TFSA Investors: 3 REITs to Grab in June That Provide Monthly Income

Description

Earlier this year, I'd discussed why REITs looked like a good bet for income investors. One of the factors working in the favour of REITs included a newly dovish outlook for central banks, which meant that these income vehicles would fall back into favour. A low-rate environment has been a positive for the real estate industry over the past decade and will encourage investment as we look ahead to 2020.

Volatility has returned to the TSX and global markets in May, which means it may be a great time for TFSA investors to tweak their strategies. A shift to income-yielding equities could give your portfolio a boost as markets take an inevitable breather after a red-hot first half of 2019. The REITs we will cover today offer attractive income.

Crombie REIT

Crombie REIT (TSX:CRR.UN) is an open-end REIT that focuses on the retail industry. Shares of Crombie have climbed 20.7% in 2019 as of close on May 28. The stock is up 18% from the prior year.

Crombie released its first-quarter 2019 results on May 9. Property revenue fell 0.4% from the prior year to $105.2 million, as property operating expenses rose 1.6% to $32.3 million. The company reported an increase in general and administrative expenses primarily due to higher salary and benefit costs and due to the increase in Crombie's unit price on unit-based compensation plans.

Crombie aims to invest about $511 million in its first active mixed-use major developments over the next two-and-a-half years. The company projects that this will boost its income stream into the next decade. It last announced a monthly dividend of $0.07417 per share, which represents a good 5.8% yield.

Northwest Healthcare REIT

Northwest Healthcare (TSX:NWH.UN) provides access to a portfolio of high-quality healthcare real estate. Shares of Northwest have climbed 25.4% in 2019 as of early afternoon trading on May 29. The stock is up only 2% from the prior year but has recovered nicely since plunging to 52-week lows in late December 2018.

The company released its first-quarter 2019 results on May 9. Revenue climbed 4.2% year over year to $91.9 million and total operating income rose 2.5% to $73.1 million. Earnings were powered by new acquisitions in the quarter, but the company continued to report strong portfolio occupancy of 96.8%. In Q1 2019, Northwest entered a $1.2 billion acquisition of 11 Australian hospitals from Healthscope.

This month, Northwest announced a monthly dividend of $0.06667 per share. This represents a 6.7% yield. Northwest has offered solid growth and fantastic income over the past year, which make it a fantastic target for TFSA investors.

RioCan REIT

RioCan (TSX:REI.UN) is one of only five REITs on the TSX which boasts a market cap above the $5 billion mark. This REIT owns, develops, and operates a portfolio of retail-focused, mixed-use properties. Shares of RioCan have climbed 10.4% in 2019 as of early afternoon trading on May 29. The company released its first-quarter 2019 results on May 7.

Net income surged to $194.5 million compared to $137.2 million in the prior year. RioCan, like some of its other peers, has sought to focus more on major markets as we move into the next decade. The six major markets made up 87.5% of total annualized revenue in the first quarter compared to 80% in the prior year. The Greater Toronto Area contributed 47.6% to total annualized revenue over 43.7% last year.

This focus is yielding early success which should come as no surprise considering the rapid growth of Canada's major metropolitan areas. RioCan last announced a monthly distribution of $0.12 per share. This represents an attractive 5.4% yield.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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Author
aocallaghan