



3 REITs With Yields of 4-9% to Buy Right Now

Description

Real estate is one of the most popular investments in the world, but buying and managing a rental property is simply not for everyone. Fortunately, there are real estate investment trusts (REITs) that can give you the benefits of owning real estate without the hassles that come with being a landlord.

REITs are also very attractive ways to invest in real estate because you can invest as little or as much as you want, and it maintains your liquidity since you can sell a stock in minutes compared with a property that could take weeks, months, or years to sell.

With all of this in mind, let's take a look at three REITs with yields of 4-9% that you could buy right now.

1. Killam Apartment REIT

Killam Apartment REIT ([TSX:KMP.UN](#)) is one of Canada's largest residential landlords. It owns and operates 176 apartment properties with a total of 13,681 units and 35 manufactured home communities with a total of 5,165 land-lease sites across the six largest cities in Atlantic Canada and in Ontario and Alberta. It also owns four commercial properties in Halifax that total approximately 248,000 square feet.

Killam currently pays a monthly distribution of \$0.05 per share, or \$0.60 per share annually, which gives its stock a yield of about 4.9% at today's levels.

Investors must also make the following two notes.

First, Killam has maintained its current annual distribution rate since 2014.

Second, I think the company's very strong growth of adjusted funds from operations (AFFO), including its 33.3% year-over-year increase to \$0.16 per share in the first quarter, its reduced payout ratio, including 82% in its rolling 12-month period ended on March 31, 2016 compared with 94% in the year-ago period, and its very high 95.8% occupancy rate at the end of the first quarter has it well positioned to raise its distribution before the end of the year.

2. Smart REIT

Smart REIT ([TSX:SRU.UN](#)) is one of Canada's largest owners of shopping centres. It owns and operates 139 principally **Wal-Mart**-anchored shopping centres across all 10 provinces that total approximately 31 million square feet.

Smart currently pays a monthly distribution of \$0.1375 per share, or \$1.65 per share annually, which gives its stock a yield of about 4.7% at today's levels.

Investors must also make the following two notes.

First, Smart has raised its annual distribution two consecutive years, and its 3.1% hike in October 2015 has it on pace for 2016 to mark the third consecutive year with an increase.

Second, I think the company's consistent growth of AFFO, including its 6.3% year-over-year increase to \$0.51 per share in the first quarter, its reduced payout ratio, including 81% of its AFFO in the first quarter compared with 82.6% in the year-ago period, and its very high 98.5% occupancy rate at the end of the first quarter will allow its streak of annual distribution increases to continue for many years to come.

3. NorthWest Healthcare Properties Real Estate Investment Trust

NorthWest Health Prop Real Est Inv Trust ([TSX:NWH.UN](#)) is the largest non-government owner and manager of medical office buildings in Canada with 62 properties from coast to coast the total approximately 4.2 million square feet. It also owns and manages 58 medical office buildings elsewhere in the world, including 34 in Australia and New Zealand (Australasia), 19 in Germany, and five in Brazil, and these properties total approximately 3.6 million square feet.

NorthWest currently pays a monthly distribution of \$0.06667 per share, or \$0.80 per share annually, which gives its stock a yield of about 8.3% at today's levels.

Investors must also make the following two notes.

First, NorthWest has maintained its current annual distribution rate since 2011.

Second, the company has a target distribution-payout range of 80-95% of its AFFO, so I think its consistent amount of AFFO, including \$0.82 per share in 2015 and \$0.22 per share in the first quarter of 2016, and its very high 96.1% occupancy rate at the end of the first quarter will allow it to continue to maintain its current annual distribution rate going forward.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:KMP.UN (Killam Apartment REIT)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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