



3 Canadian REITs With Dividend Yields Over 3%

Description

Investing in [real estate](#) provides you with an opportunity to diversify overall risk. While purchasing a house requires a significant amount of capital, including mortgage debt, investors can look to buy real estate investment trusts (REITs) and gain exposure to the real estate market.

REITs own a portfolio of real estate assets, and these income-generating properties allow companies to distribute profits via dividends to shareholders.

We'll take a look at three Canadian REITs that should be on the radars of income-seeking investors right now. All three REITs have forward yields of more than 3% making them ideal for dividend investors.

Killam Apartment REIT

Canada's housing sector has been on an absolute tear in the last decade. Despite the onset of COVID-19, a low-interest-rate environment provided Canadians access to cheap debt capital, driving overall prices higher.

If you want to get exposure to the residential space in Canada, **Killam Apartment REIT** ([TSX:KMP.UN](#)) seems a solid bet. The stock offers investors a tasty forward yield of 3.3%, and it has gained over 100% in dividend-adjusted returns in the last five years.

Killam Apartment is one of Canada's largest residential landlords and manages a portfolio of close to \$4 billion, which includes apartments and manufactured home community properties. The REIT continues to grow via acquisitions, and more than one-third of its net operating income in 2020 was derived from properties built in the last 10 years. This acquisition-based model has allowed Killam to increase net operating income at an annual rate of 11.8% in the last five years.

WPT Industrial REIT

This REIT acquires, develops, and manages distribution and logistics properties in the United States. **WPT Industrial REIT** (TSX:WIR.U) provides investors a forward yield of 4% and has gained over 40% in market value since it went public last year.

In the first quarter of 2021, WPT created a new joint venture with 13 investment properties valued at \$370 million. It generated \$8.5 million in private capital fee revenue and collected 99.8% of billed rent for Q1.

WPT's same property NOI rose 2.5% year over year on the back of strong leasing spreads. Its funds from operations and adjusted funds from operations rose by 62% and 87% respectively year over year in Q1. The company also decreased its debt-to-assets ratio to 43.1%, providing it with increased financial flexibility going ahead.

RioCan REIT

One of the largest REITs in Canada is **RioCan** (TSX:REI.UN), which provides investors with a yield of 4.3%. It owns, manages, and develops retail-focused, mixed-use properties in high-density, transit-oriented areas. RioCan was heavily impacted amid COVID-19 and the stock lost close to 40% in market value during the bear market of 2020. However, since March 2020, RioCan stock has surged 54% and recovered a significant portion of its losses.

As the economy reopens, RioCan will benefit from increased retail traffic allowing it to maintain its dividend payout. It has already [reduced monthly dividend payouts](#) from \$0.12 in December 2020 to \$0.08 per share in January 2021.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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