



## Buy 2 REITs for Their Massive 7% Yields

### Description

Since REITs are required to pay most of what they earn from properties in their portfolio to investors in the form of dividends, the yields tend to be higher than average. Still, genuinely high-yield REITs, especially those that can sustain their payouts in the long term, are rare. And even though 7% is not the top tier for REITs' dividends, only a handful are currently offering it or higher.

There are two REITs offering 7% yields that you should have on your radar.

### A small commercial REIT

With a market cap of about \$352 million and a portfolio of just 75 properties, **BTB REIT** ([TSX:BTB.UN](#)) is a relatively small commercial REIT. But an asset value of \$1.3 billion and six million square feet of leasable area balances out the smaller market cap and portfolio. And an asset value several times higher than the market cap is not necessarily a negative point for the REIT.

The portfolio is made up of office, retail, and industrial properties, and though the property-type mix leans heavily towards the office, it's adequately diversified. As for geographic distribution, over half of the portfolio is in Montreal, and the rest is mainly in Quebec City and Ottawa.

Dividends are the only highlight of this REIT. It's currently offering a juicy 7.2% yield, and the payout ratio is relatively stable at 50%. This endorses the REIT's dividend sustainability potential, in addition to the fact that the REIT had already cut its payouts in 2020 when the [payout ratio](#) went through the roof. So, the chances of it increasing its payouts are higher than the dividends getting suspended or slashed.

### A pureplay office REIT

As the name suggests, **Slate Office REIT** (TSX:SOT.UN) is a pure-play office REIT. The portfolio is even smaller when it comes to the number of properties (55), but the area under the REIT's purview is quite sizeable at 7.7 million square feet. The asset value is also at roughly \$2 billion.

However, the most attractive feature of this REIT's portfolio is its geographic diversification. It has properties in the U.S. and Ireland, and Canada, and most of its domestic properties are pretty evenly spread out in two regions: Ontario and Atlantic Canada.

The REIT is currently offering a [mouth-watering yield](#) of 7.94%. The payout ratio is also relatively stable, and the REIT has already cut its payouts (by about half) in 2019.

## Foolish takeaway

REITs are highly coveted [dividend stocks](#) primarily for the high yield, though there are often tradeoffs. Few REITs grow their payouts considerably, so higher yields usually represent a depreciation in price. So, keep the capital-preservation aspect in mind when choosing high-yield REITs, and make sure the trade-off is worth it.

### CATEGORY

1. Dividend Stocks
2. Investing

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