Consider RioCan Real Estate Investment Trust for Growth and Dividends

Description

Real estate investment trusts (REIT) offer investors one of the best avenues to acquiring a multitude of investments as well as what can be a great income return in terms of a monthly distribution.
For investors who have thought of one day becoming landlords, an investment in a REIT represents an opportunity to sample what is great about being a landlord without any of the costly expenses.

One such company that has recently caught my attention is **RioCan Real Estate Investment Trust** (TSX:REI.UN). Here's why you should be considering the company for your portfolio too.

RioCan has some great properties

RioCan's properties are primarily focused on retail–more specifically, shopping centres. The company's portfolio currently boasts more than 300 shopping centres across the country. Anchor tenants in those shopping centres include massive, well-known branded stores in the grocery and household goods sectors.

In other words, RioCan's tenants are unlikely to move out of their prime locations anytime soon. Even the much-touted transition to an online e-commerce model for all brick-and-mortar-type stores, which has some investors shaken, is unlikely to put a dent in the types of stores that RioCan has as tenants.

Consumers still want physical locations to go to, and for those retailers, it is more about evolving to the online shopping model and integrating technology into stores rather than closing them down.

RioCan pays a great monthly distribution

REITs typically have great distributions that are, more often than not, paid out monthly. Healthy demand for RioCan's locations has also helped push rents higher, which–in terms of the bottom line–results in more revenue and higher distributions for shareholders.

The company pays out a monthly distribution of $0.12 per share, which gives the stock a very handsome yield of 4.95%.

The company recently sold off 49 properties that were based in Texas and in the northeastern U.S. and made a good return on the investment, bringing back over $1 billion as part of the deal. Proceeds from those sales will be used to pay down debt and expand into new locations.

One avenue of possible expansion that developers have been looking into is building condos on top of retail locations in urban locations. This expansion model has already been used to some success in a number of metro locations in the U.S. The company has also turned its attention to redeveloping urban shopping centres in Toronto as well as in Calgary and Ottawa. Some of that redevelopment could be refitting the retail locations or even building apartment buildings.

RioCan currently trades for $28.52 and is up by an impressive 20% year-to-date. Given the distribution and growth potential that RioCan possess, in my opinion, the stock would make a great addition to any portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

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