



## 2 Top REITs With Yields of 3-4% to Buy Now

### Description

Investing in real estate investments trusts (REITs) is a great way to diversify your portfolio while adding a reliable stream of monthly income. With this being said, let's take a closer look at two high-quality REITs with yields over 3% that you could buy right now.

#### InterRent Real Estate Investment Trust

**InterRent Real Estate Investment Trust** ([TSX:IIP.UN](https://www.interrent.com)) is one of the largest residential landlords in Ontario and Quebec. It owns and manages a portfolio of 8,283 residential suites in mid-sized population markets across the two provinces.

InterRent currently pays a monthly distribution of \$0.02025 per unit, representing \$0.243 per unit on an annualized basis, which gives it a yield of about 3.1% at today's levels.

It's of the utmost importance to confirm the safety of a REIT's distribution before making an investment, and you can do this with InterRent by checking its distributions as a percentage of its adjusted funds from operations (AFFO). In its three-month period ended on March 31, its AFFO totaled \$0.078 per unit, and its cash distributions totaled just \$0.0608 per unit, resulting in a sound 77.9% payout ratio.

On top of having a high and safe yield, InterRent offers distribution growth. It has raised its annual distribution for five consecutive years, and its 5.2% hike in November 2016 has it on pace for 2017 to mark the sixth consecutive year with an increase.

I think InterRent is a great pick for distribution growth in 2018 and beyond as well. I think its consistent AFFO growth, including its 9.9% year-over-year increase to \$0.078 per unit in the first quarter of 2017, and the continued improvement of its AFFO payout ratio, including 77.9% in the first quarter of 2017 compared with 81.4% in the year-ago period, will allow its streak of annual distribution increases to continue into the 2020s.

#### Canadian REIT

**Canadian REIT** (TSX:REF.UN), or CREIT for short, is one of Canada's largest diversified REITs. Its

portfolio currently consists of ownership interests in 205 retail, industrial, office, residential, and development properties located across seven Canadian provinces and one U.S. state; they total approximately 33.69 million square feet of gross leasable area, of which CREIT's ownership interest is 25.41 million square feet.

CREIT currently pays a monthly distribution of \$0.1525 per unit, representing \$1.83 per unit on an annualized basis, and this gives its stock a yield of about 3.7% at today's levels.

As mentioned previously, you must always confirm the safety of a REIT's distribution, and you can do this with CREIT by checking its distributions as a percentage of its adjusted cash flow from operations (ACFO). In its three-month period ended on March 31, its ACFO totaled \$52.14 million, and its distributions totaled just \$33.52 million, resulting in a conservative 64.3% payout ratio.

Like InterRent, CREIT offers distribution growth, and its streak of annual increases is even more impressive. It has raised its annual distribution for 15 consecutive years, giving it the longest active streak for a REIT in Canada, and its 1.7% hike in May 2016 has it on pace for 2017 to mark the 16th consecutive year with an increase.

I think CREIT will continue to be the industry's leader in distribution growth going forward too. I think its strong ACFO growth, including its 10.9% year-over-year increase to \$52.14 million in the first quarter of 2017, and its vastly improved ACFO payout ratio, including 64.3% in the first quarter of 2017 compared with 70% in the year-ago period, will allow its streak of annual distribution increases to continue for another 15 years or more.

### **Which of these REITs belongs in your portfolio?**

I think InterRent REIT and Canadian REIT represent two of the most attractive investment opportunities in the real estate industry, so take a closer look at each and strongly consider adding one of them to your portfolio today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)

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