3 Rock-Solid REITs Yielding Above 6.7%

Description

In today's low interest rate environment, companies that pay investors a solid yield are few and far between.

Bond rates are about as low as they can go, with little indication that rates are going to rise at any point in the near future. Many dividend growth stocks have done so well that corresponding yields have suffered, even after factoring in dividend growth. Even certain high-dividend, low-growth stocks have been bid up by investors hungry for dependable yield.

There's really only one sector remaining where investors can get solid yields without taking on a large amount of risk, and that's REITs. Many REITs were sold off approximately a year ago based on fears that interest rates would recover and therefore make their yields less attractive, and they haven't really recovered since.

This represents a solid entry point for investors looking for yield. Here are three companies in the sector rewarding investors with generous dividends of at least 6.7%.

1. Dream Office REIT

Dream Office REIT (TSX: D.UN) continues to be one of my favourite names in the sector.

The company owns some of the finest office buildings in the country, with the majority of its holdings in Calgary and Toronto. It also has some of Canada's finest companies as main tenants, including **Bank of Nova Scotia**, **BCE**, and various levels of government. These tenants aren't about to skip any rent payments.

Its shares are currently a little depressed because occupancy rates are just a tad below what analysts are looking for. Investors who buy now are getting a company with not only a 7.7% yield, but also upside once it can improve operations. The dividend is safe as well, since the payout ratio should improve with the occupancy rate.

2. Cominar REIT

Cominar REIT (TSX: CUF.UN) is one of Quebec's largest office, retail, and industrial land owners, with more than 500 properties under management.

Since Quebec's economic outlook continues to look a little weaker than many other provinces, Cominar has recently started expanding to others. It has significant holdings in Atlantic Canada, and is moving into Ontario and Alberta.

Much like Dream, Cominar is experiencing temporary weakness because its occupancy rate is just a little below what the market would like to see. Still, it has a solid payout ratio of just over 90% and is continuing to take steps to bring its financing costs down. The current yield of 7.7% should be safe, and shareholders can get a 5% premium if they choose to receive dividends in the form of shares.

3. Crombie REIT

Crombie REIT (TSX: CRR.UN) was spun off from **Empire Company** (TSX: EMP.A) in 2006. It is the largest owner of Sobeys stores across the country, including many different shopping malls with Sobeys as an anchor tenant. In late 2013, it acquired 68 Safeway stores from Empire for just shy of $1 billion. Currently, Empire Company owns approximately 40% of its outstanding shares.

The company has done a nice job of working through its recent acquisition, even slightly improving its occupancy rate compared to this point last year. It currently pays a 6.7% dividend, which is easily covered by funds from operations. The majority of its properties are grocery stores, which aren't likely to go anywhere, even during tough economic times.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:D.UN (Dream Office Real Estate Investment Trust)
2. TSX:EMP.A (Empire Company Limited)

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