These 5 REITs Are the Easy Way to Collect Easy Rental Income

Description

Real estate investment trusts (REITs) are alternatives to owning physical properties. You'd collect rental income the easy way. Many REITs trade on the TSX, and five deserve to be in your dividend stock portfolio.

Cure sector

NorthWest Healthcare Properties (TSX:NWH.UN) has been in the limelight since the onset of the pandemic in March 2020. The $2.86 billion REIT is the only real estate stock in the cure sector. It owns and operates hospitals, clinics, and medical office buildings globally.

Currently, NorthWest has 190 income-producing properties in seven countries. Would-be investors gain access to a defensive acute healthcare real estate portfolio covered by long-term inflation-indexed leases. After the first half of 2021, the average lease expiry is 14.2 years. The occupancy rate is a high 96.7%. The REIT trades at $13.32 per share and pays a lucrative 6.01% dividend.

Strong fundamentals

Automotive Properties (TSX:APR.UN) focuses on Canada's automotive retail industry with strong fundamentals. Its tenants are dealerships selling primarily European and Asian cars to the mass market segment and ultra-luxury clientele. This $494.18 million REIT is a low-cost operator due to the triple-net lease structure.

Lessees pay for everything, including realty taxes, property insurance, and non-structural capital improvements, among others. The payouts should be sustainable, given the weighted average lease term of 13 years. Purchase the stock at $12.65 to partake of the generous dividend (6.32%).

E-commerce boom

Industrial REITs like **Dream Industrial** (TSX:DIR.UN) are attractive income stocks due to the e-commerce boom. This $3.58 billion REIT has 215 industrial assets (317 properties) and still growing. The 468% and 19% growth, respectively, in net income and net rental income in the first half of 2021 versus the same period in 2020 is proof of the REIT's stability and resiliency.

According to management, Q2 2021 was an exceptionally active quarter. Besides the leasing momentum and 98% occupancy rate, Dream reported new leases and renewals where the average spread is 22% higher than previous rental rates. The share price is $17.03, with a corresponding dividend of 4.12%.

National retailers

Plaza Retail (TSX:PLZ.UN) is worthy of consideration, despite the slowdown in retail real estate. Most of its tenants in the 263 properties are national retailers that contribute 90.5% to gross rents. About 49% of its revenue comes from tenants providing essential needs. The $465.19 million REIT displayed resiliency amid the challenging environment.

In the first half of 2021, total revenue and net operating income (NOI) even increased by 5% and 13% compared to the same period in 2020. The occupancy rate remains high at 95.5%. Plaza Retail trades at only $4.72 per share but yields a higher-than-average 6.21%.

High-yield REIT

BTB (TSX:BTB.UN) is the cheapest of the five REITs ($4.10 per share) but pays the highest dividend (7.32%). Likewise, the real estate stock is one of the TSX's steady performers with its 22.05% year-to-date gain. It has a market cap of $300.9 million and boasts 64 properties (commercial, office, and industrial).

In the six months ended June 30, 2021, BTB reported rental revenue and NOI growth of 6% and 11%, respectively, versus the same period in 2020. Only 8% of its total leasable area is vacant after Q2 2021. Moreover, the government of Canada is one of the top three tenants.

Cash cows

REITs are passive-income providers, if not cash cows. Investors can become landlords minus the headaches.

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1. Dividend Stocks
2. Investing

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TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:BTB.UN (BTB Real Estate Investment Trust)
3. TSX:DIR.UN (Dream Industrial REIT)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:PLZ.UN (Plaza Retail REIT)

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