

3 Solid High-Yielding Stocks for Immediate Income

Description

Anyone could use a boost in monthly income. A good place to get consistent income is by investing in the real estate market.

Instead of owning individual properties, you can invest in real estate investment trusts (REITs), whose professional teams collect the rent, manage properties, and deal with the financing for you.

Some REITs are known to offer safe, high yields of 7-9%. Here are a few names for consideration.

apartment building known

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https://commons.wikimedia.org/wiki/File:American_Apartment_Building_-_Portland_Oregon.jpg

Northview Apartment REIT (TSX:NVU.UN) yields nearly 8% at about \$20.50 per unit. Northview is the third-largest multi-family REIT in Canada. Its portfolio is diversified across more than 24,000 residential suites in over 60 markets across eight provinces and two territories.

Since 2002, Northview has hiked its distribution per unit eight times and has never slashed it. Additionally, its funds from operations (FFO) payout ratio has been reduced from about 91% to roughly 74%. So, its distribution is safer than it was before.

Moreover, since expanding into Ontario and Atlantic Canada primarily through the acquisition of True North Apartment REIT in October 2015, Northview has meaningfully reduced its exposure to resource markets.

In the first nine months of 2016, Northview earned 22% of its net operating income (NOI) from western Canada compared to 40% in the same period of 2015. The more diversified portfolio improves Northview's financial stability and the safety of its distribution.

NorthWest Health Prop Real Est Inv Trust (TSX:NWH.UN) yields nearly 7.9% at about \$10.20 per unit. NorthWest Healthcare has an international portfolio consisting of 137 income-producing healthcare properties.

The REIT earns 44% of its NOI from Canada, 29% from Brazil, 20% from Australasia, and 7% from Germany. By asset type, it earns 46% of its NOI from hospitals and 54% from medical office buildings and others.

NorthWest Healthcare's properties are characterized by long-term indexed leases and stable occupancies due to its high-quality assets and a growing aging population around the globe.

The REIT has maintained a high occupancy of 96% with a weighted average lease expiry of 11 years. These factors allow the REIT to maintain a stable distribution, which yields 8% today with a sustainable payout ratio of 87%.

hotel room

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American Hotel Income Properties REIT LP ([TSX:HOT.UN](#)) yields 8.4% at about \$10.50 per unit. It is a Canadian limited partnership, which invests in hotel properties in the United States.

Its portfolio consists of 91 hotels totaling 8,156 guestrooms, of which 45 are branded hotels (totaling 4,263 guestrooms) and 46 are rail hotels (totaling 3,893 guestrooms).

In the third quarter, American Hotel earned 44% of its NOI from its rail portfolio, signifying the importance of the rail and transportation industries to the company.

In early December, American Hotel renewed six long-term rail-crew lodging contracts to 2022. This affects 11.1% of its rail-crew guestrooms and increases the weighted average remaining term of American Hotel's rail-crew lodging agreements from 3.9 years to 4.6 years.

The company expects its payout ratio to be about 75%. So, its 8.4% yield is sustainable. Since the company offers a U.S. dollar–denominated distribution, its yield will fluctuate with the strength of the U.S. dollar against the Canadian dollar.

Additionally, since its distributions are sourced from the U.S., to avoid withholding taxes on the distributions, investors should consider holding American Hotel units in an RRSP.

Summary

All three REITs are at least fairly priced today and offer steady price appreciation as well as above-average income of 7-9%. They're all the more convenient because they pay monthly distributions.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HOT.UN (American Hotel Income Properties REIT LP)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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