



Want Monthly Income? These 3 REITs Yield up to 9.5%

Description

If you're in search of a monthly dividend stock, whether it's to supplement your income or to help you beat the market, then real estate investment trusts (REITs) should interest you.

REITs own or finance income-producing real estate and pay out the majority of their taxable income to their shareholders, which results in very high yields. The safety of these yields is also very easy to confirm; all an investor needs to do is make sure the company's funds from operations per share meets or exceeds its distributions per share, or if it provides its payout ratio, make sure that it does not exceed 100%.

With all of this being said, let's take a look at three REITs with high and safe yields of 4-10% that you could buy right now.

1. Morguard North American Residential REIT

Morguard North American Residential REIT ([TSX:MRG.UN](https://www.tsx.com/stocks/quotes/MRG.UN)) owns and operates a diversified portfolio of multi-suite residential rental properties across Canada and the United States. Its portfolio consists of 15 apartment communities in Canada and 31 apartment communities in the United States.

It pays a monthly distribution of \$0.05 per share, or \$0.60 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 about its distribution.

First, the company has maintained its current annual distribution rate since it went public in 2012.

Second, its very strong growth of adjusted funds from operations (AFFO), including its 15% year-over-year increase to \$0.23 per share in the first quarter of 2016, and its low payout ratio, including just 63.6% of its AFFO in the first quarter, could allow it to announce a significant hike in the very near future.

2. Slate Office REIT

Slate Office REIT (TSX:SOT.UN) owns and operates 34 high-quality office properties located across Canada's major population centres. It focuses on investing in "non-trophy" office properties that are often overlooked by larger investment firms and that are available at significant discounts to their replacement costs.

It pays a monthly distribution of \$0.0625 per share, or \$0.75 per share annually, which gives its stock a yield of about 9.5% at today's levels.

Investors must also make the following two notes about its distribution.

First, the company has maintained its current annual distribution rate since it went public in 2012.

Second, its very strong growth of AFFO, including its 23.5% year-over-year increase to \$0.21 per share in the first quarter of 2016, and its sound payout ratio, including 90.3% in the first quarter, could allow it to continue to maintain its current annual distribution rate for many years to come.

3. OneREIT

OneREIT (TSX:ONR.UN) owns and operates 57 retail properties across all 10 Canadian provinces. Its portfolio includes a mix of new format shopping centres, open air strip plazas, and enclosed shopping malls, and its largest tenants include **Wal-Mart**, **Canadian Tire**, **Sobeys**, **Metro**, and **Loblaws**.

It pays a monthly distribution of \$0.025 per share, or \$0.30 per share annually, which gives its stock a yield of about 7.65% at today's levels.

Investors must also make the following two notes about its distribution.

First, the company has maintained its current monthly distribution rate since July 2015 following a 33.3% reduction in order to bring its distribution "to a level that is in line with the payout ratio of the Canadian REIT sector," and to deploy those funds into its assets to "fund future growth."

Second, I think its consistent generation of funds from operations (FFO), including \$0.431 per share in fiscal 2015 and \$0.105 per share in the first quarter of 2016, and its modest payout ratio, including 71.4% of its FFO in the first quarter of 2016, could allow it to continue to maintain its current distribution rate going forward.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)
2. TSX:RPR.UN (Ravelin Properties REIT)

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