



## 3 Canadian Stocks to Buy for Monthly Passive Income

### Description

Finding [Canadian stocks](#) that pay out monthly passive income can be a challenge. However, it is not impossible. You need to look in the right sectors. Real estate, energy, and renewables tend to be good areas to look.

Here are three Canadian stocks (and sectors) you can look to buy for monthly passive income.

### Real estate for monthly passive income

Real estate ought to be one of the first places to look. [Real estate investment trusts](#) (REITs) earn lease income monthly. REITs must pay out most of their earnings in distributions to maintain their tax-efficient status. As a result, they tend to pay distributions monthly.

**Choice Properties REIT** ([TSX:CHP.UN](#)) is a very safe stock pick if you just want reliable income. It is Canada's largest REIT. Its portfolio of 700 retail, mixed use, and industrial properties is anchored by **Loblaw** and affiliated tenants.

Over 70% of its properties are tenanted by grocery, pharmacy, or essential retailers. It has long-term leases (over six years) and stable 97.7% occupancy. Choice has a relatively low level of debt, and its debt maturity profile is staggered over the decade.

This is a very [defensive](#) REIT. It is not growing as quickly as others, but it does have a lot of well-located land that could potentially be redeveloped. This passive-income stock pays a \$0.062 monthly dividend, which equates to a nearly 5% distribution today. Some other REITs to consider for passive income, growth, and value include **Granite REIT**, **BSR REIT**, and **European Residential REIT**.

### Traditional energy

Another sector to consider for monthly passive income is the [energy sector](#). Now, this is certainly a more volatile sector, but it is also very cheap. With a market cap of \$6 billion, **Whitecap Resources** ([TSX:WCP](#))

) is a mid-cap stock with oil production assets across Alberta and Saskatchewan.

The company is expected to generate \$2.65 per share in earnings in 2022. Likewise, it could generate over \$550 million of free cash flow in the year. It has been taking that cash flow, drastically reducing debt, and growing its dividend. In 2022, it increased its dividend by 89%!

After selling off some non-core assets, it [announced](#) another 32% dividend increase for its January dividend. It will pay a monthly dividend worth \$0.0483 per share. That equates to a 5.7% dividend yield at today's price of \$10.16. At 4.7 times free cash flow, this stock remains quite cheap.

## Renewable energy for monthly passive income

If you can't stomach oil market volatility but want energy exposure, **Northland Power** ([TSX:NPI](#)) is a stock to watch. It operates 2.6 gigawatts (GWs) of renewable power projects across Canada, the United States, Central America, and Europe.

The company has established an expertise in offshore wind power development. It currently has several projects in operation near Germany and the Netherlands. However, it has a development pipeline that includes projects in Poland, Scotland, Taiwan, and Japan. In fact, new projects could more than double its current capacity over the remaining decade.

Northland pays a monthly dividend worth \$0.10 per share. At \$37.43, that equals a 3.2% dividend yield. While it has not grown its dividend for several years, it has been investing heavily in its development pipeline. Once some of these projects come online, it should enjoy a nice boost in cash flows. That could further support dividend growth in the coming years.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:NPI (Northland Power Inc.)
3. TSX:WCP (Whitecap Resources Inc.)

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## Date

2025/06/28

## Date Created

2023/01/12

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