



These 2 REITs Have Done Well With Global Exposure

Description

With the exception of Canadian residential real estate investment trusts (REITs), which have generally been exceptional investments within the REIT sector, Canadian REIT [stocks with global exposure](#) have typically outperformed the sector in the last few years.

Dream Global REIT (TSX:DRG.UN) has experienced some nice growth due to having a focus on key markets in Western Europe. It has a gross asset value of about \$5 billion, of which 73% is in Germany, 21% is in the Netherlands, and 3% each is in Belgium and Austria.

There has been increased office demand in the key areas that Dream Global operates in; as a result, vacancy rates in the space have been on a decline since 2013.

Dream Global currently has about 94% of its portfolio in office properties and 6% in industrial properties. These asset classes have generally done better than retail properties.

Dream Global's asset profile is primarily divided across high-quality core assets (81% of its portfolio) that generate stable and growing cash flows, value-added properties (11%) that need upgrading and could deliver strong upside potential via leasing vacant spaces, and non-core assets (5%) that don't fit its strategy and will be sold over the next two years.

Additionally, Dream Global has 20 properties across 56 acres of land area for development, intensification, or conversion to higher-yielding assets.



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Since inception in 2011, Dream Global has greatly diversified its tenant base, which now has more than 1,800 tenants. With a weighted average lease term of almost five years, the REIT offers stable income.

Dream Global's largest tenant, Deutsche Post, contributes about 9% of its gross rental income. The other tenants individually contribute no more than 2.4% of its gross rental income. Some of Dream Global's other top tenants include **Siemens**, City of Hamburg, and **Alphabet**.

NorthWest Health Prop Real Est Inv Trust ([TSX:NWH.UN](https://www.tsx.com/stocks/nwh)) is another REIT that has global exposure. About 67% of its net operating income (NOI) comes from outside Canada, including Australasia, Brazil, and Germany, where there's higher growth compared to Canada.

NorthWest Healthcare Properties REIT generates about 49% of its NOI from medical office buildings and the rest from hospitals and other healthcare facilities. The healthcare REIT is distinguished by having a weighted average lease expiry of more than 12 years and organic growth coming from more than 70% of its NOI that's indexed to inflation.

The healthcare REIT maintains a high occupancy of more than 96% and a sustainable payout ratio of about 87%.

Investor takeaway

The stocks of Dream Global and NorthWest Healthcare Properties REIT have done well in the recent past. Interested investors with [a focus on income](#) should consider picking up shares on meaningful dips.

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TICKERS GLOBAL

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

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