3 REITs on Sale for High Monthly Income Today

Description

Real estate investment trusts (REITs) are great for investors to earn passive rental income. REITs collect rent from a diversified portfolio of properties that they own.

It's not uncommon to find REITs with yields of more than 8%. Here are three that have that characteristic, including **Dream Industrial Real Estate Invest Trst** (TSX:DIR.UN), **American Hotel Income Properties REIT LP** (TSX:HOT.UN), and **Slate Office REIT** (TSX:SOT.UN).

Buy Dream Industrial for its 8.3% yield

Dream Industrial has 219 industrial properties across 17 million square feet. Its portfolio is well diversified across 1,310 tenants with no tenant contributing more than 3.8% of its net operating income (NOI).

Although it generates 24% and 8% of its NOI from Calgary and Edmonton, respectively, its Albertan occupancy remains high at 98%, indicating the REIT's business is not affected by oil-price volatility.

Dream Industrial trades at a discount of roughly 20% from its net asset value. In the first quarter its payout ratio was 86.6%. At the end of the quarter its interest coverage ratio was 3.1 times. So, Dream Industrial is on sale and offers a safe yield of 8.3% at $8.43 per unit.

A $10,000 investment today would generate almost $70 of monthly income or $830 of annual income.

Buy American Hotel for its 8.2% yield

American Hotel has 80 hotel properties with 7,096 guestrooms across 27 states in the U.S. It has 45 hotels in 22 states, which primarily serve the freight-rail industry, which is essential to the U.S. economy. In fact, American Hotel has relationships of 26-30 years with **Union Pacific**, BNSF, and **CSX** that secure more than 40% of its revenues.

In its branded portfolio, it has 35 hotels with five franchise partners, including **Hilton** and **Marriott.**

While its funds from operations per unit have been growing since 2013, the REIT's share price hasn't moved much. American Hotel is on sale and offers a yield of 8.16% at $10.34 per unit.

Since the REIT pays a U.S. dollar–denominated distribution, its yield will fluctuate with the foreign exchange between the U.S. dollar and the loonie. Interested investors should hold it in an RRSP to avoid any withholding taxes on the distribution.

A $10,000 investment today would generate at least $66 of monthly income or $800 of annual income.

Buy Slate Office for its 9.7% yield

Slate Office is a relatively small REIT with only 34 assets totaling 4.4 million square feet. However, it focuses on "non-trophy" assets with significant discounts to replacement costs.

Additionally, Slate Asset Management owns about 20% of the REIT, so management's interest is aligned with investors'.

Slate Office earns 43% of its income from investment-grade tenants, including 16.3% that comes from federal or provincial governments.

It has no exposure to Alberta, and only 3% of its NOI is related to the oil and gas industry.

In the first quarter its payout ratio was 90.3%. So, at $7.74 per unit, it offers a yield of 9.69%.

A $10,000 investment today would generate more than $80 of monthly income or $969 of annual income.

Conclusion

By investing $30,000 across Dream Industrial, American Hotel, and Slate Office, investors can generate a monthly income of $216 or an annual income of almost $2,600.

This is a diversified stream of income from industrial, hotel, and office properties.

If you invest $300,000 across the three REITs, you can earn a monthly income of $2,160 or an annual income of $26,000.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)
2. TSX:HOT.UN (American Hotel Income Properties REIT LP)

3. TSX:RPR.UN (Ravelin Properties REIT)

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