A Buy-and-Hold-Forever REIT for Your TFSA Passive Income Fund

Description

REIT investing is incredibly boring!

It's far less eventful than investing in stocks because there are fewer events that make the headlines. You never hear about your favourite REITs in the mainstream financial media because frankly, they're not very newsworthy on any given day.

Moreover, REITs also have a lower correlation to the equity markets, so you're not really going to care too much about news regarding the broader macroeconomic picture. While the trajectory of interest rates may be concerning, such changes occur every few months and are of little use to REIT investors, as there isn't much value in trading REITs as you would stocks, especially for the income-savvy who will miss out on bountiful distributions if they jump out of a REIT.

While owning REITs can feel like watching paint dry, they can make you rich over time. And if you're one to worry about the headlines or the doomsday projections by certain bearish economists and analysts, REITs have the added benefit of allowing you to "unplug" from the fear-and-greed game that's embedded in the equity markets.

With REITs, you can set them up in your TFSA and completely forget about them. While it's a good idea to check up on them, the negative consequences of not doing so are much lower than a stock that could bounce around like a beach ball on negatively interpreted data that flows in.

So, if you want to invest, collect your distribution, and not worry about whether you should buy or sell at any given instance, consider high-quality REITs like **NorthWest Health Properties REIT** (TSX:NWH.UN).

It's a boring REIT that's been more volatile than your average REIT over the last five years, but it's a way to have your cake and eat it too. The bountiful distribution yields 6.73% at the time of writing, and the fact that the REIT is in the business of health-care-oriented properties mean the that REIT itself will benefit from the being on the right side of the "aging Baby Boomer" tailwind, which is secular in nature.

Baby Boomers and older generations are going to cause a boom in health care demand. With that comes a high demand for the associated real estate. Hospitals, clinics, medical offices and the like will experience ever-increasing demand, a huge plus for quick-growing health property REITs like NorthWest Health.

With nearly 160 properties and 12 million square feet in gross leasable area under NorthWest's belt and a stellar 96.8% occupancy rate, NorthWest is in a terrific position to raise its distribution substantial over the course of the next decade. The REIT is also growing its asset base, which will further bolster cash flows. With the completed $1.2 billion acquisition of 11 Australian freehold hospitals, NorthWest looks poised to lower its "stretched" payout ratio over time.

Who says REITs are boring? NorthWest is growing quickly (for a REIT) and it's riding a major secular tailwind. Although you're not going to get rich quickly with the name, you will get big income and the potential for slow and steady capital gains.

Stay hungry. Stay Foolish.

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Date
2025/08/18
Date Created
2019/05/24
Author
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