RRSP Investors: 3 REITs to Buy in August

Description

The COVID-19 pandemic has undoubtedly shifted the work and investment trajectory for many Canadians. Many large corporations have conceded that offices will remain largely closed until 2021. Moreover, COVID-19 has proven to be more dangerous to older demographics. Because of this, some Canadians may have chosen to accelerate their retirement plans. Today, I want to discuss why real estate investment trusts (REIT) are perfect for an RRSP or even a RRIF.

RRSP investors: Why REITs are a good bet right now

When this year started, I'd discussed why REITs were a good bet for RRSP investors. At the time, I hadn't predicted that the world would be shaken by a global pandemic. However, certain factors that should push RRSP investors to REITs have shifted further against savers. Namely, interest rates have been pushed back to historic lows.

Older Canadians will remember previous decades when GICs and high-interest savings accounts offered solid returns. Those days are long gone. Because of this low interest rate environment, many savers are better off turning to income-yielding equities. Fortunately, this friendly borrowing environment is beneficial to the real estate sector.

Three REITs I'm targeting in August

Northview Apartment REIT (TSX:NVU.UN) is one of the largest multi-family REITs listed on the TSX. Its shares have climbed 21% in 2020 as of close on July 31. This stock has managed to provide solid capital growth and income for investors this year. These are good reasons to stash these in an RRSP.

In Q1 2020, Northview reported that same door NOI increased 6.5% from the previous year. Diluted funds from operations (FFO) per unit rose to $0.47 over $0.45 in Q1 2019. Meanwhile, its multifamily portfolio occupancy improved 30 basis points to 93.9%.

Shares of Northview last had a favourable price-to-earnings (P/E) ratio of 9.1 and a price-to-book (P/B) value of 1.1. It last paid out a monthly dividend of $0.1358 per share. This represents a solid 4.6% yield, which is perfect for gobbling up income in an RRSP.

Dream Industrial REIT owns and operates high-quality industrial properties across Canada, the United States, and Europe. Its shares have dropped 13% so far in 2020. In the first quarter of 2020, the company saw funds from operations (FFO) rise to $27.9 million compared to $24.9 million in the prior year. Dream Industrial also boasts a strong balance sheet.

The stock last possessed a very favourable P/E ratio of 6.8 and a P/B value of 0.9. Better yet, the stock offers a monthly dividend of $0.05833 per share, representing a tasty 6.3% yield. This income is very attractive in an RRSP over the long term.

One healthcare focused REIT to stash in your RRSP today

Northwest Healthcare REIT was one of the top REITs I'd targeted for retirees back in late June. The company provides exposure to a portfolio of over 170 healthcare properties in Canada and around the world. Its stock has increased 17% over the last three months.

Now is a great time for any investors, let alone those building an RRSP portfolio, to jump into health care. This is one of the most explosive sectors in North America, and the COVID-19 pandemic will push even more investment into this space. Northwest Healthcare last had a solid P/E ratio of 11. It offers a monthly dividend of 0.06667 per share, which represents a monster 7.1% yield.

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