



## These 2 Canadian REITs Have Dividend Yields of Over 3%

### Description

Investing in [real estate investment trusts](#) (REITs) enables investors to diversify their portfolios. As owning real estate can be extremely capital intensive and illiquid, buying shares of REITs can help you gain access to this asset class.

Further, due to steady cash flows, a majority of REITs in Canada pay investors a tasty dividend yield. So, you can create a recurring income stream by investing in REITs. I have shortlisted two quality Canadian REITs you can buy in September.

### Killam Apartment REIT

A growth-oriented Canadian REIT, **Killam Apartment** ([TSX:KMP.UN](#)) owns, operates, and develops apartments and MHCs (manufactured home communities). It owns a \$4.8 billion portfolio of real estate properties across Ontario, Atlantic Canada, British Columbia, and Alberta.

Killam Apartment aims to consistently increase funds from operations and net asset value to enhance shareholder returns. It has successfully increased earnings from its existing portfolio as well as by expanding via acquisitions.

It owns 249 properties, including 203 apartment properties, 39 MHCs, and seven commercial properties. The REIT has 16,701 apartment units and 5,875 MHC units at the end of the second quarter (Q2) of 2022.

Due to its widening portfolio of cash-generating properties, Killam Apartment pays investors a monthly dividend of \$0.058 per share, indicating a forward yield of 4.2%. Since January 2016, the REIT has returned 114% to investors after adjusting for dividends.

Killam Apartment continues to acquire and build properties. For example, The Kay is a 128-unit development located in Mississauga, which opened to tenants in April 2022. The asset generated \$12.5 million in fair value gains since the project began in 2019 and is expected to contribute \$2.6 million to net operating income each year.

Killam's pipeline includes four new developments totaling 488 units. Killam also invested \$43.4 million in Q2 in its active development projects.

## Summit Industrial Income REIT

An open-ended mutual fund trust, **Summit Industrial Income REIT** ([TSX:SMU.UN](#)) owns and manages a portfolio of light industrial properties in Canada.

It is among the top-performing REITs on the TSX and has returned over 600% to investors in dividend-adjusted gains since September 2012. Despite its market-beating returns, Summit Industrial offers investors a tasty dividend yield of 3.1%.

In order to optimize cash flows and performance, Killam Apartment focuses on tenant retention, a focused capital-expenditure program, and optimization of rental rates. The industrial sector is Canada's largest commercial real estate asset class, with more than 1.7 billion square feet of space.

But as the sector remains fragmented, Summit Industrial is well poised to accelerate industry-wide consolidation through accretive acquisitions in major industrial markets. Summit Industrial intends to acquire a diverse range of industrial spaces to further diversify its portfolio.

The REIT ended Q2 with interests in 160 properties spanning 21.6 million square feet of gross leasable area. In the first six months of 2022, Summit reported revenue of \$121.37 million with an occupancy rate of 99.1%. Its funds from operations rose almost 30% to \$68.84 million compared to \$54.25 million in the year-ago period.

An investment of \$10,000 in each of the two Canadian REITs will help investors generate \$720 in annual [dividend income](#).

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:KMP.UN (Killam Apartment REIT)
2. TSX:SMU.UN (Summit Industrial Income REIT)

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#### **PP NOTIFY USER**

1. araghunath
2. kduncombe

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#### **Author**

araghunath

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