3 High-Yield REITs to Buy in April

Description

Generally, a higher dividend yield indicates a stock has a high-risk profile. However, that might not always be the case. Top-tier REITs or real estate investment trusts such as **Automotive Properties** (TSX:APR.UN), **NorthWest Healthcare Properties** (TSX:NWH.UN), and **True North Commercial** (TSX:TNT.UN) all yield over 6% which is significantly higher than the 1.33% average yield of a stock that's part of the **S&P 500 Composite Index**.

What makes these high-yield REITs attractive is their durability as the payouts are backed by a diversified portfolio of cash-generating properties and a strong balance sheet. This combination of high dividend yield and sustainability makes these REITs solid options for income-seeking investors.

Automotive Properties

This REIT focuses on owning and acquiring income-producing automotive dealership properties in Canada. Its portfolio consists of 64 income-producing commercial properties and one development property that totals 2.5 million square feet of gross leasable area. It is the only publicly listed company in Canada that consolidates automotive dealership real estate properties.

Automotive Properties has a tasty forward dividend yield of 6.8% given its annual dividends of $0.8 per share. In 2020, the REIT collected 97% of its contractual base rent despite the ongoing pandemic. Further, the remaining amount is subject to deferral agreements. It paid monthly cash distributions of $0.067 per unit totaling $9.6 million which meant its payout ratio stood at just under 94%.

In 2020, the REITs rental revenue rose 11.2% to $75.12 million. In Q4 its adjusted cash flow from operations rose to $13.4 million up from $8.8 million in the prior-year period primarily due to tenant rent deferrals and the impact of acquisitions.

NorthWest Healthcare Properties

The healthcare sector is recession-proof and this Canadian REIT provides investors with access to a

portfolio of healthcare properties in Canada, Brazil, Australia, and New Zealand. NorthWest Healthcare has interests in 190 income-producing properties totalling 15.4 million square feet of gross leasable area consisting of medical office buildings, clinics, and hospitals. These contracts are backed by long-term indexes leases and stable occupancies.

NorthWest Healthcare REIT stock is trading at $13.16 valuing it a market cap of $2.54 billion and indicating a forward yield of a juicy 6.1%. Its portfolio of properties gives investors exposure to a defensive asset class and necessity-based tenancies. NorthWest aims to capitalize on strong healthcare and demographic trends making its dividend payout sustainable. Its gross book value of assets (GBV) is $5.3 billion, while the company's debt to GBV multiple stands at 50%.

True North Commercial

In case you are looking to integrate a monthly dividend payout with an attractive yield, you can consider the True North Commercial REIT. This stock provides a high yield of over 8.5% and the REIT owns and operates 48 commercial properties totaling 4.8 million square feet in urban and select strategic secondary markets in Canada. The REIT focuses on long-term leases with government and credit-rated tenants.

True North has $1.4 billion worth of assets and an average lease term of 4.7 years. With an occupancy rate of 98%, the REITs high-quality tenant base allows it to generate stable contractual cash flows.

The top 20 tenants account for 69% of total sales. Further, 75% of True North's tenants are government and credit-rated.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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