



Earn a 5.5% Dividend Yield With RioCan Real Estate Investment Trust

Description

This is your last chance to collect the upcoming distribution on a safe stock that yields over 5.5%.

That's right. This company makes so much cash, it can pay more than TWICE the yield of your typical stock.

However, if you want to collect this 5% dividend, then you must become a shareholder of record before Friday, December 26. Let me explain...

5.5% stock goes ex-dividend in December

The firm is called **RioCan Real Estate Investment Trust** ([TSX: REI.UN](#)); a real estate holding company that owns over 300 properties across the country. The firm's portfolio totals some 79 million square feet, including some of the most valuable real estate in Canada.

As regular readers know, real estate trusts like RioCan are a great way to build long-term wealth. And if you like collecting globs of dividend income, then there's no better business in the world. Here's why

RioCan is a cash cow. Every month tenants pay rent. And every year the firm's property values creep up a little.

These revenues are mostly locked in. RioCan usually rents its properties out to companies like **Wal-Mart Stores Inc**, **Canadian Tire Corporation Limited**, and Shoppers' Drug Mart. Needless to say, these corporate tenants aren't going out of business any time soon.

Owning real estate is a better investment relative to other options. If you were to purchase a 'safe' 30-year Government of Canada bond, you're tying up your capital for decades at a meager 2.3% interest rate. And when your principal is finally repaid, those dollars will have lost much of their purchasing power.

So if lending money is one of the worst things you can do, then borrowing it is quite possibly the

smartest. RioCan borrows huge amounts of cash to buy new properties. Over time, the trust pays back its debts with cheaper dollars. Better yet, tenants continue to pay rent month after month even after the loans have been repaid.

Unlike bonds, real estate benefits from inflation. Think about all of the physical components that go into constructing a building. Contractors and engineers need to be paid. There are nails, bricks, pipes, wiring, and fixtures.

Now, do you think that these components will cost more in the years to come? Yes, these expenses will rise. In the future, new construction will cost more and more.

This steady inflation will raise the values for existing properties. RioCan owns these existing buildings. RioCan's property values will increase. RioCan's rents will increase.

And while these properties were expensive to build, they're not that expensive to maintain. Once constructed, the buildings just sit there. Maintenance costs are only a tiny fraction of revenues.

Collect thousands of dollars in monthly rental income starting January 15

The best part is, RioCan passes on most of its income in the form of consistent, oversized 'rent cheques'. Since 1994, the trust has never missed a payment to investors. Today, it delivers a monthly distribution of 11.75 cents per unit, which comes out to an annualized yield of 5.5%.

The next round of distributions are scheduled to be mailed out in a few weeks. If you become a partner by December 26, you can collect your first dividend cheque by Jan. 15.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/09/30

Date Created

2014/12/18

Author

rbailieu

default watermark