



2 Value Stocks to Boost Your Income

Description

If you're investing for income, it's important to look for inexpensive stocks that offer sustainable dividends. The lower the multiple you pay for the stocks, the higher the income you'll receive.

Here are a couple of value stocks for your consideration.

American Hotel Income Properties REIT LP ([TSX:HOT.UN](#)) had 95 hotels in the United States, totaling 9,383 rooms across 30 states in 80 cities at the end of the first quarter.

American Hotel focuses on secondary markets that offer higher growth potential than the country's primary hotel markets. The latter tend to have higher competition and higher costs. Additionally, American Hotel strategically acquires properties that are within or near large population centres and transportation corridors.

In its rail portfolio, American Hotel has 46 Oak Tree Inn locations with 3,886 rooms across 23 states. These rooms are designed to be dark and quiet for rail crew members. About 72% of the room revenue is guaranteed by rail-crew lodging contracts, which have about four years' average term remaining.

In its premium select-service portfolio, American Hotel has 49 branded hotels, including **Hilton**, **Marriott**, and **InterContinental Hotels**, with 5,497 guest rooms. This group has higher margins and lower volatility than its full-service counterparts.



American Hotel shares just experienced a pullback of more than 4% on the news that it will be acquiring 18 premium-branded Marriott and Hilton hotels for US\$407.4 million.

Acquiring hotels is one of the main long-term growth drivers of the company. So, it is a good opportunity to consider buying some shares on the dip.

At \$10.24 per unit as of writing, American Hotel trades at a multiple of less than eight, offers a yield of 8.5%, and is expected to grow its funds from operations per unit by 7-10% in the near term.

Notably, American Hotel pays a U.S. dollar-denominated distribution that fluctuates with the strength of the U.S. dollar against the Canadian dollar.

Additionally, at least a portion of its distribution is U.S.-sourced, which is subject to U.S. withholding tax. So, it's best to hold its units in an RRSP or non-registered account. When in doubt, check with a qualified financial advisor.

Plaza Retail REIT ([TSX:PLZ.UN](#)) has been a steady performer over the years. In fact, it has increased its distribution per unit every year since 2003. Only two Canadian real estate investment trusts have achieved that.

Plaza Retail has 296 properties totaling 7.8 million square feet. The shares have experienced a meaningful pullback of about 8% alongside other retail REITs, while the company's fundamentals remain strong.

Its latest quarterly results showed that it has a high committed occupancy rate of about 96% and a sustainable payout ratio of about 83%. The pullback is a decent entry point for the shares, which trade at \$4.75 per unit for a yield of nearly 5.7%.

Investor takeaway

If you're looking to boost your income, consider collecting rent from real estate passively by investing in stocks such as American Hotel and Plaza Retail.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:HOT.UN (American Hotel Income Properties REIT LP)
2. TSX:PLZ.UN (Plaza Retail REIT)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/24

Date Created

2017/06/02

Author

kayng

default watermark

default watermark