



1 High-Growth Monthly Income REIT to Buy Right Now

Description

Who says you can't have growth and income with the same investment?

While REITs are typically known for their high yields and below-average growth, there are plenty of [outliers](#) out there that can offer growth that's comparable to that of the "growthiest" of equities. In this piece, we'll have a closer look at a hot-momentum REIT that not only can support stock-like capital gains but can support mid-single-digit annual distribution hikes moving forward.

Without further ado, enter **InterRent REIT** ([TSX:IIP.UN](#)), a unique growth REIT that might be of interest to younger, growth-oriented investors who value distribution growth just as much as an upfront distribution payout.

Believe it or not, InterRent actually managed to soar 43% last year, as global markets served wild swings with little to no gains. InterRent is more like a quality dividend-growth stock with a lower correlation to the broader markets than a traditional REIT with distribution hikes that are modest as well as few and far between.

Over the past five years, InterRent stock has surged nearly 150%, putting nearly all other TSX equities to shame. To add even more sugar to an already sweet story, the trust has also hiked its distribution by over 5% in seven consecutive years. Given the growth trajectory, the conservative payout ratio, and the healthy balance sheet, the trust is well positioned to continue its [hot streak](#) over the foreseeable future.

What's behind that incredible growth?

InterRent scoops up "fixer-upper" properties within promising locations at ridiculously low prices. Management then increases the value of its acquired properties by sprucing them up with renovations and the like, allowing the trust to command higher rents. You can think of InterRent as a real estate M&A player with the expertise to drive significant synergies from its acquisitions.

Like many other M&A all-stars, InterRent is able to command big-time dividend growth with its proven growth model. Unlike other M&A firms, however, real estate is typically uncorrelated with equities

under normal market conditions.

Today, InterRent has a meagre 2.21% dividend yield, but for the growth-savvy dividend-growth investor who's looking to diversify into alternative asset classes, InterRent is a compelling option in today's choppy market. Given the generous distribution hikes that will be in the cards over the next several years, long-term investors should forgive the below-average upfront yield and focus on how fat the yield will grow relative to invested principal over the next five, 10, and 20 years.

Foolish takeaway

InterRent isn't everybody's cup of tea, especially for older income investors who need income today. For everybody else, InterRent is a great way to build wealth through capital gains, distributions, and distribution hikes. If you're a decade or more away from your expected retirement, InterRent's growth strategy blows traditional slow-growth REITs out of the water.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/07/05

Date Created

2019/01/25

Author

joefrenette

default watermark