Forget Buying a House: These 3 REITs Are Way Less Complicated

Description

Buying rental properties are for people who want to take an active role in real estate investments. Through direct ownership, you can enjoy the following: regular cash flow, tax benefits, and property value appreciation over time.

But for those with little capital but desires to be passive landlords, investing in real estate investment trusts (REITs) is way less complicated. A portfolio consisting of **Choice Properties** (TSX:CHP.UN), **Northview** (TSX:NVU.UN), and **NorthWest Healthcare** (TSX:NWH.UN) offers diversity.

Problem-free

You're not a physical landlord by owning shares of Choice Properties, yet you can partake of the rich dividend. The principal tenant of this grocery-anchored REIT is **Loblaw**, although this $4.26 billion REIT is highly diversified. There are retail, industrial, office, and residential assets totaling 726.

Loblaw stores comprise about 79% of the entire portfolio. The long-time partnership and affiliation with Loblaw is the primary reason why Choice Properties is a quality investment. Also, a grocery-anchored REIT is advantageous because the tenants are necessity based.

With Choice Properties, you have the assurance of a growing passive income. This REIT has one of the highest occupancy rates (97.4%) in the rental space. You don't need a huge capital to be an indirect owner of the properties. The stock is trading at $13.74 per share but yields a juicy 5.4%.

Cash cow

Northview Apartment can turn make-believe landlords into wealthy investors. This $2 billion REIT pays a fantastic 5.49% dividend. It owns, manages, and operates mostly multi-family residential units and commercial spaces. The locations of the properties are in places with growing economies and expanding population.

Because of the strategic locations of the properties in over 60 markets and spanning eight provinces and two territories, Northview generates stable income and growing distributions.

With over 27,000 leasable domiciles, this REIT fills the rising demand for rental properties by lessees or renters. In 2018, net income grew by 36.4% to $289.5 million. Northview expects to end the year with a profit of $366.3 million.

At $29.93 per share, you're getting your money's worth from this cash cow. You might not have the property management skills, but you get paid handsomely.

Only one in the cure segment

NorthWest Healthcare is a premium real estate stock. This $1.6 billion property operator is the only REIT in the healthcare industry, particularly the cure segment. It owns a portfolio of hospitals and medical office buildings located in Canada, Australia, Brazil, Europe, and New Zealand.

NorthWest's assets in Austria and New Zealand comprise 41.5% of the total $6.2 billion in assets. The properties in Canada ($1.2 billion), Brazil ($800 million), and Europe ($700 million) come next. The diversified global portfolio is profitable, as evidenced by the 97% occupancy rate across the total portfolio.

This REIT has a history of strong returns, including a five-year average return on equity (ROE) of over 9%. Producing a tonne of cash is the best feature of this stock. Its average lease expiry is 13.7 years, which is a long period of cash flow streams. Notably, too, healthcare is a defensive industry that insulates this REIT's income.

Rental income

Assuming you can invest $40,000 in each REIT, the gain is $7,008 monthly minus the responsibilities of a landlord. The total $120,000 investment can't buy you a rental property. But Choice Properties, Northview, and NorthWest pays high rental income through the dividends.

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