



3 Dividend REITs With New Money-Making Partnerships

Description

The prominent real estate investment trusts (REITs) are transforming into companies with quality earnings and [fewer downsides](#). Among this group are **RioCan** ([TSX:REI.UN](#)), **Boardwalk** ([TSX:BEI.UN](#)), and **Killam** (TSX:KMP).

What's nice about these REITs is that instead of competing with one another, they are collaborating and building partnerships.

Lead REIT

RioCan has a foothold in Canada's six urban markets with the most significant potential for rental growth. Calgary, Edmonton, Montreal, Ottawa, Toronto, and Vancouver are desirable areas, but have a low supply of rental properties for development.

RioCan is seizing the opportunity by acquiring and building new commercial as well as retail developments. At the same time, this REIT is disposing its retail assets in secondary markets to focus on the urban markets.

The strategy is paying off, as there's an improvement of 0.9% in net operating income (NOI), the bottom line is increasing, and growing average fund from operations (AFFO).

By concentrating on the six urban cores, RioCan has better chances of achieving targets of more than 90% of its revenue. Likewise, the quality of income has never been better. The major market presence as a percentage of revenue has gone up to 87.8% in Q2 2019 from 71.7% in 2013. The occupancy rate is a high of 97.1%.

Strong partnerships

Killam and Boardwalk see the inherent value of RioCan's portfolio, and are now the partners in facilitating multi-residential development opportunities in Mississauga and Ottawa.

In Mississauga, Boardwalk has purchased a 50% interest in a vacant land where Sandalwood Square stands. The project involves the construction of a 25-storey mixed-use building on the site. There will be 470 residential rental units and approximately 12,000 square feet of retail space.

The REITs are awaiting zoning approval, which expected to come in early 2020, before going full blast. The project is not the only partnership of Boardwalk with RioCan, however. The two are partners in the Brio residential rental development project in Calgary.

By 2020, the 163-unit tower under development at the Brentwood Village Shopping Centre will be complete. RioCan is sharing the cost with Boardwalk to mitigate the risks. There's also a collaboration of management expertise.

Killam and RioCan are partners in three development projects. RioCan gave up 50% of its 100% interest in Charlottetown Mall on Prince Edward Island to Killam. The plan is to construct up to 300 brand new residential units.

Killam has 50% ownership in Frontier in Ottawa, which is among RioCan's earlier residential rental projects. Four residential towers will be erected on the site and will house 840 units on the Frontier site. Phases I and II have commenced with full project completion expected in 2021.

The latest partnership is the acquisition by Killam of \$3.7 million worth of buildable space in RioCan's Elmvale Acres shopping centre. The total residential net leasable area is about 450,000 square feet.

Dividend stocks

Dividend investors prefer these top REIT stocks because of the [opportunity to create passive income](#). RioCan pays 5.34% while the yields of Boardwalk and Killam are 2.18% and 3.25%, respectively.

The partnerships of the REITs make all three stocks your viable investment options.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BEI.UN (Boardwalk Real Estate Investment Trust)
2. TSX:KMP.UN (Killam Apartment REIT)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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