These REITs Pay Dividends Over 6%

Description

High-yield dividend stocks could be the key to wealth creation. If a stock pays a consistently expanding dividend, you could rely on it to generate passive income or reinvest payouts to expand your portfolio.

A stock that pays above 6% can also help your portfolio stay ahead of inflation. Here are the top three high-yield dividend stocks that meet this target.

Slate Grocery

Toronto-based asset manager Slate has a uniquely diverse portfolio. The company has offices across the world, from Luxembourg to Chicago, and exposure to commercial real estate in Europe. The company's U.S. grocery store assets are particularly noteworthy.

Slate Grocery REIT (TSX:SGR.U) owns and manages 107 properties across the U.S., 95% of which are occupied by megaretailers like **Krogers** and **Walmart.** 68% of its tenants are considered "essential businesses." That means the cash flows are secure and reliable, regardless of market conditions.

Slate Grocery currently offers a 7.2% dividend yield. Based on the Rule of 72, you could reinvest these dividends and double your money in roughly 10 years. Of course, you could get there sooner if rents climb and Slate's dividend expands. Keep an eye on this opportunity.

Slate Office

Slate also owns a portfolio of office rental units. **Slate Office Properties** (TSX:SOT.UN) manages 55 office units across North America and Ireland. The majority of the units are occupied by AAA-rated corporate tenants or government agencies. In fact, 4.5% of the portfolio is occupied by the Government of Canada. Another 2.6% is occupied by the Government of Ireland.

Put simply, the company has a robust mix of tenants and stable cash flows. However, investors have overlooked this stock, which is why it trades at a 41% discount to net asset value. The undervaluation is also reflected in the dividend yield, which is far higher than comparable office REITs. Slate Office offers an 8.25% yield at the current market price.

As the global economy reopens and the workforce heads back to offices, Slate Office REIT could see further upside in asset value and rents.

Northwest Healthcare Properties

Hospitals and clinics are the most defensive form of real estate. These essential services aren't impacted by the credit cycle or recessions. That's what makes **Northwest Healthcare Properties REIT** (TSX:NWH.UN) a prime target for passive-income investors.

The Toronto-based company owns high-quality medical facilities across seven countries, including Brazil and the Netherlands. The average term of its rentals is 14.3 years, which gives it plenty of visibility on future earnings.

According to the Northwest team, healthcare costs account for roughly 10% of global GDP. This market is also expanding at roughly 7% annually. That's what makes it such an attractive segment of the market.

Northwest trades at a price-to-earnings ratio of 6.4 and offers a 6.2% dividend yield. This high-yield dividend stock deserves a spot on your passive-income watch list.

CATEGORY

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2. TSX:RPR.UN (Ravelin Properties REIT)
3. TSX:SGR.U (Slate Retail REIT)

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