2 High-Yield Dividend REIT Stocks to Buy for Passive Income

Description

Market crashes can be a hard time for investors. Those who rely on the stock prices moving up to create an income stream from their investments either have to look for alternate income sources until stocks in their portfolios normalize or sell at a loss. But dividend-based portfolios might see their fair share of problems too, especially if the companies in their portfolio slash or suspend dividends.

A reduced dividend might be better than no dividend because it can help a company maintain a healthy payout ratio. And a reduced dividend might not be a problem for a new investor if they can lock-in an excellent yield with a safe payout ratio. The risk that the company might do it again will remain, but that's the risk you'll have to take with a high-yield stock.

And when it comes to high-yield, even when a market crash hasn't played its part in it, REITs have developed a reputation.

A commercial REIT

One of the best high-yield REITs you can consider adding to your portfolio right now is **BTB REIT** (TSX:BTB.UN). One major blemish on the company's record is that it recently slashed its dividends. From paying its investors $0.35 per share, the company switched to $0.25 per share in May. And it's not the first time it has slashed its dividends. The last time was a decade ago in 2009.

On the bright side, the company is offering a dividend yield of about 10.2%. So if you want to augment your primary income or start a small passive income, $30,000 in the company will get you $255 a month. The company will pay-off the capital you've invested in it in about 10 years. The payout ratio seems very stable right now at about 58%, so the chances of dividends going down once again (in the near future) are very low.

A grocery REIT

Slate Grocery REIT (TSX:SGR.UN) is a Toronto-based REIT that has a grocery properties portfolio based in the US

. The chief selling point of the company is that all his properties are grocery-anchored. That’s something investors might look for in terms of stability, especially after the pandemic. The company increased its third quarter’s net income quite substantially compared to the same quarter last year.

The company is currently offering a dividend yield of 10.46%, with a payout ratio of 107%. This might not seem very encouraging, but the company has sustained its dividends through much worse payout ratios. It has been slowly (but steadily) increasing its payouts for several years. The stock has also shown decent recovery and is currently up by 97% from the crash.

Foolish takeaway

Together, the two stocks can get you a payout above $500 a month, with $60,000 invested ($30,000 in each). And if you want to maximize the payouts for a later date, you can choose to reinvest the dividends. One stock is about $11 per share, and BTB is $2.9 per share, so reinvesting the dividends (even for a few years) can get you a hefty number of shares.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BTB.UN (BTB Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2020/11/14
Author
adamothman