3 Top High-Yield Canadian REITs for Income-Seeking Investors

Description

Real estate investment trusts (REITs) should be a key part of your diversification strategy. REITs offer exposure to the real estate market and are ideal for income-seeking investors. They offer steady dividends with high yields plus the potential for capital appreciation.

I know what you are thinking: What about rising interest rates? Yes, research points to an inverse relationship. All things being equal, as rates rise it is likely that REITs' prices will decline. But fear not; I've got you covered. When looking at what Canadian REITs to buy, it is important to remember that *not all REITs are created equal!*

To be considered a top REIT in Canada, I look for income, potential capital appreciation, and good value.

Artis Real Estate Investment Trust Unit (TSX:AX.UN)

Artis is a well-diversified REIT with properties Canada-wide and properties south of the border. The company's properties are also diversified across industrial, retail, and office asset classes. It has over 230 commercial properties, including the following flagships: Hudson's Bay Centre, Stampede Station II, Corridor Park, and Crowfoot Village.

Artis's annual total unit return has outperformed the TSX REIT Index over the past one-, three-, and 10-year periods. The future also looks bright. It has a $200 million development pipeline at positive spreads, and it has a solid balance sheet. It offers one of the highest yields and trades at 9.5 times earnings and below book value. Artis is a Canadian REIT to buy.

Slate Office REIT (TSX:SOT.UN)

Slate is an attractive REIT for income-seeking investors. The company is one of the smaller REITs by market capitalization, but don't let its size trick you. Slate packs a punch. The company has interests in 45 assets, 87% of which are located in eastern Canada.

The company is ramping up its investments and increasing its net asset value. From 2015 to 2017, the company acquired $842 million worth of assets. In 2018, the company has already acquired $300 million in new assets at a discount to market value.

The best part? It has an industry-leading 9.93% yield, which is well covered by adjusted funds from operations (AFFO). In the past quarter, same property net operating income was up 5.2%, and AFFO grew 21% over last year. Trading at 8.8 times earnings and below book value, Slate is one of the top Canadian REITs.

NorthWest Health Prop Real Est Inv Trust (TSX:NWH.UN)

NorthWest is not a one-trick geographical pony. It has a global presence with a growth?oriented portfolio in Australasia, Brazil, Germany, and Canada. The company's asset mix is categorized into hospitals and medical office buildings/clinics. It owns a portfolio of approximately 140 properties.

NorthWest is not afraid to be bold. Case in point, it recently announced a large strategic investment in Australia's Healthscope Limited. Healthscope is one of Australia's leading private hospital operators with a portfolio of 45 hospitals concentrated in large metropolitan centres throughout Australia.

Thanks to its aggressive nature, it has grown revenues by a CAGR of 153% over the past four years. It is also one of the few REITs to have delivered positive capital returns over the past number of years. Its 7.07% yield is at the higher end of the industry and is well covered by its 83% payout ratio. NorthWest is an ideal Canadian REIT stock for your portfolio.

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TICKERS GLOBAL

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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:RPR.UN (Ravelin Properties REIT)

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