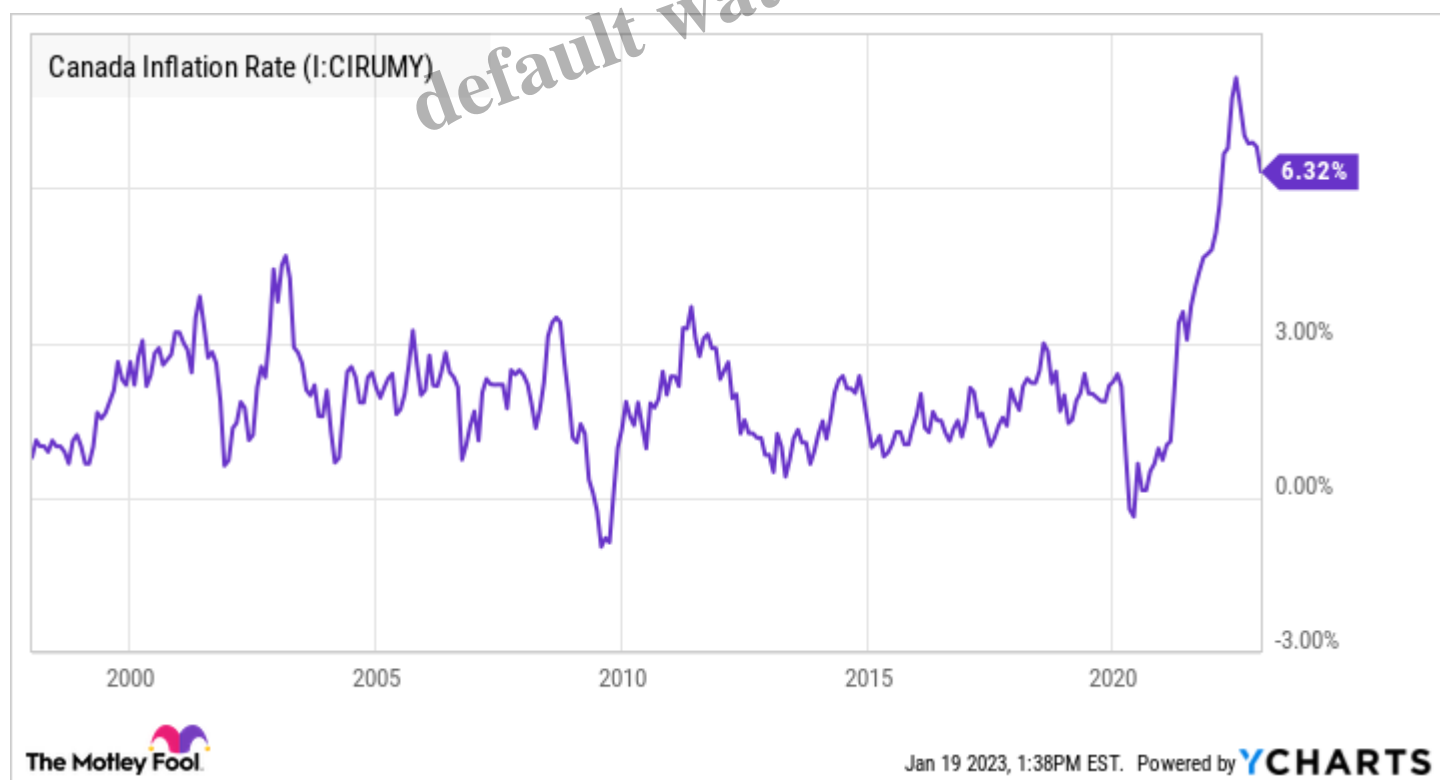




Want \$100 in Monthly Passive Income? Buy 1,500 Shares of This TSX Stock

Description

Canadians enjoyed low and largely predictable inflation for most of the last 25 years, as the graph below shows. 2022 threw us a curveball with an inflation rate of 6.8%. On the positive side, inflation has been on a decline since peaking 8.1% in June 2022. We ended the year with inflation at 6.3% in December.



Canada Inflation Rate data by YCharts

The Bank of Canada's policy interest rate hikes are working. But it might still raise the benchmark interest rate by 0.25-0.50% this month to further curb inflation, which is still far off from the central bank's target range of 1-3% for inflation. At least we shouldn't see a hawkish hike of 0.75%, as we did

in September 2022.

The policy interest rate stands at 4.25% at writing. It is in every Canadian's interest to increase their income to combat today's high inflation. You can immediately turn your savings into a passive-income stream!

Earn monthly passive income from REITs

Rising interest rates triggered a re-rate of stock valuations to lower levels. Consequently, [real estate investment trusts](#) (REITs), which are popular for monthly passive income, also took a beating. This means Canadian investors can now earn higher yields from Canadian REITs.

One REIT that offers a ridiculously high yield of 8% is **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)). At the current relatively low valuation, investors get a greater chance of pocketing price appreciation on top of a juicy income stream. *Yahoo Finance* indicates that seven analysts have a consensus 12-month price target of \$12.71 on the [dividend stock](#), which represents upside potential of almost 28% from \$9.94 per unit at writing.

Northwest owns, manages, and develops healthcare real estate properties. Its portfolio is globally diversified, spanning eight countries, across tenants in healthcare, research, life sciences, education, and more.

It has about 233 properties with a high occupancy of 97%. Importantly, it has a long weighted average lease expiry of about 14 years — cash flows that mostly have inflation escalations. Its trailing-12-month payout ratio was 78% of its free cash flow generation, which further boost investor confidence that it can keep its cash distribution safe.

Get \$100 in monthly passive income

NorthWest Healthcare Properties REIT pays out monthly cash distributions that are taxed differently depending on the type. In non-registered accounts, the return of capital portion of the distribution reduces the cost base and is tax deferred until unitholders sell or their adjusted cost base turns negative. REIT distributions can also contain other income, capital gains, and foreign non-business income. Other income and foreign non-business income are taxed at your marginal tax rate, while half of your capital gains are taxed at your marginal tax rate.

If you hold REITs inside tax-advantaged accounts, like a Tax-Free Savings Account, Registered Retirement Savings Plan, Registered Disability Savings Plan, or Registered Education Savings Plan, then you can sidestep the above complexity. When unsure of where best to hold REIT units, seek advice from a tax professional.

Below, the dividend column displays the monthly payouts. To generate passive income of \$100 each month (or \$1,200 per year), here's roughly how many shares you'd need to own:

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
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NWH.UN	\$9.94	1,500	\$0.06667	\$1,200	12
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Don't rely on just one TSX stock for passive income. Remember to spread your risk by building a [diversified portfolio](#).

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
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kayng

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