3 REITs That Will Earn You a Lifetime of Passive Income

Description

Ever since the first Canadian real estate investment trust (REIT) was listed on the **TSX** in 1993, the pool of real estate assets became popular investment choices. The most attractive feature of a REIT is the dividend offer. If you aspire to be a landlord but have limited funds to purchase physical properties, a REIT is a next-best alternative to earn passive income.

Choosing the right REIT to earn a lifetime of passive income is not easy, especially in the current situation. The global pandemic dealt severe blows to many REITs. However, three names were resilient and endured the carnage. Yield-hungry investors won't think twice about taking positions.

Cure sector

NorthWest Healthcare Properties (TSX:NWH.UN) is a top choice because it's the only REIT in the cure sector. The portfolio of this $2.52 billion REIT consists of high-quality healthcare real estate infrastructure. It has 190 income-producing assets composed of hospitals, clinics, and medical office buildings.

The leases in major markets like Canada, Australia, Brazil, New Zealand, and Europe are long term. Besides stable occupancy, the tenants or partners are leading healthcare operators. NorthWest continues to scale following its European expansion. In 2020, it acquired ten high-quality hospitals in the U.K. for $620 million.

NorthWest's total accretive acquisitions last year reached $998 million, including a first life science building in Australia. The real estate stock trades at $13.04 per share (+5.12% year to date), while the dividend yield is a hefty 6.14%.

CPPIB holding

The Canada Pension Plan Investment Board (CPPIB) invests for the long term. Among the stocks in its publicly traded equity holdings is **Crombie** (TSX:CRR.UN). The $2.53 billion REIT is worth checking out if it's the top real estate stock of the CPPIB.

Crombie's key attribute is the defensiveness of its annual minimum rent (AMR). It derives nearly 77% of AMR from grocery and pharmacy-anchored properties. About 68% of AMR comes from essential services tenants. Finally, it generates just 8% of AMR from small business tenants.

Similar to Q4 2020, gross rent collections in Q1 2021 are 98%. For the full year 2020, property revenue and net property income fell by only 2.5% and 7.9%. The current share price is $16 (+13.18% year-to-date), while the dividend offer is 5.54%.

Top-notch tenant base

The market cap ($606.15 million) of **True North Commercial** (TSX:TNT.UN) pales compared to NorthWest Healthcare and Crombie. However, you can't pass up on the stock because its tenant base is a notch higher than the two earlier REITs.

The federal government of Canada is the anchor tenant in 13 of its 40 plus commercial properties, including a few provincial governments, Ontario Power Generation, and Alberta Health Services as lead tenants in other leased spaces. With a high tenant retention rate, True North is a practical choice for long-term investing.

At just $7.02 per share, the corresponding dividend is a super-high 8.46% dividend. Whatever amount you invest in True North will double in eight-and-a-half years. Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) investors should also find this REIT an attractive income stock.

Long-term income streams

The three REITs in focus seem capable of providing long-term income streams. The yields are on the high side, while the rental operations are stable to sustain dividend payments for years on end.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CRR.UN (Crombie 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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Date
2025/08/17
Date Created
2021/04/20
Author
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