3 REITs Are Money Makers This Summer and Beyond

Description

The pandemic environment and the uncertainties around it call for drastic action if you're an income investor. Rebalancing your portfolio in the summer and moving to safer assets like real estate investment trusts (REITs) is the best move. Three top REITs are money makers with their generous but safe dividend payments.

Necessity-based tenancy

Grocery-anchored REITs are resilient assets in the pandemic environment. **Slate Grocery** (TSX:SGR.U) is a must-buy if you have money to invest this summer. Besides its credit-rated tenants, this $603.95 million REIT pays an ultra-high 8.40% dividend.

The real estate assets of Slate Grocery are 99% grocery-anchored, and the locations are in 20 states in major metro markets in the United States. About 65.7% of the total 80 properties are essential tenants. People rely on them for their daily needs. The REIT's niche selective investment approach and necessity-based tenancy emphasize capital preservation and outsized returns.

Kroger and **Walmart** comprise 17.1% of the entire tenant base. In Q1 2021 (quarter ended March 31, 2021), Slate's revenue growth versus Q1 2020 was 1.3%. However, net income rose 981.6% on a 93.1% occupancy rate. The contractual rent collections were 96%. At $12.75 per share, Slate Grocery is a steal.

Continuing geographic expansion

NorthWest Healthcare Properties (TSX:NWH.UN) has been a dividend machine during the pandemic. This $2.78 billion landlord is the only REIT in the cure sector. Its real estate portfolio consists of healthcare infrastructures such as hospitals, medical office buildings, and clinics.

The REIT trades at $12.93 per share and pays a high 6.19%. If you're looking for durable, stable cash flows, NorthWest is the logical choice. Management is well positioned to execute its key priorities to cement its position as the leading global healthcare real estate asset manager.

Currently, NorthWest has 186 income-producing companies with a weighted average lease expiry of 14.3 years. The occupancy rate stands at 97%. The top priorities for the rest of 2021 are to scale the REIT's global asset management platform, expand geographically, and optimize the balance sheet.

In Q1 2021, NorthWest completed accretive acquisitions worth $69.3 million in Canada, Europe, and Australasia. It hopes to complete $365 million worth of development projects between Q4 2021 and Q4 2023.

Reshaping the urban and urban-suburban landscape

SmartCentres (TSX:SRU.UN) is also an excellent dividend play. This $5.03 billion REIT trades at $29.56 per share and offers a 6.26% dividend. It's also one of the top-performing real estate stocks thus far in 2021, with its 32.5% year to date. The REIT is Canada's largest developer and operator of unenclosed shopping centres.

SmartCentres's tenant base is equally impressive, with Walmart, **Loblaw**, **Metro**, and **Costco** among the anchor tenants in the 157 properties. Residential development is also a key priority in 2021 and beyond. Over 15,000 pending applications across this portfolio include apartments, condos, townhomes, and seniors' residences. The SmartVMC city centre development, the REIT's flagship properties, is just one of five Transit City condominiums closing in the fall.

Lastly, the intensification program under the SmartLiving (rental apartments, condos, seniors' residences, and hotels) and SmartCentres banners (retail, office, and storage facilities) are worth mentioning. The REIT aims to reshape Canada's urban and urban-suburban landscape.

Dependable income stocks

Slate Grocery, NorthWest Healthcare Properties, and SmartCentres are dependable passive-income providers. You have an opportunity to increase your disposable income in the summer and beyond.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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

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