

Lazy Landlords: 2 Top REITs for a Generous, Yet Reliable Source of Monthly Income!

Description

Renting out a property can be a real pain in the neck. There are so many things that can go wrong with a rental property and often, being a landlord can be a full-time job.

For many of us who'd rather not chase after a tenant for overdue monthly rent payments or tend to broken toilets, there are publicly-traded REITs that offer the feast of monthly rental income minus the indigestion that comes from being a landlord.

So, without further ado, here are my top three "reliable" REITs that look attractively valued at this given point in time:

Killam Apartment REIT ([TSX:KMP.UN](#))

First up is Killam, which offers investors a below-average yet still very impressive 3.91% distribution yield. Unlike other higher-yielding REITs, Killam has enjoyed an impressive amount of security price appreciation over the past few years.

The low-beta REIT has a mere \$1.4 billion market cap and is well-positioned to increase its distribution payout at a quicker rate than many of its larger lower-growth peers. The main attraction of Killam shares isn't its appreciation potential or distribution growth potential, however.

The real reason why Killam is on my top three list is that the trust primarily operates multi-family residential properties (among the most stable real estate sub-industry) in Canada's [east coast](#) (a housing market that's relatively far away from frothy urban real estate markets).

With Killam in your income portfolio, you'll get rock-solid FFO numbers and a beta that of just 0.5, allowing your portfolio to weather any sort of volatile storm that may be on the horizon.

Inovalis REIT ([TSX:INO.UN](#))

Of all the REITs on the TSX, Inovalis is probably my favourite, not just because of its colossal 8.3% distribution yield, which I believe is the highest quality +8% yield out there, but because the trust offers lazy landlords instant exposure to the European market without requiring Canadians to swap their dollars for Euros.

Moreover, the European market is safe from the frothy Canadian housing market that many pundits worry may be ripe for a collapse. With quality commercial real estate properties in prime European hot spots within France and Germany, Inovalis REIT is just as good, if not better, than most other publicly-traded Canadian REITs out there.

With a mere \$230 million market cap, there's all the growth in the world, and as fellow Fool contributor, [Brad Macintosh](#)

noted, an institutional investor invested \$22 million convertible note which, while potentially dilutive, will allow Inovalis to take its growth to the next level by using leverage to get some new properties in its relatively small portfolio.

Foolish takeaway

If you're looking for a low-volatility income payer with the potential for big capital appreciation, Killam is your horse. And if you're willing to take on a bit more risk by going with a commercial REIT for the amplified yield and jaw-dropping growth prospects, you may want to take a stake in Inovalis.

Both REITs are an incredible value at today's prices for what you'll end up with over the long-term, so don't be afraid to back up the truck today.

Stay hungry. Stay Foolish.

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TICKERS GLOBAL

1. TSX:INO.UN (Inovalis Real Estate Investment Trust)
2. TSX:KMP.UN (Killam Apartment REIT)

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