2 Fantastic REITs to Buy for Lifelong Passive Income

Description

The year 2020 was an unprecedented one for the entire world, and I'm sure that you are glad that we are moving past one of the toughest years in recent history. While the pandemic hasn't ended, positive news on the COVID-19 vaccine front is helping everyone feel hopeful about life in 2021 and beyond.

The challenges from last year must have helped people realize many important things about their financial practices. One of the most crucial things it highlighted was the necessity of having more than one revenue stream. Financially savvy Canadians already prepared alternative revenue sources while many others scrambled to create them amid the panic.

Today I will discuss two fantastic Real Estate Investment Trusts (REITs) that you can consider adding to your investment portfolio for this purpose.

Healthcare REIT to own for life

NorthWest Healthcare Properties REIT (TSX:NWH.UN) can be an ideal pick to secure lifelong passive income. All eyes have been on the healthcare sector since the pandemic struck. NorthWest seems like the perfect equity security to consider for investors seeking exposure to the healthcare sector, attractive passive income, and a defensive stock for all market environments.

NorthWest Healthcare offers investors access to a portfolio of high-quality healthcare real estate worldwide. With most of its properties distributed across Canada and Europe, the REIT can generate virtually guaranteed cash flows. Healthcare in both regions is publicly funded, allowing Northwest to generate substantial rental income.

Grocery REIT for passive income

Slate Grocery REIT (TSX:SGR.U) is another excellent asset to consider adding to your portfolio for reliable income. During the lockdowns, only essential businesses could operate without interference throughout 2020. Grocery retailers remained a strong target throughout the year and continue to hold that position in 2021. Slate Grocery is an ideal investment to consider if you seek exposure to the grocery retail segment of the real estate sector.

Slate Grocery declined like many other REITs during the pandemic. However, Its Q3, 2020 income report showed that the company saw net income increase by $3.1 million year-over-year to $7.6 million. Its management assessed that 65% of its entire portfolio consists of essential tenants that can continue generating substantial revenues for the company regardless of market environments.

Foolish takeaway

The pandemic presented many challenges for Canadians and people worldwide. The lockdowns also resulted in many people amassing substantial savings as they reduced discretionary spending throughout the year. If you were fortunate enough to continue generating income during the lockdowns and have created significant savings, I would recommend using your money to create more revenue streams for additional financial security.

Creating an income portfolio in your Tax-Free Savings Account (TFSA) could be the best way to go. You can use the tax-advantaged account to store income-generating assets that can grow your account balance without incurring any income taxes. Allocating some of the contribution room in your TFSA to lifelong passive income REITs like Slate Grocery and NorthWest Healthcare Properties could be an excellent way to begin.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
2. TSX:SGR.U (Slate Retail REIT)

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