIT operates premium branded, select-service hotels. The locations are in the secondary metropolitan markets in the United States.

In Q2 2022, net income climbed 2,502% to $13.68 million versus Q2 2021. AHIP's cash flows provided by operating activities ballooned 172% year over year to $14.7 million. At only $3.50 per share, the forward annual dividend yield is 6.68%.

Boost disposable income

Many income investors are turning to REITs instead of purchasing investment properties. Furthermore, would-be investors can boost their disposable income with the monthly dividends from Morguard, Allied Properties, or AHIP.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AP.UN (Allied Properties Real Estate Investment Trust)
2. TSX:HOT.UN (American Hotel Income Properties REIT LP)
3. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)

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