



3 Small-Cap REITs With Yields up to 8.4%

Description

If you are new to investing, there are three things you need to know. First, dividend-paying stocks far outperform non-dividend-paying stocks over the long term. Second, small-cap stocks, on average, have higher growth rates than mid- or large-cap stocks. And third, real estate investment trusts, or REITs, have some of the highest dividend yields in the market.

With all of this in mind, let's take a look at three small-cap REITs with yields up to 8.4% that you could add to your portfolio today.

1. American Hotel Income Properties REIT LP

American Hotel Income Properties REIT LP ([TSX:HOT.UN](#)) owns 80 hotels totaling 7,048 guest rooms in the United States. It pays a monthly distribution \$0.075 per share, or \$0.90 per share annually, giving its stock an 8.4% yield at today's levels.

It is also important to note that American Hotel has maintained this rate since it went public in February 2013, but I think its increased amount of funds from operations, including an adjusted 67.3% year-over-year increase to \$18.19 million in the first nine months of fiscal 2015, could allow for a significant increase in 2016.

2. Plaza Retail REIT

Plaza Retail REIT ([TSX:PLZ.UN](#)) is one of Canada's largest owners of retail properties, with 307 properties in eight provinces totaling approximately seven million square feet of gross leasable area. It pays a monthly distribution of \$0.0208 per share, or \$0.25 per share annually, giving its stock a 5.4% yield at today's levels.

Investors must also make two very important notes. First, Plaza has raised its annual distribution for 12 consecutive years. Second, on November 16, it announced a 4% increase to its annual distribution to \$0.26 per share, effective for its January 2016 payment, and this puts it on pace for 2016 to mark the 13th consecutive year with an increase.

3. InterRent Real Estate Investment Trust

InterRent Real Estate Investment Trust ([TSX:IIP.UN](https://www.tsx.com/quote/IIP/UN)) is one of the largest owners of multi-residential properties in Ontario's mid-sized population markets with 5,370 suites available for lease. It pays a monthly distribution of \$0.01925 per share, or \$0.231 per share annually, giving its stock a 3.5% yield at today's levels.

Investors must also note that InterRent has raised its annual distribution for four consecutive years, and its 5% increase in November puts it on pace for 2016 to mark the fifth consecutive year with an increase.

Which of these REITs should you buy today?

American Hotel, Plaza Retail, and InterRent are three of the most attractive small-cap investment options in the real estate investment trust industry. All Foolish investors should take a closer look and consider initiating positions in one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HOT.UN (American Hotel Income Properties REIT LP)
2. TSX:PLZ.UN (Plaza Retail REIT)

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