These 2 REITs Are Perfect for Monthly Income

Description

Canadian real estate investment trusts (REITs) tends to pay out monthly income with relatively high yields compared to the market. So, they are perfect for investors looking for income.

A diversified REIT for a 6% yield

H&R REIT (TSX:HR.UN) is a diversified REIT that consists of about $14.5 billion of total assets including office, retail, industrial, and residential properties.

Notably, the REIT has been expanding its residential portfolio in the United States. For instance, it has a 50% stake in a 1,871 luxury residential rental unit development in Long Island City, New York, which reached substantial completion in the first quarter. And 75% was occupied by the end of the quarter.

Since 2013, H&R REIT has paid a stable monthly cash distribution. As of writing, at under $23 per unit, it offers a yield of 6%, which is greater than the 4.3% yield offered by the **S&P/TSX Capped REIT**.

H&R REIT's cash distribution is supported by a funds from operation (FFO) payout ratio of under 80% and anticipated growing FFO on a per-unit basis going into the future. Specifically, the payout ratio in the first quarter was 75.8%, which improved by 1.9% compared to the same quarter in 2018.

A retail REIT for a 5.5% yield

RioCan REIT (TSX:REI.UN) is one of the biggest REITs in Canada with about $14.1 billion of total assets. It has a focus on retail properties and has growth potential from rent increases and developing mixed-use properties in key Canadian markets. Its portfolio consists of 38.3 million square feet of net leasable area across 230 properties.

Specifically, RioCan primarily generates its revenues from the six major Canadian markets, including 47.6% from the Greater Toronto Area, 13% from Ottawa, 10.4% from Calgary, 5.6% from Edmonton, 5.5% from Vancouver, and 5.4% from Montreal.

Additionally, about 74% of its rents come from necessity-based and service-oriented tenants. Altogether, the quality portfolio results in a high occupancy rate of about 97% that leads to stable cash flow generation.

RioCan has maintained or increased its cash distribution for at least 18 consecutive years. With an FFO payout ratio of less than 80%, it offers a safe yield of 5.5% currently.

RioCan has strong interest and debt service coverage and a reasonable debt-to-total-assets ratio of about 42%. Due to RioCan's high-quality and stable nature, the stock is about half as volatile as the market.

Foolish takeaway

Both H&R REIT and RioCan REIT offer safe monthly cash distributions that yield up to 6%. The market may give investors the opportunity to buy the stocks on dips of more than 7% to lock in an even higher yield. So, either set your limit orders or keep your eyes open!

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:HR.UN (H&R Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date
2025/08/27
Date Created
2019/06/30
Author
kayng