



## How to Easily Earn an Extra \$125/Month of Passive Income in 2023

### Description

If you are looking for monthly passive income, real estate investment trusts ([REITs](#)) are the place to look. Unlike a rental property, you have no management responsibility, no late-night maintenance calls, and no hassling tenants to collect rent.

Through a REIT, you get to own a stake in some of the highest quality real estate in North America. REITs collect rents monthly, so they also tend to payout their distributions monthly.

### Own a diversified portfolio of high-end real estate for passive income

You can even diversify your holdings by owning REITs in differing [sectors](#) such as industrial, multi-family, retail, office, storage, and even healthcare properties. With interest rates rising, the market has compressed REIT valuations. However, if you have a multi-year time horizon, now may be a very attractive time to add certain REITs to your portfolio.

In fact, if you put \$30,000 to work in three different REITs today, you could earn as much as \$125 of monthly [passive income](#). Here's how it could work.

### A top industrial REIT producing ample passive income

**Dream Industrial REIT** ([TSX:DIR.UN](#)) yields close to 6% right now. With \$10,000 you could buy 854 units at \$11.70 per unit. That would yield \$49.81 of monthly distributions.

With its stock down 30% in 2022, this stock is attractive. It trades at a substantial discount to its private market value. Dream owns and manages multi-tenanted warehousing and distribution properties in Canada, the United States, and Europe.

It should grow earnings by about 8% in 2022. The recently announced **Summit Industrial REIT** joint-

venture deal should provide further growth upside in 2023.

## A cheap retail REIT

Another REIT that pays an attractive distribution is **First Capital REIT** ([TSX:FCR.UN](#)). At \$16.80, it earns a 5.16% yield right now. If you put \$10,000 to work in First Capital stock, you could buy 595 units. That would earn \$42.84 of passive income per month.

First Capital operates a portfolio of retail properties across Canada. These are largely anchored by recession-resilient tenants in grocery, hardware, and essentials. However, it also sits with a substantial underutilized land footprint that could be very valuable if developed prudently.

This REIT has underperformed for several years. It trades at 30% discount to its net asset value — a significant [discount](#). Just recently, a well-known [activist investor](#) has begun stirring the pot to unlock some value in the stock (including a possible sale). This may take time, but investors can collect an attractive dividend while they wait.

## An undervalued multi-family real estate stock

**BSR REIT** (TSX:HOM.UN) is a great stock to buy for exposure to multi-family residential. At \$17.76, this passive-income stock yields close to 4%. Put \$10,000 to work in BSR, and you could buy 563 units. That would earn \$33.27 per month in passive income.

BSR owns affordable, amenity-rich apartment properties in Texas and Oklahoma. Its properties are in some of the fastest-growing municipalities in America. Consequently, it has been enjoying very high occupancy and strong rental rate growth.

It trades at a near 40% discount to its net asset value. Management owns a large stake in the business, so its incentives to unlock value are highly aligned with unitholders. This is a cheap stock with great assets, and it makes a for a great buy-and-hold passive-income investment.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Dream Industrial REIT	11.70	854	\$0.05833	\$49.81	Monthly
First Capital REIT	16.80	595	\$0.072	\$42.84	Monthly
BSR REIT	17.76	563	\$0.0591	\$33.27	Monthly

Stock prices as of December 30, 2022

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)
2. TSX:FCR.UN (First Capital Real Estate Investment Trust)
3. TSX:HOM.UN (Bsr Real Estate Investment Trust)

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