Want Income? Get 8-11% Yields From These REITs

Description

Some investors like to buy properties to collect rent. In doing so, they're using leverage if they get a mortgage. At the same time, the properties might increase in value, and if the investor wanted, they could sell the properties at a later point in time.

However, during the time they own the properties, they need to screen for tenants and perform any maintenance on the properties, or they need to hire someone to manage the properties for them.

Other investors might want to collect passive income from real estate instead. You can do that by buying real estate investment trusts (REITs), which trade like stocks.

One of the benefits of REITs is that they're managed by professional teams.

Here are five REITs that yield at least 8%.

Artis Real Estate Investment Trust (TSX:AX.UN) is a diversified REIT that owns industrial, retail, and office properties. It costs $13.50 per unit and yields 8% with a payout ratio of under 80%.

Dream Global REIT (TSX:DRG.UN) mainly owns and operates office properties in Germany. It costs $9.20 per unit with a yield of 8.7%. Its payout ratio is on the high end at 92%.

One thing to note is that its top tenant, Deutsche Post, contributes 25% of its annualized gross rental income. Although that looks risky, that percentage already decreased from 85% since the initial public offering in 2011.

Dream Office Real Estate Investment Trst (TSX:D.UN) owns office properties across Canada. One of its top tenants is **Bank of Nova Scotia**, which contributes to 7.3% of its gross rental revenue across 16 properties with a remaining weighted average lease term of 9.3 years.

Dream Office costs $20.70 per unit and yields 10.8%. It has a payout ratio of under 80%.

Northern Property REIT (TSX:NPR.UN) is one of the largest publicly traded, multi-family REITs in

Canada. It costs $18.80 per unit with a yield of 8.7%. Its payout of 70% provides a margin of safety for its yield.

In conclusion

Since most of the selections above pay out high yields and investors expect to get most of their returns from income instead of price appreciation, it’s essential that their yields are safe. One metric to look at for yield safety is the payout ratio. The lower the payout ratio, the safer the yield.

REITs are managed by professional teams, so that you can sit back and enjoy the monthly rental income once you decide which REIT to buy. There are different types of REITs, including retail, residential, office, industrial, hotel, and healthcare.

REITs pay out distributions that are unlike dividends. If you wish to avoid the tax-reporting hassle, you should purchase REITs in a TFSA or an RRSP.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:D.UN (Dream Office Real Estate Investment Trust)

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