3 REITs Worth a Close Look Right Now

Description

There's never been a better time to add real estate investment trusts, or REITs, to your portfolio. The recent spike in bond yields has ravaged the industry. But savvy investors are combing through the rubble and finding some great deals. In part 3 of this series, we take a look at the top three trusts to buy now.

How to profit from Alberta's oil boom
The country's commodity boom hasn't just been important for energy and resource companies. It has set off a massive human migration to Western Canada. For the first time in Canadian history, there are now more people living west of Ontario than east of it.

As Alberta's dominant apartment landlord, **Boardwalk REIT** (TSX: BEI.UN) is best positioned to profit from this trend. A growing population bodes well for apartment occupancy and rents, especially when combined with a tight supply outlook due to higher retail mortgage rates and tougher lending rules.

And don't be dismayed by the trust's small 3.3% distribution yield. The company has an excellent track record of rewarding unitholders. Over the past decade, management has raised its payout at a 22% compounded annual clip.

Earn a 7.5% yield from this office REIT
Dundee REIT (TSX: D.UN) is Canada's premier commercial REIT. Its portfolio comprises high-end office properties in cities across the country. Scotia Plaza in downtown Toronto? Dundee owns it.

And while the trust boasts a juicy 7.5% distribution yield, what makes this REIT so attractive is that it's managed by some of the smartest people in the business.

Chief Executive Michael Cooper is widely regarded in industry circles as one of the best capital allocators in the country. After starting the firm in 1993, Cooper has grown Dundee from a small Saskatchewan landholding company into an industry titan — while rewarding shareholders handsomely in the process. He has a track record of brilliant transactions, most notably when he offloaded millions of dollars in assets to **GE** Capital just before the financial crisis.

Much of Dundee's current in-place rents are below market values, with many leases coming up for renewal soon. This will give the company an opportunity to pump up its revenue.

Looking to Target some profits
H&R REIT (TSX: HR.UN) has been the market doghouse. In May, the company acquired Primaris Retail for $28 per unit in a cash and stock offer. But many Primaris unitholders weren't interested in owning H&R and sold their shares after the deal was closed. Throw rising interest rates into the mix and you have a recipe for a big selloff since the start of the year. But with the trust currently yielding 6.2%, it represents a value at these levels.

The firm also has a lot of catalysts that could send shares higher. With 30% of H&R's properties in the United States, it's due to benefit from the economic recovery south of the border. And with Primaris owning a large number of Zellers outlets that will be converting over to **Target** locations this year, it should generate more mall traffic.

Foolish bottom line
There's never been a better time to become a virtual landlord. But don't let the sell-off in REITs scare you out of the industry. There are some great values available for the diligent investor.

Three top stocks from The Motley Fool
Looking to expand your portfolio's horizons? The Motley Fool has put together a Special FREE Report featuring "3 U.S. Stocks Every Canadian Should Own." To get the names and ticker symbols of these three stocks, just click here to access your free copy!

Disclosure: Robert Baillieul doesn't hold any position in any of the stocks mentioned in this article. The Motley Fool owns shares of General Electric.

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