Boost Your Income With These REITs

Description

Anyone would just love to boost their income. You can get passive income from real estate investment trusts (REITs) that own a portfolio of real estate properties. Your investments would immediately be diversified geographically due to that characteristic.

These two selective REITs offer above-average yields that are mouth watering to retirees and anyone else who just wants to pay their bills with passive income that regularly shows up in their accounts.

Residential REIT yielding 7.9%

Northern Property REIT (TSX:NPR.UN) owns residential properties in resource-rich areas. That's primarily why its shares are over 28% off of its 52-week high of $29. Today at $20.70 a unit, it yields 7.9%.

The shares are down because commodity prices are at lower levels than last year. Still, its payout ratio is around 70%, so its distribution has a margin of safety. Further, the REIT has a history of maintaining and growing its distributions. From 2002 to the present, it hasn't once cut its distribution, but has increased it seven times in the 13 years. It last increased it by 3.1% in November 2014.

If it successfully acquires **True North Apartment REIT Trust**, it would be more diversified in the central and eastern parts of Canada, and Northern Property REIT will be renamed to Northview Apartment REIT.

Healthcare REIT yielding 9.3%

Northwest Healthcare Properties REIT (TSX:NWH.UN) is a global REIT that owns hospitals and medical office buildings in Canada, Brazil, Australasia, and Germany. The aging population around the world is growing, and investing in this REIT is a good way to capitalize on that.

At the end of July this summer, the REIT implemented a normal course-issuer bid program to cancel up to 10% of common shares. At that time of the announcement, the shares were around $7.80 per unit. Today, the shares have already risen by 10.3%. Still, at about $8.60 per unit, it provides a high income of 9.3% yield.

Its payout ratio is at the high end of the spectrum at 95%, but the REIT has been maintaining a high occupancy level of 94%. If investors decide to buy it, keep track of its occupancy level.

The best place to buy and hold REITs

If you're looking to access the high income freely, the best place to buy and hold them would be in TFSAs. That way, you don't need to worry about tax reporting, which could get a little complicated.

REITs pay out distributions that are not taxed like dividends. If you hold them in a non-registered account, you'll need to visit the corporate website for more information on how the distribution is treated for tax-reporting purposes.

Sure, you can buy and hold REITs in RRSPs, but you won't be able to access the monthly income with no consequence. Assuming investors are looking for high income to pay the bills, the best place to buy and hold REITs would be in a TFSA.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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