



## 3 High-Yielding REITs That Will Add Passive Income to Your Portfolio

### Description

Investing in real estate investment trusts (REITs) is easy to justify for dividend investors. Not only are you investing in real estate assets but also in stocks that pay great [monthly dividends](#). If you're looking to add some passive income to your portfolio, the following are three great options you should consider.

**RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) is one of the best-yielding REITs that you'll find on the TSX. Currently, the stock pays investors a dividend of 5.6% annually, and that's even with the stock rising 10% over the past year. Although you're not going to expect much in the way of dividend growth with RioCan, it will provide you with a good, stable option that you'll have a difficult time finding elsewhere.

With earnings per share (EPS) of 1.68 in the trailing 12 months, its payout ratio comes in at 86%. And while that might seem high, this isn't a company that's going to be spending big money on research and development or some big acquisition any time soon. RioCan is able to afford the dividend, as it has a lot of consistency in its revenues, and with a strong profit margin, there's a lot of predictability, and that's very valuable when it comes to a dividend stock.

**Dream Global REIT** (TSX:DRG.UN) hasn't had the same impressive results over the past year that RioCan has, but it offers investors a lot more [diversification](#). With a focus on the European market, the real advantage for investors here is having a unique way to diversify their portfolio and reduce their exposure to North America. Dream Global has some big, reputable tenants that offer the company a lot of stability, including law firms, governments and financial services companies.

Although the stock trades a little under its book value, there isn't a lot of risk here for investors. Over the past four quarters, sales have stayed within \$88-90 million, while profits have remained strong as well.

Like RioCan, Dream Global offers a very attractive dividend yield of 5.8% per year, with payments being made every month. It also hasn't raised its payouts recently, but with a high dividend like that, you also wouldn't expect or need it to. Dream Global last reported an EPS of 3.07; the company has more than enough in earnings to cover annual payments of \$0.80 per share.

**Morguard North American Residential REIT** ([TSX:MRG.UN](#)) provides investors with yet another great opportunity to diversify into the residential markets. This REIT has a portfolio that focuses on apartment communities in both Canada and the U.S. And the stock has produced great returns for investors, rising by more than 25% in the past 12 months. And what's great about it is that the stock is still trading at a discount, with a price-to-book multiple of just 0.6.

Morguard is a bit riskier than the other two on this list since it isn't relying on big corporate tenants for its rent. However, the REIT has seen its sales rise, and as the economies of both countries continue to do well, there's a lot of room for long-term growth. In 2014, Morguard's sales were \$175 million and have since grown to \$241 million this past year for an increase of 38%.

The stock pays a dividend of around 3.9% and annual payments of \$0.68 per share are no problem for Morguard, as the company recorded an EPS of 5.11 in its most recent fiscal year.

#### CATEGORY

1. Dividend Stocks
2. Investing

#### POST TAG

1. Editor's Choice

#### TICKERS GLOBAL

1. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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