Retirees: These 2 High-Yield REITs Are a Passive-Income Safe Haven in Turbulent Times

Description

Today's retirees are between a rock and a hard place. The rising in volatility is difficult to stomach, and it's not going anywhere, at least not anytime soon. Bond yields are embarrassingly low, and that leaves risk-averse investors with limited options when it comes to constructing a passive-income stream.

Fortunately, REITs have come to the rescue. They're technically considered "alternative assets" (alternative to stocks) and are desirable to retirees because of their lower correlation to the broader markets (beta) and their larger-than-average distribution yields.

If you're reluctant to up your equity exposure in times where the **Dow Jones Industrial Average** can plunge 800 points on a tweet, look to the following attractively valued REITs as a passive-income safe haven.

Automotive Properties REIT

With a 7.8% yield, **Automotive Properties REIT** (TSX:APR.UN) is one of the most bountiful income plays on the TSX Index. While no sane investor would touch anything auto-related with a barge pole given we're in the late stages of the economic cycle, I think Auto Properties REIT is unfairly penalized due to the industry of the tenants it houses.

If that sounds ridiculous, it is — especially when you consider most of the REIT's auto dealership tenants are locked into long leases that'll likely outlive the next recession. Moreover, auto dealerships are highly cyclical, but they're not going belly up because of an economic slowdown. Sales will slow significantly for auto dealerships, but Auto Properties REIT won't feel the effects, as it'll continue to collect its rents, regardless of what consumer sentiment is like.

The significant distribution is far more likely to increase than decrease, even with the bleak economic outlook.

WPT Industrial REIT

If you’re as saddened by the TSX Index’s loss of Pure Industrial Real Estate Trust (PIRET) as I am, you’re probably on the hunt for the next industrial REIT before another U.S. firm scoops it up.

There are a lot of tailwinds to be had with the industrials, as e-commerce continues taking off. Packages need a place to stay the night, and the demand for warehouses and distribution centres will likely remain strong over the next few years, providing income investors with an opportunity to have a fat distribution alongside promising a promising growth profile — something that’s hard to come by in the world of REITs.

WPT Industrial REIT (TSX:WIR.U) is one of the go-to industrial real estate plays on the TSX. The name may not be a PIRET, but it sports a bountiful 5.5% distribution yield and an ambitious long-term growth plan.

Earlier this month, WPT clocked in its second-quarter results, which saw significant growth to funds from operations and net operating income thanks to the acquisition of the Infill Logistics portfolio. Moving forward, management is likely going to continue wheeling and dealing, as it looks to boost its AFFO, which will, in turn, allow for distribution growth over time.

WPT shares have been consolidating for quite some time and represent a low-cost way to get in on the attractive industrial real estate market that’ll be on a secular uptrend for years, if not decades to come.

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