Canadian REITs: A Great Way to Increase Your Monthly Income

Description

The cost of living in Canada has been growing at an alarming rate. Different factors, from inflation to rising energy prices, have contributed to the country's higher cost of living. Many Canadians are having difficulties making ends meet and have to adopt frugal living habits to cope with the affordability crisis.

However, there is an alternative. If you have any savings tucked away, it might be a good time to put them to work and start generating a passive income to augment your primary income. And a great way to do it is by investing in generous, monthly dividend-paying REITs. Canadian REITs are especially appealing now when the real estate bear market has placed a discount tag on so many.

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A grocery properties REIT

Grocery properties can be considered one of the safest segments of the retail real estate market. Among them, **Slate Grocery REIT** (TSX:SGR.UN) is a smart buy, but safety is not the only thing the REIT offers. The stock's performance has been quite stable compared to most other Canadian REITs, and there is more to it than just the asset class.

The REIT has a completely American real estate portfolio, and the real estate market in the US is currently faring relatively better than the Canadian counterpart, which is laden down by a weak housing market.

From an income perspective, Slate Grocery REIT is a great pick, thanks to its mouthwatering 8.5% yield, supported by a healthy payout ratio of 50.5%. At this yield, the REIT can generate a monthly income of about $141 for you with $20,000 invested.

A healthcare properties REIT

Like groceries, healthcare is a business that is evergreen. And even though healthcare stocks in Canada don't reflect this "stability," you can experience it in a REIT like **NorthWest Health Properties REIT** (TSX:NWH.UN) and its incredibly stable run in the last five years. However, the stability streak has ended, and the stock, like the rest of the real estate sector, is sliding down hard.

It has already lost more than a quarter of its value, and considering the current direction of the stock; it may lose a lot more before stabilizing. But the fundamental strengths of the REIT are still the same. It has a strong international portfolio of healthcare properties, and most of them have mature, stable tenants.

The benefit of the downward slide has been a dividend yield boost, which has risen to 7.7%. If you invest $20,000 in the REIT, you can start generating a monthly income of about $128.

A commercial REIT

SmartCentres REIT (TSX:SRU.UN) is the leader in unenclosed shopping centers in Canada, and more than half of its centers are anchored by Walmart. This enhances the perceived value of the properties since Walmart has the potential to increase foot traffic. However, the REIT is now repositioning itself towards Smart Living – mixed-use communities.

It already has multiple residential towers, and a few more are under construction. With a strong present position and a promising future, SmartCentres can prove to be a healthy long-term investment. And to maximize your dividend-based returns from this long-term holding, you should try and lock in as good a yield as possible. The current 7.3% yield can help you generate an income of about $121 per month.

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Foolish takeaway

Passive income is one of the most common goals of real estate investing in Canada, whether you are investing in rental properties or REITs. And even though property prices are plummeting now, they are still beyond the reach of most Canadians. This makes REITs a practical option.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:SGR.UN (Slate Retail REIT)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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