



Top 3 REITs Yielding Up to 8.7%: RioCan Real Estate Investment Trust, Dream Global REIT, and Canadian Apartment Properties REIT

Description

It might be the greatest income source available... owning real estate.

These friendly folks called bankers lend you all the money you need to invest. Then these wonderful people called tenants pay off your mortgage. In 20 years or less, you own the property free and clear, but you continue to receive rental income month after month.

However, owning real estate is also kind of a hassle. Collecting security deposits, repairing leaky faucets, fixing clogged toilets: How many of us picture spending our “golden years” chasing down rent cheques from tenants?

That's why you might be interested to learn about a way to collect rental income *without* becoming a landlord. Simply put, I'm talking about partnering with already established, highly successful property owners through real estate investment trusts, or REITs.

As regular readers know, a REIT is a kind of real estate holding company. They own properties, collect rents from tenants, and pass on the profits to investors. Thousands of Canadians use them to collect a steady income from real estate without stepping foot on a single property.

The best part is that REITs are publicly traded. They can be bought and sold just like any stock. So if this is something that might interest you, here are my three favourite REITs to get you started.

1. RioCan Real Estate Investment Trust

RioCan Real Estate Investment Trust ([TSX:REI.UN](https://www.scribd.com/document/444444444/TSX:REI.UN)) is the country's largest property owner, with over 79 million square feet of real estate throughout Canada and the United States.

However, this firm isn't your traditional landlord. RioCan specializes in commercial real estate, like strip malls and shopping centres. The trust rents out its properties to tenants like **Wal-Mart**, **Canadian Tire**, and Shoppers Drug Mart.

Needless to say, these businesses are rock-solid from a financial perspective. Not to mention that they provide far more “rent money” than the typical person answering an ad on Craigslist.

For unit holders, this has translated into a predictable stream of income. Since the firm’s first distribution in 1994, it has never missed a monthly payment to unit holders. And given the trust’s pristine balance sheet and top-tier properties, I don’t expect that tradition to end anytime soon.

2. Dream Global REIT

Dream Global REIT (TSX:DRG.UN) allows you to own real estate outside of the country without renewing your passport.

The trust owns some of the most valuable office space in Germany. Altogether, Dream’s business empire spans nearly 15.9 million square feet, of which 89% is currently occupied. These properties are rented out to a number of top corporate tenants that I’m sure you’ve heard of, such as **Google** and **BNP Paribas**.

This is how the trust has been able to pass on such consistent, oversized rent cheques to partners. Today, Dream pays a monthly distribution of 6.67 cents per unit, which comes out to an annualized yield of 8.7%.

But as the trust’s older leases expire and the fund rolls over tenants into higher paying contracts, I’d expect that distribution will grow significantly in the years ahead.

3. Canadian Apartment Properties REIT

Canadian Apartment Properties REIT ([TSX:CAR.UN](#)), or CAP REIT for short, is the most rock-solid income stream around.

More than two-thirds of the trust’s portfolio consists of manufactured homes and mid-tier apartment buildings. Sure, it’s nothing fancy. However, these assets will continue to prosper, even if the rest of the economy struggles.

I like to think of Cap REIT as the Wal-Mart of housing. When the economy takes a nosedive, people don’t stop shopping there. In fact, businesses like Wal-Mart may see even *more* customers during a recession.

Cap REIT follows that same principle, except in real estate. People always need a place to live. And because the business is focused on affordable housing, this firm earns a steady income no matter what the economy is doing.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

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

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