



Best 3 Cheap & High-Yield REIT Stocks to Buy

Description

Northwest Healthcare Properties Real Estate Investment Trust ([TSX:NWH.UN](https://www.tsx.com/stocks/nwh)) is headquartered in Toronto, Ontario. The company specializes in healthcare real estate with rental properties in Australasia, Brazil, Germany, and Canada. Northwest Healthcare has a market capitalization of \$1.5 billion and pays a dividend of 6.75%.

The company's revenues increased 7% in Q2 2019 compared to Q2 2018.

Investing in Northwest Healthcare reduces the risks involved in healthcare (R&D costs and insurance risks) while profiting from growth in the sector. According to Innovation, Science and Economic Development Canada, the size of the Canadian health and biosciences sector will double by 2025. Between now and 2022, Brazil's biomaterials market (equipment used in treatment) will have a compound annual growth rate of 18.3%. The German medical device market is expected to grow between 4% and 6% between now and 2022. Those businesses will need to rent properties, and [Northwest Healthcare](https://www.nwh.com) can meet that demand.

Summit Industrial Income REIT ([TSX:SMU.UN](https://www.tsx.com/stocks/smu)) is based out of Brampton, Ontario, and rents industrial properties. The company has a market capitalization of \$1.5 billion, a five-year total return of 119.93%, and pays a dividend of 4.54%. Summit Industrial has properties throughout Canada, with the majority located in Ontario and Québec.

A tight industrial property market occurs when property availability rates drop below 3.5%. Vancouver, Toronto, and Montréal have low availability of warehousing space with 2.1%, 1.5%, and 4.1% availability, respectively. The industrial vacancy rate in Montréal is half of what it was in 2017. Again, low availability means Summit Industrial can charge more for the company's space.

There are two things to consider with Summit Industrial: the increase in rents the company collects in tight markets and the rise in property values. The average price of an industrial property in Toronto increased by 39% since 2018. Montréal also experienced similar gains.

There is so much demand for industrial space in the large markets, that in the event of a recession, the properties can still be rented out and turn a profit.

Killam Apartment REIT ([TSX:KMP.UN](#)) is headquartered in Halifax, Nova Scotia, and rents out multi-family properties. The company has a market capitalization of \$1.8 billion and pays a dividend of 3.25%. The company has properties throughout Canada.

As the economy dips into a recession, more people will forgo buying homes and opt to rent. It's important to note each of the buildings Killam owns and rents out is multi-family. This means the building can still be profitable, even if all the units aren't rented.

Renters account for 30% of all Canadian households. Housing affordability remains an issue in many markets and pushes people to rent. Apartment vacancy rates vary throughout the country. [Killam](#) owns properties on Prince Edward Island (PEI). According to a *Globe and Mail* article on August 16, 2019, PEI has an apartment vacancy rate of 0.3%. In other words, almost all the apartments on PEI are rented.

The rate of construction of new apartment buildings has lagged in recent years with property developers preferring to build condos. This trend has restricted the availability of rental properties and has contributed to increases in rent.

Dovetailing

These three REITs are complementary and offer sector and geographic diversity with steady income streams. With Northwest Healthcare, you are geographically diversified in a growing industry. The health and biosciences industries continue to grow, and governments continue to invest in healthcare to address ageing populations. With Summit Industrial, you can buy into red-hot commercial property markets and take advantage of increasing dividends. With Killam Apartment, you can also take advantage of a tight residential property market without taking on the risk of managing a property yourself.

A diversification of the REITs in your portfolio will insulate you against the coming shocks.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:KMP.UN (Killam Apartment REIT)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:SMU.UN (Summit Industrial Income REIT)

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