Ring In the New Year With 2 Great REITs for Your Portfolio

Description

Real estate investment trusts (REITs) represent some of the safest and most rewarding ways that investors can take part in the booming real estate market without needing to pay a mortgage or chase down tenants to pay rent.

Even better, REITs are invested into dozens, if not hundreds, of different properties scattered across the country or even internationally. So even if a property or two lies vacant, there is still a steady stream of rent flowing in to the REIT, and, by extension, to investors thanks to some fairly handsome distributions.

Here are two great REITs you may want to consider adding to your portfolio.

RioCan Real Estate Investment Trust

RioCan Real Estate Investment Trust (TSX:REI.UN) has over 300 properties scattered across the country. Its portfolio includes some of the largest names in retail and is also one of the most diversified on the market; no tenant makes up more than 3.8% of the 45.7 million square feet of leasable area.

RioCan is wildly popular thanks in part to that diversified portfolio, but also in part because of the great distribution that is offered. RioCan offers a monthly distribution in the amount of $0.1175 per share, which results in an impressive 5.34% yield given the current stock price.

If that weren't impressive enough, RioCan proudly proclaims that the distribution hasn't been reduced in over a decade, and at a FFO payout ratio of just 84%, the current distribution is more than sustainable.

Investors looking for yet another reason to consider RioCan should note that RioCan has another 3.3 million square feet of retail space currently in development across 15 projects and is considering the feasibility of moving into the residential space in certain urban areas across the country.

In short, RioCan is a well-diversified REIT with a great distribution, stable revenue, and significant growth prospects on the horizon.

American Hotel Income Properties REIT LP

American Hotel Income Properties REIT LP (TSX:HOT.UN) is another REIT with huge potential. American Hotel Income Properties (AHIP) primarily invests in properties across the U.S., catering to the needs of crews in transport-oriented businesses.

The majority of the holdings are located in markets closest to transportation hubs, such as airports and railroads. AHIP currently owns 91 hotel properties across 28 states. AHIP's properties are broken into two segments: rail hotels and branded hotels.

Rail hotels are primarily geared for rail crew accommodation, and AHIP has 46 hotels set up around the U.S., which is the largest network of crew-lodging facilities in the U.S. The branded hotel segment consists of 46 hotels that include a number of well-known leading hotel brand names.

One of the impressive aspects of AHIP is the distribution. AHIP pays out a monthly distribution of $0.054, which provides a very impressive 8.48% yield at the current stock price. Despite this high yield, the payout ratio for AHIP has remained at a very sustainable level below 65%.

While AHIP represents a great investment opportunity for investors looking for long-term income, keep in mind that AHIP's distribution, which is in U.S. dollars, could be subject to withholding taxes.

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

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