



TFSA Investors: \$63,500 in This REIT Pays \$4,286 in Tax-Free Income Each Year!

Description

If you're looking for high income in your TFSA, REITs can be excellent choices.

Although they don't always deliver frothy capital gains, their dividend yields are typically higher than the TSX average.

According to a **CIBC** report dated October 3, Canadian REITs have an average yield of 6%. By contrast, the TSX as a whole has an average yield of 2.53%. That means that by buying into a diversified portfolio of REITs, you can get more than twice the income you'd get by buying the TSX.

With certain individual REITs, you can get even higher yields than that. Although the average REIT yield of 6% is already absurdly high, there are plenty of individual REITs pushing 7%. In this article, I'll explore one whose [high occupancy rates](#) and unique niche make its distribution especially high — and safe!

Northwest Healthcare Properties

Northwest Healthcare Properties REIT ([TSX:NWH.UN](#)) is a healthcare-focused REIT that leases space to hospitals, health clinics, and [healthcare administrative facilities](#).

The REIT's unique industry focus give it high occupancy rates and access to very dependable, long-term tenants. The healthcare industry is well known for its stability. So, it's no surprise that Northwest Healthcare is good at attracting and keeping tenants.

In its most recent quarter, the REIT's occupancy rate was 97.2%, up from 96.8% in the prior quarter. An improvement in this metric is highly encouraging, especially at a time when investors are worried about "the death of retail" crushing occupancy rates for other REITs.

A high and stable yield

Northwest Healthcare's units pay monthly distributions of \$0.067, which add up to \$0.8 per unit annually. As of this writing, that gave a yield of 6.75%. Thanks to this high yield, if you invested your entire \$63,500 worth of TFSA contribution room in nothing but NWH.UN, you'd earn \$4,682 in tax-free income per year. That's paid monthly, too, so you'd enjoy a higher frequency of payouts than you'd get with most income-bearing investments.

Excellent financial and operating results

In its most recent quarter, Northwest Healthcare released a number of excellent financial and operating metrics.

These include \$31 million in funds from operations (up 19%), \$70 million in operating income (up 1.5%), and \$49 million in net income (up from a \$57 million loss). Additionally, the REIT reduced its debt-to-book-value ratio while maintaining its dividend.

These results show that Northwest Healthcare is growing and delivering value to shareholders while working to keep its balance sheet in good shape.

Foolish takeaway

If you're an income-oriented investor, REITs are some of the best securities to consider. Offering some of the highest yields on the TSX, they can deliver a solid wallop of cash — usually paid monthly.

Among REITs, Northwest Healthcare is one of the most stable, owing to its dependable healthcare clientele and high occupancy rates. It's definitely one for any income-oriented investor to consider.

CATEGORY

1. Dividend Stocks
2. Investing

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

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