Retirees: 3 Top REITs for Your Dividend Income

Description

Canadian real estate investment trusts (REITs) are among the top dividend stocks that provide stable income to retirees.

The country's growing population, stable economic environment, and favourable tax structures are some of key factors that make REITs popular vehicles for investors seeking higher returns.

The biggest advantage of investing in REITs is that professionals manage the properties for you, and you don't have to deal with the day-to-day issues. REITs pay distributions before they pay tax to the taxman, and that's a great thing for investors.

Let's find out if **Allied Properties Real Estate Investment** (TSX:AP.UN), **RioCan Real Estate Investment Trust** (TSX:REI.UN), and **Chartwell Retirement Residences** (TSX:CSH.UN) are good sources of income for your dividend portfolio.

Allied Properties

Allied Properties focuses on the office space in Canada's biggest cities. It transforms light industrial structures into modern office facilities, featuring high ceilings, natural light, brick and hardwood floors. Office spaces in Toronto and Montreal account for more than half of its portfolio.

Its clients include some of the top business brands, such as **BCE**, **Telus**, **Morgan Stanley** and Good Life.

While some other big names in the sector are under pressure this year due to rising interest rates in Canada, Allied Properties has surprisingly performed much better. Its stock is up ~6% so far this year.

And if you look over the longer horizon, Allied stock continues to outperform its peers, rising ~25% in the past five years. Trading at $38.03 and with a dividend yield of about 4%, Allied Properties pays a monthly distribution of $0.13 a share.

Allied has great track record of delivering greater returns — it's returned about 17% annual total return since 2003, which is a very impressive performance.

RioCan

RioCan is Canada's largest REIT, focusing on big retail clients. It manages 300 retail properties across Canada and has some of the biggest retail names as its clients.

RioCan pays a monthly distribution of $0.1175 per unit, or a 6% annualized yield. The most important performance metrics that investors use to analyze the performance of any REIT is its ability to maintain the cash flows to pay its unitholders.

RioCan generates more cash than what it pays via its distribution to unitholders. It has been able to do so because its clients are some of the largest retailers, such **Wal-Mart**, which help this company to keep its properties occupied for a longer period of time.

Chartwell Retirement

If you want to diversify your investment away from retail and the office space, you have Chartwell Retirement Residences, the largest operator in the Canadian senior-living space. It manages over 175 locations across four provinces in Canada.

With the Canadian senior population growing rapidly, this is one of the safest bets among REITs. Chartwell, trading at $14.69, pays a stable monthly distribution of about $0.048 per unit with an annualized yield of 3.92%.

CATEGORY

1. Investing

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1. TSX:AP.UN (Allied Properties Real Estate Investment Trust)
2. TSX:CSH.UN (Chartwell Retirement Residences)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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