Retirees: Supplement Your CPP Payments With These 2 Income-Producing REITs

Description

If you're a retiree, you are aware of the limitations of retirement benefits such as the Canada Pension Plan (CPP). In 2020, the maximum CPP payout stands at $1,175.83 for Canadian retirees, which is not enough to lead a comfortable life. Many retirees don't have employer-sponsored pension plans, which means they need other income-generating investments.

If you have a limited amount of capital to invest, real estate investment trusts can be a great option to supplement pension payouts. REITs offer high dividend yields and steady returns making them reliable long-term bets. Further, the current market pullback has increased dividend yields to attractive levels.

Investors have to keep in mind that similar to equities, REITs are also not created equal. While some grow at a steady pace, others may be more volatile and reduce dividend payments in a market downturn, burning significant investor money.

You need to identify quality REITs that are likely to keep paying dividends across economic cycles. Here are two of the top Canadian REITs right now.

NorthWest Healthcare has a yield of 7.3%

Shares of **NorthWest Healthcare** (TSX:NWH.UN) are trading at $11, which is 17.5% below its 52-week high. The healthcare-focused REIT has a dividend yield of 7.3%. Investing in Northwest Healthcare provides investors access to the company's quality real estate properties in seven countries.

NorthWest is recession-proof, making it a solid defensive play in a volatile macro environment. Due to its essential nature, most of NorthWest Healthcare properties remained open amid countrywide lockdowns. NorthWest has also delayed growth plans to focus on improving liquidity, increasing operational efficiencies, and limiting non-essential spending.

The REIT pays a monthly dividend and ended Q1 with a portfolio of 183 properties and an occupancy rate of 97.3%. It is one of the top REIT buys considering its long-term focus on growth and inflationindexed leases. NorthWest has an average lease term of 14.4 years which will result in a steady payout for 2020 and beyond.

NorthWest stock's low valuation, high dividend yield, and high occupancy rates make it an attractive investment for retirees.

Killam Apartment REIT

The second REIT on the list is **Killam Apartment REIT** (TSX:KMP). Killam stock is trading at $17.6, which is 25% below its 52-week high. It has a forward yield of 3.9% and a payout ratio of just 22%, which means the residential REIT can easily increase dividend payments in the upcoming quarters.

Killam Apartment REIT is one of the country's largest residential landlords with a portfolio value of $3.4 billion. Killam's properties are concentrated in affluent Eastern Canadian locations, which means its residential portfolio is well poised to ride the ongoing downturn.

The REIT giant aims to maximize value and profitability by increasing earnings from its existing portfolio, expanding its portfolio by accretive acquisitions, and developing high-quality properties in core markets.

Killam stock gained over 130% between January 2016 and March 2020 before the markets crashed. Despite the pullback, the stock is up over 70% in less than five years.

CATEGORY

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2. Investing

TICKERS GLOBAL

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

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