



The 5 Best Canadian REITs for Monthly Passive Income

Description

[Real estate investment trusts](#) (REITs) are perfect investment vehicles for earning monthly passive income. If you can't afford to buy your own investment property, a REIT is a perfect alternative. In fact, you can buy REITs at a cheaper valuation than similar private real estate right now.

The great thing is you can create a diversified portfolio of REITs based on income yield, sector, and company. Here are five of my favourite Canadian REITs for monthly passive income.

A healthcare REIT for passive income

Given the essential nature of healthcare around the world, it is a very defensive sector. That is one reason why **Northwest Healthcare Properties REIT** ([TSX:NWH.UN](#)) is an attractive passive-income stock. It operates a global portfolio of high-quality hospital and healthcare facilities.

This REIT has high 97% occupancy and extremely long-term leases that are backed by credit-worthy tenants (often government sponsored). Over 80% of its leases are indexed to inflation. That means if inflation keeps rising, it gets an attractive boost to cash flows.

This helps support its substantial \$0.0667 monthly distribution. At today's price, it has a 6.5% distribution yield on cost. If you put \$20,000 into this REIT, you'd earn \$108 of very safe passive income monthly!

Industrial REITs

With a market cap of \$4.6 billion, **Granite REIT** ([TSX:GRT.UN](#)) is the largest industrial REIT in Canada. It is a great proxy for the sector. It has logistics, warehousing, and manufacturing properties in core markets in Canada, the U.S., and Europe.

Last quarter, it saw adjusted funds from operation (AFFO) per unit rise by just over 8%. Given high demand, it is raising its rents on new leases by +20% on average. Granite has a large development

pipeline coming to completion in the next two years, and it expects attractive rates of return from this.

Granite stock earns a 4.3% distribution yield. That comes out to a \$0.25833 per unit monthly [dividend](#). \$20,000 invested in Granite stock would earn \$71.60 of monthly passive income.

Both **Summit Industrial REIT** and **Dream Industrial REIT** are attractive industrial alternatives to consider as well. Summit is focused solely on Canada. Its portfolio is located in Canada's top markets. It is enjoying faster-than-average rental rate growth. It pays a 3.16% distribution yield for monthly passive income.

Dream Industrial has a portfolio split between Canada and Europe. This is the cheapest industrial REIT in the group. It trades with a large 5.9% distribution yield. However, it has operated exceptionally well in the past few years. Strong portfolio [fundamentals remain intact](#). It looks like a bargain for passive income and value today.

Apartment REITs for passive income

BSR REIT ([TSX:HOM.U](#)) is a Canadian listed REIT that operates completely in the U.S. Its stock is down 8% this year. Despite declining market sentiment, this residential REIT has been delivering record results. It is projecting over 30% adjusted fund from operation per unit growth in 2022! For a REIT, that is incredible.

The REIT's portfolio is in some of the fastest-growing cities in America. This is helping to support strong apartment demand, high occupancy, and elevated rental rate growth.

BSR earns a 3.17% distribution yield now. Every month, investors earn a \$0.0433 per unit distribution. If you put \$20,000 into BSR stock, you'd earn \$52.83 a month. However, if it can execute its growth plans, there is certainly more upside than the distribution with this stock.

The takeaway on REITs

REIT stocks are [cheap](#) across the board. Yet fundamentals remain robust in many sectors. If you want to lock in an outsized dividend yield for monthly passive income, now is a great time to be a REIT investor.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:GRT.UN (Granite Real Estate Investment Trust)
2. TSX:HOM.U (BSR Real Estate Investment Trust)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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