Passive-Income Investing: The 3 Best REITs to Own in 2021

Description

Happy New Year, Fool readers! Here's hoping that 2021 holds more promise than the horrific year we were all subjected to. North American stocks surged after encountering volatility early in 2020 and entered the new year scorching hot. Investors should be very cautious in this environment. Some may opt to take those tasty profits and reinvest them in income-generating assets. Today, I want to look at three top REITs that deserve your attention if you take the passive-investing route early in 2021. Let's dive in.

Passive-income beast: Stash this top REIT in 2021

All eyes have been on the healthcare sector since the COVID-19 pandemic struck the North American population. The investing legend Warren Buffett recently revealed that he is buying up equities in this explosive space. For those seeking exposure to healthcare, attractive income, and a defensive stock, **Northwest Healthcare Properties REIT** (TSX:NWH.UN) is a fantastic target.

Northwest Healthcare provides investors with access to a portfolio of high-quality healthcare real estate around the world. Its shares climbed 12% in 2020. Better yet, this REIT still boasts a favourable price-to-earnings (P/E) ratio of 14 and a price-to-book (P/B) value of 1.4.

Passive-income investors won't be disappointed either. Northwest Healthcare offers a monthly dividend of $0.067 per share. That represents an attractive 6.3% yield.

One highly diversified REIT to own this year

Real estate took its lumps in 2020. The pandemic proved to be a destabilizing force, especially in the commercial real estate space. However, the promise of a return to normalcy in 2021 has boosted sentiment in the sector. **SmartCentres REIT** (TSX:SRU.UN) is an open-ended REIT that is well diversified. It generates revenue through retail and mixed-use properties in its portfolio.

Shares of SmartCentres fell 20% in the prior year. However, the stock finished strong, rising 17% in the final three months of 2020. It last possessed a solid P/B value of 0.9.

On December 22, 2020, SmartCentres REIT declared a monthly distribution of $0.15417. That represents a tasty 8% yield. It has delivered dividend growth for six consecutive years. That makes it a Dividend Aristocrat on the TSX. Passive-income investors should not ignore SmartCentres in the new year.

My third-favourite REIT to generate passive income

Grocery retailers proved to be highly resilient in 2020. That stood to reason, considering essential services were able to operate without interference throughout the year. With lockdowns and restrictions still a part of our day-to-day lives to start 2021, grocery retailers remain a strong target. This is why **Slate Grocery REIT** (TSX:SGR.UN) is one of my favourite REITs to snag for passive-income investors.

Shares of Slate Grocery fell 5.3% in 2020. However, the REIT climbed 10% in the final three months of the previous year. Its stock possesses a very favourable P/E ratio of 10 and a P/B value of 1.1. In Q3 2020, Slate Grocery saw net income increase $3.1 million year over year to $7.6 million. Management has assessed that nearly 65% of Slate Grocery's portfolio comprises essential tenants.

This REIT last delivered a monthly dividend of $0.072 per share, representing a very strong 9.8% yield. Passive-income investors should consider stashing this REIT early to kick off what we all hope will be an improved 2021.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Date
2025/08/22
Date Created
2021/01/04

Author
aocallaghan