2 Rock-Solid Dividend REITs With High Yields

Description

Real estate is having a rough go as of late.

The housing market is set to take a dive, and in some places that's already happening. But what many investors get wrong is that housing means *all* real estate. That just isn't the case.

That's why now could be an opportunity to buy some great real estate investment trusts (REITs) while the prices are lower than normal. If you're going to consider any, I would look first at **Cominar REIT** (TSX:CUF.UN) and **First Capital** (TSX:FCR).

Cominar

The biggest thing going for Cominar is just that: it's big.

Cominar is the largest diversified REIT in Canada and the largest commercial property owner in Quebec with 415 properties between its office, retail, and industrial and flex properties. The company's primary objectives are to maximize unit value through proactive management.

But just because you have a lot of square footage doesn't mean it's all taken. One problem sending stocks lower is that Cominar has had a slew of declining occupancy levels — most notably, its Sears stores. Should a decline in retail occur, this could hurt the stock even further.

So, the company is focusing on its home turf: Quebec. It disposed of over 95 properties last year to hopefully make up for its less-than-ideal financial results. The company had a good start to 2019 after a dip at the end of last year, trading at about 13% higher since the dip.

Analysts believe the stock still has a lot further to go, believing it could hit $15 in the next 12 months. That's a far cry from the 2012 highs of about $25 per share, but in the meantime investors will be rewarded with an amazing 6.03% monthly dividend.

First Capital

While First Capital isn't as large as Cominar, the company focuses on quality over quantity. The Toronto-based company is still one of the largest owners, developers, and operators of necessity-based real estate in Canada with 167 retail properties in Canada totalling 25.5 million square feet. The enterprise is worth an amazing $9.3 billion.

What makes quality real estate is, of course, the locations. First Capital has positioned itself to acquire an affluent demographic, looking for areas of growth. In 2009, its properties were within five kilometres of 134,000 people, but today that number has almost doubled. Meanwhile, household income has improved to $110,000.

But the latest excitement comes from the company's announcement of its buyback program. First Capital will buy back 22,000,000 common shares at $20.60 with gross proceeds looking at around $453 million. Share buybacks are always a good sign that the company believes it's headed somewhere pretty great, so, of course, shares rose. By Feb. 14 it hit its 52-week high of $21.86 per share.

Currently, the stock trades a bit lower at $20.98 per share, but based on its earnings results and historical performance this number should have no problem going higher. On Feb. 12 the company reported revenue of $184.59 million for the quarter and increased its dividend to $0.86.

And that dividend is rock solid, being paid out consistently for the last 10 years. At 4.07% paid monthly, that's a nice little addition to your paycheque. What would be even nicer is if analysts' predictions come true and this stock reaches $24 per share by next year, bringing it back to its peak performance of $23 a few years back.

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