3 of the Best REITs Money Can Buy

Description

Real estate investment trusts (REITs) are great sources of high and reliable monthly income, and after analyzing the industry, I have deemed three “best in class.” Why? Because not only do these REITs offer high and safe yields of 3-6%, but they have also grown their distribution rates for the last five to 14 years, and they are well positioned to continue doing so going forward.

Without further ado, let’s take a quick look at each, so you can determine which one belongs in your portfolio.

1. Canadian REIT

Canadian REIT (TSX:REF.UN) is one of Canada’s largest diversified REITs with 197 retail, industrial, and office properties spread across seven provinces and one U.S. state that total approximately 32.9 million square feet.

It pays a monthly distribution of $0.15 per share, or $1.80 per share annually, which gives its stock a yield of about 3.9% at today’s levels.

Investors must also make the following two notes.

First, Canadian REIT has raised its annual distribution for 14 consecutive years, and its 2.9% hike in June 2015 has it on pace for 2016 to mark the 15th consecutive year with an increase.

Second, I think the company’s consistent growth of funds from operations (FFO), including its 2.4% year-over-year increase to $3.03 per share in fiscal 2015 and its 4% year-over-year increase to $0.78 per share in the first quarter of fiscal 2016, will allow its streak of annual distribution increases to continue for the foreseeable future.

2. Plaza Retail REIT

Plaza Retail REIT (TSX:PLZ.UN) is one of Canada’s largest developers and owners of retail properties with ownership interests in 300 properties across eight provinces that total approximately 7.1 million square feet.

It pays a monthly distribution of $0.02167 per share, or $0.26 per share annually, which gives its stock a yield of about 5.3% at today's levels.

Investors must also make the following two notes.

First, Plaza has raised its annual distribution for 12 consecutive years, and its 4% hike that took effect in January has it on pace for 2016 to mark the 13th consecutive year with an increase.

Second, I think the company's consistent growth of adjusted funds from operations (AFFO), including its 6.7% year-over-year increase to $0.318 per share in fiscal 2015 and its 3.8% year-over-year increase to $0.082 per share in the first quarter of fiscal 2016, will allow its streak of annual distribution increases to continue for many years to come.

3. Brookfield Canada Office Properties

Brookfield Canada Office Properties (TSX:BOX.UN)(NYSE:BOXC) owns and operates 26 "premier" office properties in the downtown cores of Toronto, Calgary, and Ottawa that total approximately 20 million square feet.

It pays a monthly distribution of $0.1092 per share, or $1.31 per share annually, which gives its stock a yield of about 4.5% at today's levels.

Investors must also make the following two notes.

First, Brookfield has raised its annual distribution for five consecutive years, and its 5.7% hike that took effect in March has it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, I think the company's strong growth of AFFO, including its 9.7% year-over-year increase to $0.34 per share in the first quarter of fiscal 2016, the growth that will come from its recently completed transition of its Bay Adelaide East property into an income-producing asset, and the growth that will come from its Brookfield Place Calgary East property, a 56-storey office tower that will open in late 2017, will allow its streak of annual distribution increases to continue for the next several years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PLZ.UN (Plaza Retail REIT)

Category

1. Dividend Stocks
2. Investing

Date
2025/07/19

Date Created
2016/05/20
Author
jsolitro