



Grab a 6.2% Dividend With This Real Estate Investment

Description

Are you looking to grab a 6.2% yield on your next investment?

Unfortunately, that's not so easy to do these days. It used to be that you could find such yields in the oil & gas sector, but nowadays, high oil prices are making high yields harder to find. With high oil prices come high energy stock prices, and with high stock prices come low yields.

There are still some pretty decent dividend yields to be found in the energy sector today. But if you want to get truly juicy amounts of income from your investments, you'll need to be a little more adventurous. In this article, I will explore one TSX real estate investment that offers a very tasty 6.21% yield at today's prices.

Northwest Healthcare Properties

Northwest Healthcare Properties REIT ([TSX:NWH.UN](https://www.nwh.un)) is a Canadian healthcare REIT that leases out office space to healthcare providers. Its properties are mainly healthcare office buildings, which are leased to health clinics, health administrative organizations, and so on.

Healthcare REITs tend to be very stable. In Canada and the E.U., where NWH.UN does business, health care is largely government funded. In the U.S., where it is just beginning to invest now, healthcare is paid for by insurers. Healthcare is a vital life necessity and is usually paid for by either the government or major insurance companies. So, healthcare businesses tend to have a high ability to pay rent.

We can see proof of this fact by looking at NWH.UN's 2020 results. In 2020, when the COVID-19 pandemic was raging worldwide, NWH collected about 97.5% of its typical rent. So, if, in a normal year, NWH would collect \$1,000,000 in rent, it collected \$975,000 in 2020. That's pretty impressive. Due to COVID-19, many retail REITs' clients started going out of business, causing rent collection to plummet. NWH.UN largely avoided that fate, which is a testimony to the resilience of the healthcare REIT business model.

Why it's a solid investment

There are many reasons why NWH.UN is an investment worth considering. One reason I already covered: stability. Healthcare tenants have an unusually high ability to pay, and that makes healthcare REITs more stable than other REITs.

Another reason is strong financial performance. In its [most recent quarter](#), NWH.UN delivered good results:

- 2.2% same-property NOI growth
- 97% occupancy
- \$77 million in operating income, up 10%
- \$88 million in net income, up 69%
- \$47 million in adjusted funds from operations, up 24%

These were pretty good results. We normally don't consider REITs a "high growth sector," but the growth in a few of Northwest Healthcare's key metrics was very strong. So, solid financial performance is one good reason to consider adding NWH.UN to your portfolio.

Finally, we have the [dividend yield](#). At 6.21%, it's among the highest you'll find on the TSX today. The number of stocks with yields that high is vanishingly small; NWH.UN is one of the few that can claim the distinction. It's worth checking out if you like high income stocks. It's also potentially worth it if you're looking for growth, as it's been delivering solid growth lately as well.

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