3 REITs to Solidify Growth in Your Portfolio

Description

Real estate's recovery is stranded somewhere between tech and oil. Neither is it as fast as tech stocks, a lot of which are already past their start-of-the-year values. Neither is it slumping as hard as oil, which is weighing down the whole TSX thanks to the sheer virtue of its magnitude. And despite the confusion surrounding the housing market, there are three REITs you may want to consider investing in.

REITs are typically generous with dividends, which makes some of them must-haves in a dividend-based portfolio. But if you can add a little growth to the mix, a decent REIT stock can help your portfolio grow on both fronts. The three REITs in this article offer juicy dividends yields, along with decent capital growth prospects.

A "healthy" REIT

NorthWest Health Prop REIT (TSX:NWH.UN) is a medical properties REIT with a globally diversified asset portfolio. It's a Toronto-based company founded just about a decade ago. Currently, it's trading at $11 per share, which is still down from its pre-crash value by about 17%. According to the first-quarter results, the revenue didn't fall too much compared to the previous quarter.

Operating income also fell by just about $4 million, while the return on equity actually grew. The company also offers monthly dividends of $0.0667 per share, which, along with the low valuation, has pushed the yield to a very juicy number of 6.97%. But a better reason to consider this stock is its growth potential. Even with the current valuation, its five-year CAGR is about 14.28%.

That's enough to turn a one-time $5,000 investment into $72,000 in 20 years.

An apartment REIT

Even if the housing and, consequently, single-family homes are in trouble, apartment-based REITs tend to stay relatively safe. This makes Calgary-based **Northview Apartment REIT** (TSX:NVU.UN) a safe, growth-oriented REIT to consider for your portfolio. The company owns and operates over 27,000 residential units in the form of multifamily residential properties and apartment buildings. It also has a stake in hotel and commercial properties.

Compared to the first quarter of 2019, this year's first quarter has been profitable for the company. Revenue increased substantially, and net income loss turned into net income profit. The company also offers monthly dividends with a very safe payout ratio of 42.7%. The current yield is 4.6%, and while it's attractive enough, a much better number to consider is Northview's five-year CAGR, which is 15.83%.

$5,000 at this pace can grow up to $94,000 in 20 years.

An aristocrat REIT

Granite REIT (TSX:GRT.UN) is one of the oldest aristocrats in its sector, with a dividend-growth streak of nine consecutive years. Currently, this aristocrat is offering a decent yield of 4.28%, with a payout ratio of about 41.2%. The company has a diversified portfolio of assets, including modern warehouses, special purpose, and multi-purpose properties.

The diversification also extends to the location of the properties. Only 26 out of its 85 developed assets are in the country, 30 are in the U.S., and 29 are in Europe. This footprint and reach allow Granite REIT significant security against local headwinds. It's also one of the reasons behind its consistent growth in the last five years, which resulted in a CAGR of 16.84%. If you invest $5,000 in Granite and leave it for 20 years, you may have a nest egg of $112,000.

Foolish takeaway

These REITs can be a powerful addition to your investment portfolio with a profitable mix of dividends and growth. If you are willing to commit a decent amount of capital and the yields the companies are offering, you can start a sizeable passive income. But even if you simply leverage the growth and reinvest the dividends, you can create a substantial nest egg for yourself.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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