



Why Real Estate Stocks Are a No Brainer Addition To Your Portfolio

Description

[Real estate investment trusts](#) (REITs) are some of the best stocks you can have in your portfolio. In fact, it's questionable if you don't have one or two. The reason is that real estate stocks provide you with passive income, usually in the form of dividends. But that doesn't mean every stock is the same.

The benefits of REITs

One of the first things investors typically learn is that investing in property is the best way to make passive income. Unfortunately, we don't all have hundreds of thousands of dollars sitting around just waiting to be invested. Investing in real estate can also be an enormous headache.

That's why real estate stocks are a no brainer. You can invest in properties through a company that manages them. You can invest only what you're comfortable with, and get passive income through dividends in almost every single scenario.

And many real estate stocks pay out high dividends each and every month. That's what comes from investing in property. You get solid income through rental and lease agreements, using the cash to acquire more properties and pay out your shareholders.

Industries to consider

The problem is that not all real estate stocks are equal. We've learned that over the last few years. Some retail real estate companies did poorly during the pandemic, not to mention office real estate. Even now, the world has shifted, with some people not returning to the office at all.

And, it's not just the pandemic. You should also watch out for real estate companies that can be cyclical. This might mean the stock does well during an economic downturn, but then falls when the economy recovers. The idea of real estate stocks is that you can [buy and hold forever](#), creating passive income. So you'll want something that can support this ideal.

In this case, I would consider a few avenues. Infrastructure is a no brainer, as we will always need roads, sewers, energy assets, and more. Another great consideration is healthcare, because we'll always need hospitals and healthcare facilities. Finally, food is another staple that will always be in demand, so grocery chains can be a great one to consider as well.

3 real estate stocks to consider

So, if you want to invest in all three of these areas, here are the top real estate stocks to consider.

Brookfield Infrastructure Partners LP ([TSX:BIP.UN](#))([NYSE:BIP](#)) offers a 3.89% dividend yield at the time of this writing. This falls right within the range of what is considered a good dividend yield: high enough to meet income needs, but low enough to suggest the dividend is not at risk. Brookfield holds a diversified portfolio of energy, utility, and data properties around the world. Shares are down 2.6% year-to-date, but have been recovering by 5.6% in the last month.

Another strong option for real estate stocks is **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)). As the name suggests, it owns healthcare properties around the world, with everything from hospitals to office buildings. It offers a dividend yield of 6.33% and is down 5.65% year to date. It's quite valuable, trading at 7.1 times earnings, and is already starting to recover, up 4% in the last month.

Finally, **Slate Grocery REIT** ([TSX:SGR.UN](#)) offers entrance to U.S.-anchored grocery chains, where it continues to acquire more and more across the country. It holds a 6.03% dividend yield, with shares up 2.86% year-to-date, though it's still valuable and trading at 11.8 times earnings.

No matter what real estate stocks you choose, these are no brainer buys that every Canadian should consider in their portfolio.

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2. Investing

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2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:SGR.U (Slate Retail REIT)

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