



3 Dividend REITs With Yields up to 12.2%

Description

In a market trading close to record highs, it is prudent to look at companies that have stable revenue, strong fundamentals, and robust cash flows. There is a lot of uncertainty impacting global markets, and it seems a good time to diversify your funds.

Real estate investment trusts (REITs) are an attractive option, especially for income investors. They have high payout ratios, which generally means solid dividend yields. Here we look at three such REITs that have high yields and can generate a steady stream of monthly income.

American Hotel Income Properties REIT

One dividend monster REIT is **American Hotel Income Properties REIT**. It owns 79 select-service hotel properties in the United States. In late 2019, the REIT sold [45 budget hotels and acquired 12 premium-brand hotels](#). This may improve the company's bottom line significantly.

Analysts expect American Hotel Income Properties to increase sales from \$320 million in 2019 to \$332 million in 2021. Comparatively, its EBITDA is estimated to rise from \$89.6 million to \$98.4 million in the same period.

This REIT has a forward yield of 12.2%. In the last five years, the average dividend yield stood at 9.2%, making it a high-yielding stock in Canada. In the last five years, company shares have fallen by 37%, which has given the dividend yield a significant boost.

Pro REIT

PRO Real Estate Investment Trust is a small-cap REIT with a market cap of \$283.56 million. It is a Canada-based open-ended REIT. The company owns a diversified portfolio of commercial real estate properties in Canada. Its total portfolio consists of 92 properties with 4.4 million square feet of gross leasable area.

PRO is a high-growth REIT. Its sales have increased from \$23 million in 2016 to \$40.9 million in 2018. Analysts expect sales to rise to \$56.4 million in 2019, \$70.5 million in 2020, and \$78.3 million in 2021. They also expect EBITDA to increase from \$25 million in 2018 to \$45.6 million in 2021.

In the last five years, shares have increased by 21%. The REIT has a dividend yield of 8.4% compared to its five-year yield of 9.7%.

Morguard Real Estate Investment Trust

Morguard REIT is Canada-based, closed-end trust. It owns a portfolio of 50 commercial properties consisting of nine million square feet of gross leasable area. Investors are [concerned over the company's high exposure](#) to Alberta's weak real estate market. Around 25% of Morguard's real estate space is located in Alberta.

Company management, though, continues to remain bullish on future prospects and believes the REIT is currently undervalued. The REIT has lost 27.2% in market value in the last five years, which has increased its forward dividend yield to a juicy 7.7%.

The verdict

We can see that the three REITs have high dividend yields, but two have grossly underperformed broader markets in the last five years. While REITs are an alternative investment option to the traditional equity markets, investors need to analyze long-term prospects of the companies and make an informed decision.

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Date

2025/09/29

Date Created

2020/02/18

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