Lazy Landlords: 1 Dividend Stock for $200 of Stable Monthly Income

Description

The **TSX** is high. Inflation is high. Growth stocks are high. Everything seems to be trading up, and it's making investors think they're missing out on deals. Even a dividend stock that used to be a good deal now has a high price people don't want to consider. But don't be quick to judge based on share price alone.

The deal with a good dividend stock

While you might think that a high share price means you're not getting a good deal, don't be quick to judge. If you can find a solid company with stable income, then you can ride the wave of an increase in share price, as well as dividends. Most blue-chip companies offer this, but they usually don't have the high dividend yield and lower share price to match.

So, what makes a good dividend stock? It's a company with reliable, stable income. The company can then use that income to increase the dividend yield and expand further. You then want an industry that offers this reliability.

You might think from the title I'm referring to residential properties. But that's not the case here. You don't have to invest in residences or even retail businesses to become a lazy landlord. Instead, I would look to a dividend stock that owns necessary properties.

In this case, I would look straight to healthcare.

Healthcare boom

During the COVID-19 pandemic, it became incredibly clear that the world's healthcare system needed an upgrade. Now that the pandemic is very slowly starting to be a part of the past, governments and private entities are looking to invest in healthcare. We need a better structure, and every part of the healthcare system needs improvement.

That's especially true for healthcare properties. And so, with so much investment likely to come this industry's way in the next decade or so, this is an ideal place to look for a dividend stock. Companies involved with healthcare properties can increase rents, as properties become higher quality. And what's more, many saw lease agreements increased during the low interest rates of 2020.

NorthWest Healthcare Properties REIT (TSX:NWH.UN) was no exception.

A dividend stock you can count on

It's not just the future investment into healthcare that makes NorthWest a great dividend stock. Healthcare simply isn't going anywhere. The company invests in healthcare properties throughout the sector, offering a diverse range from office buildings to hospitals. What's more, these locations are around the world. So, even if there was an economic downturn in one area of the world, the other properties would pick up the slack.

During the pandemic, this dividend stock actually saw an increase in revenue. That's due to the company seeing lease agreements sign back at an average of 14.3 years! Furthermore, it boasted 98.5% international occupancy and collected rents 98.6%! And during the last year alone, it saw its assets rise by 16.2% to $7.7 billion.

But the company isn't stopping yet. It's made recent acquisitions again and again, most recently in Australia for $2.6 billion. As it continues to grow, it will continue to grow its dividend yield as well. The company currently offers a yield of 6.15%, and shares haven't slacked during this time either. Shares are currently up 27% in the last year and 132% since coming on the market a few years ago.

Bottom line

If you want to make $200 per month, that would be $2,400 in annual income. Today, that would take an investment of $38,700, which would be about half your Tax-Free Savings Account contribution room. That means you could bring in tax-free income from this dividend stock and look forward to it for the rest of your life!

CATEGORY

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TICKERS GLOBAL

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

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