2 Real Estate Stocks to Buy With Dividends up to 6%

Description

Investing in real estate is one of the best ways to accumulate wealth. Some studies have shown that over a long period of time, real estate outperforms other assets classes.

But the problem with buying real estate is that you need a lot of cash, and then you have to manage those income-producing assets day in and day out. Imagine how much effort it'll take to keep multiple rental units in livable condition.

So, how you can become a landlord without actually getting into the daily grind of managing properties? Consider buying units of real estate investment trusts, or REITs.

REITs provide a great investment avenue to retail investors who like real estate and see a long-term value in this asset class.

Here are the two top Canadian REITs which provide stable income by managing some of the best rental properties.

RioCan Real Estate Investment Trust (TSX:REI.UN) is Canada's largest REIT, managing 299 retail properties across Canada. It owns and manages the country's largest portfolio of shopping centres, including **Wal-Mart, Canadian Tire, and Cineplex**.

I think the time is good to buy RioCan shares to earn steady monthly dividends, as its stock price is down about 11% so far this year on concerns that the Bank of Canada's interest rate hikes will hurt its profitability.

But RioCan has a solid track record when it comes to paying dividends. It has paid dividends uninterrupted for the past 22 years. During that period, it has raised its annual distribution 16 times.

RioCan is a safe bet in the real estate space, as it generates enough rental income to manage its monthly distribution of $0.1175 per unit. At the time of writing, the payout provides an annualized yield of 5.9%.

H&R Real Estate Investment Trust (TSX:HR.UN) is Canada's largest diversified REIT with total assets of approximately $14.1 billion. H&R REIT runs a portfolio of high-quality office, retail, industrial, and residential properties comprising over 46 million square feet.

One interesting aspect of H&R REIT business model is that it manages properties both in Canada and the U.S. About 33% of its assets are located in south of the border.

Like RioCan, H&R stock is also down this year, but its slide has been limited due to its diversification. Still, investors can pick a hefty 6.43% yield from this top REIT, which is trading at $21.38 a share at the time of writing.

With a $0.1066-a-share monthly distribution, the company's payout is both attractive and secure enough to make the second-largest Canadian REIT a part of your rental-income portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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

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