



Dividend Investors: Earn Healthcare Industry Profits With This 7.1% Yielder

Description

Have you ever wanted to profit from Canada's vast and growing healthcare industry?

If so, you can congratulate yourself for having a worthy goal. Not only is healthcare ultra-lucrative, but it's also the definition of a socially responsible industry.

Investing in saving lives is something that most people would want to do. But for Canadians, the options are limited. Our healthcare system is largely government-run, so you can't really invest in it directly. There are health insurance companies, but those are more accurately viewed as financial companies than healthcare providers.

There's also big pharma, but with rampant price gouging and patent trolling, that industry lacks the socially responsible element that you might desire in healthcare investments.

Then there are REITs. No, seriously. Although the Canadian healthcare system is government funded, many of the hospitals and health clinics are privately owned facilities. This means that you can make a direct play in healthcare by investing in real estate. And there's one healthcare focused REIT trading on the TSX that yields north of 7%.

Northwest Healthcare Properties REIT ([TSX:NWH.UN](#))

Northwest Healthcare Properties is a REIT that invests in hospitals and health clinics all over the world. The company's investments span Canada, Germany, Brazil, Australia, and the Netherlands. It has a massive portfolio, with 149 healthcare facilities in total. And it's growing at a heady pace due to the steady increase in healthcare investments worldwide.

Deloitte projects healthcare to grow at a rate of 5.4% CAGR over the next four years. With increases in health spending comes increased demand for hospital space, so Northwest is positioned to grow at a time when other REIT staples (e.g., residential and commercial real estate) are declining.

Properties

Northwest's investment portfolio mainly consists of hospitals and health centers. It is the largest non-government manager of such facilities in Canada, with 57 properties in this country alone. It has even more properties internationally, and its international properties enjoy [huge occupancy rates](#).

Northwest describes its properties as a mix of [hospitals and healthcare office buildings](#). Healthcare facilities have unique requirements, including compliance with health and laboratory regulations, so Northwest is operating in a very specialized area, giving it an economic moat.

Earnings

As might be expected of a company straddling the border between healthcare and real estate, Northwest is growing at a steady pace. In Q3, the company grew revenues at 3.7% and operating income at 12% year over year. Net income was technically down in the quarter, but that was mostly due to a goodwill write-off. Taking that out of the equation, the company earned \$22 million in Q3.

Dividend history

Northwest pays a distribution every month on the 15th of the month. In March, the distribution was \$0.66. That works out to \$0.8 per year for a yield of about 7.1% based on the stock's current price. In the past three years, Northwest management has not missed a single dividend payment, although the payout has not grown the entire time. This would be a great investment for above average income as long as you're not expecting the payouts to grow.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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

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