



## New Investors: Start Investing in Safe Dividend Stocks Today

### Description

Stock prices oscillate up and down unpredictably in the short term, with the release of good or bad news. For example, many growth stocks that were bid up during the pandemic, including **Shopify** and **Netflix**, have fallen off a cliff lately. It goes to show that a turn of events can happen quickly, and investors can lose money quickly if they have a short-term investment horizon.

However, [new investors](#) shouldn't lose hope. There's a safer way to make money in the stock market, no matter which way stock prices go — invest in safe [dividend stocks](#).

In general, healthcare real estate is a defensive asset class. These dividend stocks generate highly stable cash flows and pay out a big portion as regular cash distributions to their shareholders. Consequently, their shareholders can generate stable returns from those cash distributions alone, ignoring price volatility.

Here are a couple of solid healthcare real estate investment trusts (REITs) you can look at more closely as safe dividend stock examples.

## NorthWest Healthcare Properties REIT

**NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) is a good consideration for passive monthly income in your Tax-Free Savings Account (TFSA). Thanks to its global exposure, it generates rental income from a diversified and quality portfolio of healthcare real estate assets, including hospitals, healthcare facilities, and medical office buildings.

Over time, NorthWest Healthcare Properties REIT has accumulated about 224 properties in its portfolio. Its global portfolio has stable assets in Canada, the U.S., Europe, Brazil, the U.K., Australia, and New Zealand. It manages foreign-exchange risk by using local-currency debt whenever possible and having inflation-indexed cash flows. It enjoys highly predictable cash flows with a weighted average lease expiry of about 14 years! Seldom do such long contracts exist in REITs.

At \$13.79 per unit at writing, the healthcare REIT yields 5.8% and is undervalued by about 10%. So,

it's a reasonable buy for those seeking a decent return or regular income from a safe investment.

## Medical Properties Trust

**Medical Properties Trust** ([NYSE:MPW](#)) provides a similar dividend yield of 5.7%. However, MPW is focused on generating income from a global portfolio of hospitals across nine countries. About 60% of its portfolio is in the U.S. and 20% is in the United Kingdom. Therefore, it is an expert in understanding the needs of hospitals.

The high-yield dividend stock experienced a small dip recently, because it was shorted by Hedgeye this month. The healthcare REIT consists of about 438 properties and operator Steward Health Care contributes to approximately 28.9% of its Q4 2021 revenue. That's a meaningful percentage. So, it's understandable why Hedgeye dislikes MPW if it expects Steward to run into trouble financially.

"We believe MPW deserves a significantly higher cost of capital in the market, and are confident that Steward is likely not covering its rent on a pro forma basis."

*Hedgeye analyst Rob Simone*

That said, assuming Steward pays \$0 rent, MPW's payout ratio will jump to about 88%. That wouldn't be ideal, but it would still be a sustainable payout ratio. This may be why the stock dipped about 3% on the day Hedgeye announced the new short idea, but, since then, the juicy dividend stock has stayed resilient.

In fact, at \$20.33 per share at writing, analysts think the dividend stock is discounted by approximately 17%. MPW is a rare gem in the healthcare REIT space — it has a track record of increasing its cash distributions since 2013, to be exact. Its five-year dividend-growth rate is 3.1%. It last increased its dividend by 3.6% in February. Its estimated 2022 payout ratio is 62%.

If you like MPW, consider holding it in your RRSP (or RRIF) so that there will be no foreign withholding tax for its generous dividend.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:MPW (Medical Properties Trust, Inc.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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