



## 2 Top REITs to Build an Income Stream

### Description

Real Estate Investment Trusts (REITs) EITs are unique investment options. Apart from their juicy (and often frequent) [dividends](#), many REITs double as impressive growth-focused investments. This makes them an appealing option for nearly every portfolio. But where should prospective investors start to build an income stream?

Let's begin by taking a look at two superb REIT investments to add to your portfolio.

### Build an income stream while filling your grocery cart

**Slate Grocery REIT** ([TSX:SGR.UN](#)) is a great option for nearly every portfolio. Slate invests in grocery-anchored assets in the U.S. Currently, the portfolio consists of over 100 properties scattered across 23 states. Collectively, Slate's portfolio consists of over 13.1 million square feet of space.

That portfolio continues to rapidly grow. Since June of last year, Slate has acquired over 35 new properties, expanding what was already a unique and lucrative operation. By way of example, Slate announced yet another acquisition just last week.

Prospective investors should keep in mind that grocery stores are unique investments. They perform a necessary service for which there is no alternative (apart from other grocery stores). Additionally, they are strongly tied to the communities they serve, benefiting from that "last-mile" appeal. Finally, as we saw during the past year, grocery stores are largely immune to disruptive market conditions.

If that weren't enough to consider Slate, prospective investors should take note of the monthly distribution. Slate currently pays out an impressive yield of 8.09% making it one of the best-paying REITs on the market. To put that potential into context, a \$15,000 investment will earn \$1210 in the first year alone.

Slate currently trades at a [significant discount](#). As at the time of writing, Slate's P/E sits at just 7.14. In case you're wondering, this places Slate at nearly half of where many of its REIT peers stand. Finally, the REIT has provided year-over-year growth of EPS for three consecutive years.

In other words, apart from the stellar monthly dividend on offer, prospective shareholders can expect solid growth.

## Generate a rental income without a mortgage

Investors looking to generate a rental-property income stream from a REIT should consider looking at **RioCan Real Estate** ([TSX:REI.UN](#)). RioCan is one of the largest REITs in Canada. RioCan's portfolio tenant list includes some of the largest names in retail and finance. RioCan's portfolio is well-diversified; no single tenant holds a significantly larger stake than another.

The REIT has historically focused on commercial retail properties, but recently that has shifted to the residential segment. That shift into residential was a masterstroke decision by RioCan and was made at precisely the right time.

Home prices in Canada's major metro areas are well into the stratosphere. First-time buyers and investors looking for a rental property are priced well outside of the market. Additionally, the widespread adoption of mobile commerce (which accelerated during the pandemic) is chewing away at traditional retail foot traffic.

RioCan's residential arm, RioCan Living, is the perfect solution. RioCan Living focuses on residential properties within Canada's major metro areas. Specifically, those residential properties are built above several floors of essential retail. This caters to both the housing and retail issues noted above.

Turning to dividends, RioCan offers a monthly distribution that carries a decent 4.31% yield. A \$15,000 investment in RioCan will earn you just shy of \$650 in the first year.

## Final thoughts to build an income stream

Building an income stream that can provide years, if not decades of reliable income takes time. There isn't one golden stock that can accomplish this, but rather takes a portfolio of [well-diversified stocks](#). In my opinion, these two REITs will help build an income stream to accomplish that goal.

### CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:REI.UN (RioCan Real Estate Investment Trust)
2. TSX:SGR.U (Slate Retail REIT)

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