These REITs Are Beating the Market: Are You?

Description

If you haven't invested in REITs yet, you may want to reconsider that move.

REITs, or real estate investment trusts, are unique investments that allow everyday investors to get as close as possible to becoming landlords without taking out a mortgage and chasing down a tenant every month.

REITs typically own hundreds of properties across a large geographic area that not only provides some semblance of diversification, but also caters to the diverse needs of each area. You could, for example, have a REIT that focuses on corporate office spaces near downtown and big-box retail stores in the suburbs.

In addition to that diversification aspect, the most compelling reason to consider a REIT stems from their above-average distributions — many of which are paid out monthly. For many investors, this factor alone places REITs in a league of their own, comparable to some of the best dividend-paying investments in the market.

Here are two REITs to consider that are not only great investment options but have significant potential over the long term.

SmartCentres Real Estate Investment Trst (TSX:SRU.UN) is the largest operator and developer of unenclosed shopping centres in the country, with a portfolio of over 150 properties that count on some of the largest names in the retail sector as anchor tenants. Those anchor tenants not only provide stability, but ample foot traffic to the other smaller businesses within the shopping centre.

In addition to retail holdings, the company has shown an interest in mixed-use properties in more densely populated areas, providing an intriguing avenue of expansion that fits the needs of the changing tastes of both businesses and tenants. This is an interesting shift that only a few other REITs have on their radar at the moment, and this new mixed-use model is poised to shake up, if not dilute, what we currently view as mixed-used properties.

In terms of a distribution, SmartCentres offers a monthly distribution of $0.14582 per share, which, at the current stock price, translates into a very healthy 5.94%.

SmartCentres is a unique REIT that is a worthy candidate for any portfolio, even without the shift to include mixed-use properties.

Another great investment worth considering is **Killam Apartment REIT** (TSX:KMP.UN). Killam is a residential REIT that has a strong presence in Atlantic Canada, which is a welcome and stable alternative from the overheated markets of Toronto and Vancouver.

That's not to say that Killam has avoided the lucrative market that is the GTA, as the company has existing and planned properties in Toronto and Mississauga, but Killam's dominant presence in the Atlantic, which has made the company the largest landlord in that area of the country, is where the most potential lies.

The stock took a bit of a battering earlier this year, but the company's fundamentals are secure, and the recent dip is a unique buying opportunity. Killam has mostly recovered from that dip earlier this year, with the stock now down just a little over 3% year to date.

In terms of a distribution, Killam offers a monthly payout that earns an impressive 4.66% yield. Even more impressive is the fact that Killam has provided an annual hike to that dividend for the past three years.

CATEGORY

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2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Date
2025/08/26
Date Created
2018/03/22
Author
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