



2 Top REITs to Buy in a Scorching-Hot Housing Market

Description

If you are an aspiring property investor or are a property investor considering expanding your portfolio, I would highly recommend avoiding the red-hot residential real estate market right now. [Housing prices have soared](#), despite analyst expectations of COVID-19 and its related factors leading to a significant correction.

While current homeowners couldn't be happier with rising prices, the housing market has become unaffordable to prospective buyers. The low-interest-rate environment has encouraged increased activities and contributed to rising prices. However, the economic fallout from the pandemic amid the low-interest-rate environment creates a dangerous mix.

As interest rates eventually rise again in the future, many homeowners might struggle to keep up with mortgage payments. Rising default rates could cause a cataclysmic reaction that may have adverse implications for the entire economy.

If you want to buy real estate for investment purposes, investing in real estate investment trusts (REITs) could be a far safer alternative for you to consider. The right REITs can help you earn rental-like income as a lazy landlord, and you do not need to shell out a large sum of money to generate the income.

I will discuss two REITs that you could consider investing in for this purpose.

Summit Industrial

Summit Industrial REIT ([TSX:SMU.UN](#)) could be an ideal investment to consider. The rising demand for industrial properties could favour the REIT due to its extensive portfolio of high-quality light industrial properties throughout the country.

The light industrial sector is proving itself to be a valuable asset class amid the rising boom of e-commerce companies. Summit enjoys a competitive advantage due to the flexibility of use for the properties in its portfolios. The company's tenants can set up its properties as call centres, storage

facilities, distribution hubs, and even warehouses. The last year was a record-breaking year for Summit Industrial due to the pandemic and its effects on how the global landscape works.

The company's first quarter for fiscal 2021 ended with a 98.4% occupancy rate. Combined with its contractual rent steps, the REIT's revenues increased by 13% compared to the same period last year, and its net rental income rose by 14.2%.

Northwest Healthcare Properties

Northwest Healthcare Properties ([TSX:NWH.UN](#)) is another top REIT to buy in a scorching-hot housing market that has become unaffordable for many people. The REIT is the only healthcare sector-oriented company in Canada. The company owns an extensive portfolio of healthcare-related properties, including clinics, medical office buildings, and hospitals.

Northwest Healthcare Properties has a globally diversified portfolio of properties. It owns properties in countries like Australia, New Zealand, Brazil, and several properties across Europe. The company's management announced that it acquired four medical office building properties in the Netherlands, further extending its portfolio. The company also plans to acquire **Australian Unity Healthcare Property Trust** fully.

Healthcare remains an essential service. Northwest Healthcare Properties presents a much [better alternative to buying investment property](#) in the current market, since it can boast high occupancy rates and excellent rental income.

Foolish takeaway

Housing prices have been rising at staggering rates for several years. We may soon see some form of government intervention to cool down the glowing-hot housing market and lowering housing costs. Prime Minister Justin Trudeau has mentioned that we can expect more government intervention in the coming months, as we have already seen new restrictions around mortgage stress tests take effect on June 1, 2021.

Investing in REITs like Summit Industrial and Northwest Healthcare Properties could be a far better way to gain exposure to the real estate sector than buying an investment property right now.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
2. TSX:SMU.UN (Summit Industrial Income REIT)

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