



## 1 REIT Stock Yielding a Massive 7.5% Dividend

### Description

Chartered banks and oil producers are TSX heavyweights and excellent sources of passive income. However, the stock market has other cash cows in another asset class. Real estate investment trusts (REITs) trade like regular stocks and are generally cheaper than mature or [blue-chip](#) companies.

REITs are also alternatives to direct property ownership. Beside the lower cash outlay, the dividends can take the place of rental income. Note that these REITs are owners and operators of institutional-level properties. You can be a mock landlord in different sub-sectors within the real estate industry.

For example, **BTB REIT** ([TSX:BTB.UN](#)) trades at only \$3.98 per share, but the small-cap stock is a dividend beast. The \$337 million REIT pays a massive 7.5% dividend if you invest today. More importantly, the dividend frequency is every month and not the typical quarterly payouts of most dividend-paying companies.

Management's objective is to generate stable and growing cash distributions to shareholders. An accretive acquisition program is in place to ensure that its real estate asset base is continuously expanding.

### Investment thesis

BTB is a diversified REIT and it believes that the focus on income-producing, mid-market office, retail, and industrial properties represent a favourable risk and return investment environment. The properties are in the primary and secondary markets of eastern and western Canada.

Because of the significant acquisition opportunities in its target markets, prospecting or sourcing new acquisitions is ongoing. The strategy is to purchase at attractive capitalization rates as much as possible. BTB's philosophy is to treat its tenants as clients, not mere lessees. Special services like space planning and other related services are available to clients.

## Financial performance

BTB is off a good start in 2022, as evidenced by the solid results in the first quarter. The acquisitions in 2021 also contributed significantly to income growth during the quarter. In the quarter ended March 31, 2022, rental revenue from the 73 active properties increased 23.5% to \$29 million versus Q1 2021.

However, the financial highlights for Q1 2022 were the 30.8% and 156.9% year-over-year increases in net operating income (NOI) and net income & comprehensive income. According to management, the 96.1% collection rate demonstrates the strong fundamentals of BTB's properties.

Michel Leonard, BTB's president and CEO, said, "The first quarter of 2022 shows solid results. BTB's portfolio continues to show stability across all its asset classes and geographies with an occupancy rate of 93.1% at the end of the first quarter." He added that the REIT will continue to push forward with its business strategies and subsequent acquisitions.

## Earning potential

BTB is holding ground amid the current headwinds, like runaway inflation and tightening monetary policies. The REIT outperforms the broader market year to date at +0.58% versus -1.43%.

Passive investors can boost their regular incomes by \$156.25 every month with a \$20,000 position in BTB. The real estate stock is also an eligible investment in a TFSA, so your \$6,000 annual limit for 2022 can earn an extra tax-free income \$37.50 per month.

## Solid foundation

BTB's diversified portfolio is a competitive advantage. The REIT can embark on its growth plan because of its solid foundation.

### CATEGORY

1. Dividend Stocks
2. Investing

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