Retirees: Top 3 REITs to Hold This Decade

Description

Retirees have been dealt a difficult hand over the past decade. As I'd discussed this week, historically low interest rates have been challenging for savers. Traditionally, those seeking stable income could turn to GICs and other fixed income vehicles.

Today, many of these options are barely able to keep up with inflation. Fortunately, retirees can also turn to real estate investment trusts (REITs). Canadian real estate is due for a rebound as the economy reopens, and REITs have been a reliable source of income over the last decade.

Today, I want to look at three of my favourite REITs to hold for the rest of 2020 and beyond.

Retirees: Consider this healthcare-focused REIT

NorthWest Healthcare (TSX:NWH.UN) is focused on high-quality healthcare real estate that generates value for shareholders. Its shares have climbed 22% over the past three months as of early afternoon trading on June 30. The stock is down 2.8% year over year. Retirees should also be attracted to this stock for its exposure to the promising healthcare sector.

In the first quarter, NorthWest Healthcare saw revenue climb 3.8% year over year to $96 million. It achieved strong portfolio occupancy of 97.3% – up 50 basis points from Q1 2019. Meanwhile, adjusted funds from operations (AFFO) per unit rose 3.7% to $0.21.

This stock remains a solid value target for retirees. Shares of this REIT last had a favourable price-to-earnings ratio of 10 and a price-to-book value of 1.2. Better yet, it offers a monthly dividend of $0.06667 per share. This represents a tasty 7.5% yield.

One top REIT by market cap

H&R REIT (TSX:HR.UN) is one of the largest REITs in Canada, boasting a market cap over $2.7 billion. However, its shares have plunged 51% in 2020 so far. This is an opportune time for retirees to add this top REIT at a discount.

The REIT released its first-quarter 2020 results on May 14. Rentals from investment properties fell to $279.7 million compared to $298.7 million in the prior year. Same-asset property operating income increased $193 million over $191 million in Q1 2019.

Rent collection was a significant concern for REITs as this crisis worsened. Fortunately, H&R REITs reported an April rent collection of 85% and a May collection of 80%.

Shares of H&R REIT last had a favourable P/E value of 0.4. It last declared a monthly distribution of $0.0575 per share, representing an attractive 7% yield.

This REIT offers great value for retirees

BTB REIT is an open-ended REIT that is focused on retail, office, and industrial properties. Shares of BTB REIT have dropped 38% so far this year. Fortunately, the REIT saw a big improvement in its first quarter 2020 results. Rental income increased 10.3% year over year and occupancy rate rose to 92.4% over 91.7% in the prior year.

The stock last possessed a very favourable P/E ratio of 4.2 and a P/B value of 0.5. Retirees looking to hold this REIT should be thrilled about this kind of value.

In June, BTB REIT announced a monthly dividend of $0.025 per unit. This represents a monster 9.9% yield.

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

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