The Top 2 REITs to Buy for a Growing Income Stream

Description

As income investors, we want to own stocks with reliable distributions and the ability to grow their payouts over time, and when it comes to highly reliable real estate investment trusts (REITs), only two stocks have raised their distributions for over 10 consecutive years. Let's take a closer look at each, so you can determine which would be the best fit for your portfolio.

1. Canadian REIT

Canadian REIT (TSX:REF.UN) is one of Canada's largest diversified REITs. It has ownership interests in 197 retail, industrial, and office properties, comprising of approximately 32.8 million square feet, and its largest tenants include high-quality names such as **Canadian Tire**, **Loblaw**, T.J. Maxx, **Wal-Mart**, and Sobeys.

It pays a monthly distribution of $0.1525 per share, or $1.83 per share annually, which gives its stock a yield of about 3.6% at today's levels. This yield is very safe when you consider that its funds from operations totaled $0.78 per share and its distributions totaled just $0.45 per share in the first quarter.

Investors must also make the following two notes about Canadian REIT's distribution.

First, it has raised its annual distribution for 14 consecutive years, and its two hikes since the start of 2015, including its 1.7% hike in May of this year, have it on pace for 2016 to mark the 15th consecutive year with an increase.

Second, its consistent growth of funds from operations, including its 4% year-over-year increase to $0.78 per share in the first quarter, its conservative payout ratio, including 57.7% in the first quarter, and its high occupancy rate, including 94.1% at the end of the first quarter, could allow its streak of annual distribution increases to continue for many years to come.

2. Plaza Retail REIT

Plaza Retail REIT (TSX:PLZ.UN) is one of Canada's largest retail REITs. It has ownership interests in 299 retail properties, comprising of approximately 7.6 million square feet, and its tenants include high-quality names such as Shoppers Drug Mart, KFC, **Dollarama**, Sobeys, and Canadian Tire.

It pays a monthly distribution of $0.02167 per share, or $0.26 per share annually, which gives its stock a yield of about 5.2% at today's levels. This yield is very safe when you consider that its adjusted funds from operations totaled $0.082 per share and its distributions totaled just $0.065 per share in the first quarter.

Investors must also make the following two notes about Plaza's distribution.

First, it has raised its annual distribution for 12 consecutive years, and the 4% hike it announced in November 2015, which was effective for its January 2016 payment, has it on pace for 2016 to mark the

13th consecutive year with an increase.

Second, its consistent growth of adjusted funds from operations, including its 3.8% year-over-year increase to $0.082 per share in the first quarter, its sound payout ratio, including 80.8% in the first quarter, and its high occupancy rate, including 95.9% at the end of the first quarter, could allow its streak of annual distribution increases to continue for the foreseeable future.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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