3 Top TSX REITs to Buy in November 2020

Description

Real estate investment trusts (REITs) are one of the most popular investment instruments for Canadians. REITs give investors exposure to real estate markets without having to deploy a massive amount of capital. REITs are similar to stocks and are traded on the **TSX**.

Here we take a look at three REITs that are well poised to gain momentum right now.

Summit Industrial Income REIT

The first REIT on the list is **Summit Industrial Income REIT** (TSX:SMU.UN), a company that is focused on growing its portfolio of light industrial properties across Canada. Summit claims that this vertical's lower operating and maintenance costs allow it to generate higher income returns compared to other real estate segments.

In the last five years, Summit Industrial Income REIT stock has gained 116%. Despite its impressive returns, it also has a tasty dividend yield of 4%, making the REIT an attractive pick for income and growth investors.

In Q3, the company's sales were up 41.1% year-over-year driven by Summit's focus on acquisitions. Its occupancy rate was 98.7% with an average lease term of 5.4 years. Net rental income soared 41% as well compared to the prior-year period while funds from operations were up 47.2% at $24.2 million or $0.168 per unit.

The company also announced a monthly cash distribution of $0.045 per unit indicating a payout ratio of 80.4%.

RioCan REIT

Commercial REITs such as **RioCan** (TSX:REI.UN) have been decimated amid the pandemic as offices are shut and people are largely working from home. RioCan stock is down over 40% from its 52-week high. However, this has increased its dividend yield to 8.8%.

It is one of the largest REITs in Canada with an enterprise value of over $12 billion. RioCan owns, manages, and develops retail-focused, mixed-use properties located in transit-oriented high-density areas in Canada. It has a portfolio of 221 retail properties that include 16 development properties with a net leasable area of 38.4 million square feet.

Its diversified portfolio ensured RioCan continued to generate sustainable income amid COVID-19 as it also has low enclosed mall exposure. In Q3, its rent collection stood at 93.4% which means the stock is trading at a historically low FFO multiple.

NorthWest Healthcare REIT

Investors seeking easy real estate income can purchase shares of **NorthWest Healthcare** (TSX:NWH.UN). This REIT is one of the most resilient companies in 2020 due to its recession-proof business and exposure to the healthcare space.

NorthWest is the largest non-government owner and manager of medical office and healthcare properties in Canada. It has a portfolio of 189 income-generating properties across North America, Europe, and Australia.

NorthWest also has an attractive forward yield of 6.63% and the stock has gained close to 40% in the last five years. Its rental income should be steady as they are tied to long-term indexed leases with a stable occupancy rate.

The Foolish takeaway

REITs will save investors from hidden costs associated with owning rental properties as well as with vacancy risks. Further, a $25,000 investment in each of these companies will generate close to $4,900 in annual dividend incomes.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSX:SMU.UN (Summit Industrial Income REIT)

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