



Want \$1,000 in Passive Income Every Year? Buy These 2 Stocks Right Now

Description

The Black Friday sale is on, and some fundamentally strong dividend stocks are trading closer to their 52-week low. The recession has hampered their short-term guidance, but their long-term growth trend remains intact. Now is the time to act on the one rule of [stock market investing](#) “Buy the Dip.” If you buy at these depressed prices, you can lock in \$1,000 in passive income for the long term.

How to earn \$1,000 in passive income every year?

The first stock that comes to everyone's mind when we talk dividends is **Enbridge**. But you probably have a large amount invested in it. Don't put all your eggs in one basket. Diversify your dividend portfolio across different sectors and some mid-cap stocks.

Anything remotely related to oil and gas is trading near its cyclical high. The value lies in sectors that are depressed in this challenging market environment. Rising interest rates have made borrowing expensive and pulled down property prices. Thus, most REITs have lost value. The stock price of REITs could continue to fall throughout 2023 as the recession creeps in.

This REIT can pay you \$568 in annual passive income

A good real estate stock to buy in the current downturn is **Slate Office REIT** (TSX:SOT.UN). Its stock price has decreased by 13% since the Bank of Canada started increasing interest rates in March. The decline came as falling property prices reduced the fair market value of its portfolio. But the REIT took this opportunity to dispose of its lower-yielding Toronto property for a high-yielding Chicago property. The Chicago property anchor is its 10-year lease with **Pfizer**.

The REIT will conduct a strategic review to identify more such acquisitions and dissolution opportunities to enhance its property portfolio. A better tenant base and longer lease terms will enable the REIT to maintain its current distributions even in a recession.

Slate Office has been paying regular monthly distributions since 2013 without any cuts. It survived the

pandemic and can survive a recession thanks to a healthy distribution payout ratio of 75.9% in the [third quarter](#).

If you invest \$500 a month from today to December 2023, you can take advantage of the bear market and reduce your overall cost. At the end of 2023, you will have \$6,500 invested in Slate Office REIT. And if it maintains an 8.7% yield, you can collect \$568 in passive income every year for a long time.

The energy stock trading at a discount

It's not just real estate that is trading at a discount. [Renewable energy stocks](#) have also dipped as the market has become bullish on oil and gas stocks amid the global energy crisis. But renewable energy stocks are the future as the energy sector is going green. The carbon emission levels are growing at dangerous levels, and there will come a trigger point where the focus will only be on renewable energy.

That is when stocks like **TransAlta Renewables** ([TSX:RNW](#)) will soar. The company is in wind energy, and its stock price has dipped 23% since August due to a temporary outage at Kent Hills, lower energy from wind, and the timing of renewable energy credit sales. These are only temporary setbacks. The clean power provider's long-term growth is in tact. Now is the time to lock in a 6.7% dividend yield.

Like Slate Office, you can invest \$500 every month and take advantage of dollar cost averaging. If your average yield remains above 6.5%, your \$6,500 investment in TransAlta Renewables could generate \$430 in passive income every year.

Investor takeaway

The above two stocks offer higher distribution yields, but they also carry higher risks. So far, they have the cash flow to pay dividends. In the worst-case scenario, they might slash dividends by 30%–50%. Even then, the yield will be above 4%, which is a good bargain as they will also give capital appreciation in a strong economy.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)
2. TSX:RPR.UN (Ravelin Properties REIT)

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