2 REITs That Provide a 0.5325% Monthly Income

Description

Today, many income investors have more real estate investment trusts (REITs) in their portfolios than ever before. Besides gaining exposure to various real estate assets or sectors, REITs are dividend machines. Also, the business structure requires them to pay out income, net of all expenses, to shareholders.

You invest in REITs for their dividends and recurring income streams. However, it's important to remember that none of the REITs are growth stocks. High capital gains are rare, because prices only fluctuate when the rental business is terrible. Sometimes, the only metric or gauge for investing is the type of property and the tenant profile.

With the current housing bubble, real estate investors take positions in REITs instead of purchasing physical properties. The cash outlay is smaller, and the dividends are like rental incomes received by real landlords.

Nexus (TSX:NXR.UN) and **True North Commercial** (TSX:TNT.UN) are cash cows you can own this November. The average annual dividend yield is 6.39%, or 0.5325% per month. In absolute amounts, a $30,000 investment ($15,000 in each) will generate $1,917 in passive income every year, or $159.75 every month.

Hands-down choice

Nexus is the hands-down choice in the real estate sector today. Current investors in this $581.96 million REIT enjoy an 81.65% year-to-date gain. The stock's performance is far better than the broader market. It trades at $13.30 per share and pays a 4.81% dividend. This commercial REIT is nice to own, because it's growth oriented and industrial focused.

All landlords in the industrial sector benefit from the e-commerce boom. The properties are in high demand and with multi-use spaces. Tenants can set up warehouses, storage facilities, distribution hubs, and even light assembly plants. With Nexus, more than 60% of its 91 income-producing properties are industrial. The rest are office and retail properties.

In its industrial segment, Nexus produces stable cash flows from long-term leases with embedded rent escalation clauses. The tenants in the retail portfolio are investment-grade and national in scope. Its urban office assets are in the high-traffic downtown Montreal.

Dividend titan

True North Commercial is a dividend titan. You can purchase the stock at $7.43 (+24.96% year to date) to partake of the ultra-high 7.97% dividend. This $651.12 million REIT is the sector's Steady Eddie because of its high-profile tenant base. Its portfolio consists of 45 office properties with a gross leasable area of 4.7 million square feet. The locations of 41% are in the GTA.

The top 20 tenants, including the Federal Government of Canada, contribute 69% of revenue. Also, government (36%) and credit-rated (40%) tenants account for 76% of the total portfolio revenue. The most significant contributor to gross revenue is the federal government (14.2%), whose remaining lease term is 6.3 years.

The provincial governments of Alberta, New Brunswick, and Ontario are among the anchor tenants. True North's average lease term is 5.1 years (year to date 2021), while the occupancy rate as of June 30, 2021, is 97%. After the first half of 2021, the REIT had 62.47 million in available funds (cash and undrawn credit facility).

Reliable income stocks

REITs are no longer second-liners in stock portfolios. The established ones can be as reliable as blue-chip companies with long dividend track records. Nexus and True North are valuable additions if you need a boost in your disposable income.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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Date
2025/07/02
Date Created
2021/11/04
Author
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