3 REITs That Provide Growth and Monthly Passive Income

Description

Back in March, I'd discussed why income investors should trust REITs in 2019. The Bank of Canada elected to back off its rate-tightening path in late 2018, which mirrored the decision by the U.S. Federal Reserve.

A pause on interest rates is good news for the real estate industry and for income-generating equities. Rising bond yields had threatened stable dividend stocks like utilities, telecoms, and REITs. Renewed turbulence in the markets due to the U.S.-China trade war should keep central banks cautious as we move into the second half of 2019. This is good news for REITs.

Today, we are going to look at three REITs that can provide passive income in what is becoming an increasingly volatile environment. Let's dive in.

Killam Apartment REIT (TSX:KMP.UN)

Killam Apartment REIT is a Halifax-based REIT that specializes in multi-residential apartment buildings and manufactured home communities. Shares of Killam have climbed 19.9% in 2019 as of early afternoon trading on May 23. The stock is up 26% year over year.

The company released its first-quarter 2019 results on May 1. Net operating income (NOI) rose 18% year over year to $33.5 million, as the company generated same-property NOI growth of 4.3%. Apartment occupancy rose to 97.1% compared to 96.5% in Q1 2018. Killam has dramatically improved its balance sheet and achieved a historic low debt to total assets of 46.4%.

Killam last paid out a monthly dividend of $0.055 per share. This represents a 3.4% yield. The stock has offered a great combination of growth and income in the last half decade. Shares have climbed 80% over a five-year period.

Dream Office REIT (TSX:D.UN)

Dream Office is a Toronto-based REIT that primarily operates in central business districts and suburban office properties in urban areas throughout Canada. Shares of Dream Office have climbed 6.2% in 2019 so far. The stock is still down 3.3% year over year.

The company released its first-quarter 2019 results on May 14. This is historically the slowest quarter for Dream Office, and management reiterated that a large portion of its development pipeline is in the planning or pre-development stages. Consolidated Ream revenues reached $56.9 million in the first quarter compared to $59.8 million in the prior year. It reported a net loss of $33.5 million, or $0.31 per share.

Dream Office last paid a monthly dividend of $0.08333 per share. This represents a solid 4.2% yield. Shares have climbed 24.7% over the past three years. Its promising pipeline makes it a nice target as the environment for real estate has become more balanced in 2019 compared to the volatility in 2017 and 2018.

Allied Properties REIT ([TSX:AP.UN](TSX:AP.UN))

Allied Properties is a Toronto-based REIT engaged in the development, management, and ownership of primarily urban office environments. The stock has climbed 11.6% in 2019 so far. Shares are up 16.4% from the prior year.

Allied Properties released its first-quarter 2019 results on May 1. It was a strong quarter, as net income soared 69% year over year to $143 million and adjusted EBITDA climbed 10.8% to $71.9 million. Leased area rose to 96.4% over 95% in Q1 2018 and occupied area increased to 96.2% over 94.5%. Same-asset NOI at Allied rose 6% in the quarter and was driven by occupancy gain and regular and ancillary rent growth.

The company last declared a May 2019 distribution of $0.133 per unit. This represents a 3.2% yield. Allied has been a terrific growth vehicle with its monthly payout serving as an added boon. Shares have climbed 38.5% over a three-year period.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AP.UN (Allied Properties Real Estate Investment Trust)
2. TSX:D.UN (Dream Office Real Estate Investment Trust)
3. TSX:KMP.UN (Killam Apartment REIT)

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