



2 REITs Yielding up to 9.3% to Buy for Income

Description

If you're interested in adding a real estate investment trust (REIT) to your income portfolio, but can't figure out which one to buy today, then this article is for you. Let's take a closer look at two commercial REITs with yields of 5-10% that you could buy right now.

RioCan Real Estate Investment Trust

RioCan Real Estate Investment Trust ([TSX:REI.UN](#)) owns and manages Canada's largest portfolio of shopping centres. As of March 31, it had ownership interests in 300 properties, including 285 income-producing properties and 15 development properties, which total approximately 45.85 million square feet of gross leasable area.

RioCan pays a monthly distribution of \$0.1175 per unit, representing \$1.41 per unit on an annualized basis, and this gives its stock a yield of about 5.6% today.

On top of a +5% yield, RioCan offers a reliable stream of monthly distributions. It has paid distributions uninterrupted and without reduction since 1994, including 16 annual increases in the span, and it has maintained its current monthly distribution rate since January 2013.

I think RioCan will continue to be one of the REIT industry's most reliable income providers in the years ahead too. I think its consistently strong generation of funds from operations (FFO), including an adjusted \$1.54 per unit in 2016 and \$0.44 per unit in the first quarters of both 2017 and 2016, its conservative payout ratio, including 83.9% of its FFO in the first quarter of 2017, and its high committed occupancy rate, including 96.2% as of March 31, will allow it to continue to maintain its current monthly distribution rate for the foreseeable future.

Slate Office REIT

Slate Office REIT ([TSX:SOT.UN](#)) is a leading owner and manager of office properties in Canada. As of April 25, its portfolio consisted of 38 strategically and well-located properties that total over five million square feet of gross leasable area.

Slate pays a monthly distribution of \$0.0625 per unit, representing \$0.75 per unit on an annualized basis, giving it a yield of approximately 9.3% at today's levels.

Like RioCan, Slate is a very reliable income provider, because it has maintained its current annual distribution rate since its initial public offering in December 2012.

I think Slate will continue to provide its unitholders with a reliable stream of monthly distributions for many years to come as well. I think its strong generation of adjusted funds from operations (AFFO), including \$0.86 per unit in 2016 and \$0.19 per unit in the first quarter of 2017, its sound payout ratio, including 97.7% in the first quarter of 2017, and its ongoing acquisition activity that will help drive future AFFO growth, including its acquisition of three properties so far in 2017, will allow it to maintain its current annual distribution rate for decades.

Which of these REITs should you buy for income?

I think RioCan REIT and Slate Office REIT would make great additions to any income portfolio, so take a closer look at each and consider adding one of them to yours today.

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2. Investing

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Date

2025/08/24

Date Created

2017/05/18

Author

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