2 REITs That Can Power Your RRSP in 2020

Description

The S&P/TSX Composite Index hit record highs in 2019. Indices in the United States also enjoyed a banner year, even as growth slowed in comparison to the previous year. Renewed geopolitical tensions and the promise of anemic growth across the developed world have some experts and analysts worried about a potential pullback.

For Canadians, the final deadline for 2019 RRSP contributions is fast approaching. Instead of retreating to the sidelines, investors should consider reinvesting their earnings into high-yield dividend stocks. REITs performed very well last year. The current low-rate environment shows no signs of dramatic change, so these income vehicles are worth trusting to kick off this decade.

Dream Office REIT

The first stock I want to focus on today is **Dream Office REIT** (TSX:D.UN). This is a Toronto-based REIT that owns central business district office properties in major urban centres across Canada. Shares jumped over 40% in 2019. This was a terrific boon for holders, as it already boasted a hefty dividend yield.

Dream Office released its third-quarter 2019 results on November 7. In the year-to-date period, the trust reported comparative properties' net operating income of $101 million compared to $91 million in the prior year. It made several key acquisitions in the quarter, including a $12.5 million acquisition for 50% interest in 220 King Street West in Toronto and a $45.5 million purchase of 6 Adelaide Street East, also located in Toronto.

RRSP investors can gobble up decent income with this REIT. The stock offers a monthly dividend payout of $0.08333 per share, which represents a 3.2% yield.

NorthWest Health REIT

Investors who are looking for a little more dividend punching power should look to **NorthWest Health REIT**

(TSX:NWH.UN). This REIT provides investors with access to a portfolio of healthcare real estate. Shares have achieved average annual returns of 11% over the past five years.

The company released its third-quarter 2019 results on November 14. IFRS revenue rose 4.7% year over year to $91.1 million, and it reported net income of $17.7 million compared to a net loss of $28.5 million in the third quarter of 2018. Net asset value per unit increased 6.7% from the prior year to $11.84, and the company achieved portfolio occupancy of 97.1%. This was up 40 basis points from the previous year.

For the year-to-date period, the REIT had closed $1.5 billion in acquisitions as of the end of the third quarter. This included the whopping $1.2 billion HSO portfolio acquisition that was integrated in Q3. NorthWest Health REIT is in a terrific position to benefit from a resurgent real estate market and a healthcare industry that continues to strengthen.

NorthWest last announced a monthly distribution of $0.06667 per unit. This represents a strong 6.7% yield. Both REITs are pricey right now after a big run in 2019, but when we factor in the valuation of the broader market their income is still enticing. NorthWest is my favourite pick of the two I’ve covered today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:D.UN (Dream Office Real Estate Investment Trust)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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