3 Great REITs You Could Buy Right Now

Description

Investing in real estate investments trusts (REITs) is a great way to diversify your portfolio while adding a reliable stream of monthly income. If you're interested in doing these two things, then take a look at these three REITs with high and safe yields of 4% or more that you could buy right now.

1. Canadian REIT

Canadian REIT (TSX:REF.UN) is one of Canada's largest diversified REITs with ownership interests in 197 retail, industrial, and office properties that are located throughout Canada and total approximately 32.9 million square feet.

It pays a monthly distribution of $0.1525 per share, or $1.83 per share annually, which gives its stock a yield of about 4% at today's levels.

It's also important to make the following two notes.

First, Canadian REIT's two distribution hikes since the start of 2015, including its 2.9% hike in June 2015 and its 1.7% hike last month, have it on pace for 2016 to mark the 15th consecutive year in which it has raised its annual distribution.

Second, I think the company's consistent growth of funds from operations (FFO), including its 4% year-over-year increase to $0.78 per share in the first quarter of 2016, and its very low payout ratio, including just 57.7% of its FFO in the first quarter, will allow its streak of annual distribution increases to continue far into the future.

2. American Hotel Income Properties REIT LP

American Hotel Income Properties REIT LP (TSX:HOT.UN) owns and operates 80 hotels with a total of 7,072 guestrooms in 27 states in the U.S. that are engaged primarily in the railway employee accommodation, transportation, and contract-focused lodging sectors.

It pays a monthly distribution US$0.054 per share, or US$0.648 per share annually, which gives its stock a yield of about 8.2% at today's levels.

It's also important to make the following two notes.

First, American Hotel has maintained its current annual distribution rate since it went public in 2013, and it converted to U.S. dollar–denominated distributions in April.

Second, I think the company's increased amount of adjusted funds from operations (AFFO), including its 20% year-over-year increase to US$0.18 per share in the first quarter of 2016, and its solid payout ratio, including 93.5% of its AFFO in the first quarter, will allow it to continue to maintain its current annual distribution rate going forward.

3. Dream Office Real Estate Investment Trust

Dream Office Real Estate Investment Trst (TSX:D.UN) owns and operates 160 office properties that are predominantly located in major urban centres across Canada and total approximately 22.3 million square feet.

It pays a monthly distribution of $0.125 per share, or $1.50 per share annually, which gives its stock a yield of about 8% at today's levels.

It's also important to make the following two notes.

First, Dream Office reduced its distribution by 33% in February, and it did this to retain cash flow and to position it for long-term growth while still offering a very competitive and sustainable yield for its shareholders.

Second, I think the company's consistent amount of FFO, including $2.83 per share in fiscal 2015 and $0.69 per share in the first quarter of 2016, will allow it to maintain its current distribution rate over the long term, or until its management team feels it can be safely returned to its previous level.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:D.UN (Dream Office Real Estate Investment Trust)
2. TSX:HOT.UN (American Hotel Income Properties REIT LP)

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