Have $500? Buy This 6.3%-Yielding REIT in a Retirement Portfolio Today

Description

Risks of sorts and kinds have emerged in 2022. A war in Europe has led to downward revisions to global economic growth amid resurgent COVID-19 pandemic scares, an energy crisis, and a tough global fight against rising inflation. Investing in real estate could provide shelter, and real estate investment trusts (REITs) may add a good layer of returns to a retirement portfolio during a potential bear market ahead.

Times may be tumultuous today, but fears of a bear market today should ideally not detract individuals from continuing to save and invest for the beautiful days in retirement. Thus, those monthly, quarterly, or annual contributions to a retirement portfolio should go ahead as initially planned and enable you to take advantage of cheap stocks during market crashes.

Real estate has historically offered good capital protection during inflationary periods and recessions. Actually, due to their monthly distributions, REITs can boost a retirement portfolio's income and help you avoid selling stocks at beaten-down prices during a down market.

Investors wishing to deploy new capital into the market today may wish to check out this defensive REIT that touts a juicy 6.3% yield and potentially strong capital gains today.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties (TSX:NWH.UN) is one of the most promising and defensive REITs to buy and hold during a potential bear market in 2022.

The trust owns and manages a $10 billion portfolio of 229 healthcare properties distributed across Canada, the United States, the U.K., Europe, Brazil, Australia, and New Zealand. It boasts of a high 97% occupancy rate in a portfolio with extremely long-term tenant contracts that averaged over 14 years by March this year.

About 80% of NWH.UN's revenue is indexed to inflation to protect returns against purchasing-power losses.

NorthWest Healthcare REIT reported a strong 9.2% year-over-year increase in net operating income for the first quarter of 2022. Income gains were aided by a 2.2% growth in same-property net operating income. Trust income growth should remain strong this year after the recent closing of a $753 million U.S. acquisition in April, and an internal development pipeline that powers organic growth.

Most noteworthy, the REIT is transitioning into an asset-light fund manager. New joint-venture (JV) agreements in the U.K. and in the United States could increase available capital under management from $11.2 billion to $14.5 billion this year.

Is NWH.UN stock a good stock to buy at its current valuation? The trust's units are a bargain buy today considering they already trade below their most recent net asset value (NAV) of $14.73 per unit. Anticipated new joint-venture deals should increase the REIT's adjusted funds from operations (AFFO) and NAV in 2022.

NWH.UN pays dividends every month. The current $0.067 per unit monthly dividend distribution yields a juicy 6.3% annually. An increased AFFO and NAV growth from upcoming JV deals will improve the security of the REIT's distribution and unlock new capital gains.

Foolish bottom line

Spending $500 to add NorthWest Healthcare REIT's units to a retirement portfolio could add a defensive, high-yielding stream of regular monthly dividend cash flows to the portfolio. Monthly proceeds could be reinvested or used to buy other favourite stocks and REITs during a down market and set you on a wealth growth path with compounding capital returns.

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