Is Now the Time to Buy Healthcare Stocks?

Description

The **S&P/TSX Composite Index** was up 49 points in mid-morning trading on August 4. Canadian healthcare stocks have gained nice momentum to open the last full month of the summer season. However, the **S&P/TSX Capped Health Care Index** was down marginally at the time of this writing. Is it a good time to snatch up healthcare stocks? Today, I want to look at three of the most intriguing options available to Canadian investors. Let's dive in.

This healthcare stock also provides huge monthly income

Canadian investors who are hungry for income from a healthcare stock should snatch up the **Northwest Healthcare REIT** (TSX:NWH.UN). This Toronto-based real estate investment trust (REIT) owns and operates a global portfolio of high-quality healthcare real estate. Shares of this healthcare stock have dropped 3.9% in 2022 at the time of this writing. The stock is still up 1.7% from the previous year.

Investors can expect to see Northwest's second-quarter (Q2) 2022 earnings on August 11. In Q1 2022, the REIT delivered revenue growth of 10% to $102 million. Meanwhile, its adjusted funds from operations (AFFO) remained flat at $0.21 per share. Northwest posted strong portfolio occupancy of 97% and same-property net operating income (NOI) growth of 2.2%.

Shares of Northwest currently possess a very favourable price-to-earnings (P/E) ratio of 6.6. This healthcare stock offers a monthly dividend of $0.067 per share. That represents a tasty 6% yield.

Here's why you should seek exposure to the telehealth space

WELL Health Technologies (TSX:WELL) is based in Vancouver and operates as a practitioner-focused digital health company with a footprint in North America and internationally. This healthcare stock has dropped 29% so far in 2022. Its shares are down 50% from the prior year.

Canadian investors should seek exposure to the telehealth space. Telehealth involves the use of digital information and communication technologies to access healthcare services and manage one's own health care. This method saw a massive spike in use during the COVID-19 pandemic. Fortune Business Insights recently projected that the global telehealth market was expected to reach US$636 billion by 2028. That would represent a strong compound annual growth rate (CAGR) of 32% over the forecast period.

WELL Health provided a business update for its upcoming Q2 2022 results on July 21. It expects to announce record revenues and total omni channel patient visit growth of 50%. This healthcare stock is still trading in attractive value territory compared to its industry peers. Investors should still look to snag stocks that are betting on the fast-growing telehealth space.

One more healthcare stock to snatch up today

Medical Facilities (TSX:DR) is the third healthcare stock investors may want to target in early August. This Toronto-based company owns and operates specialty surgery hospitals and an ambulatory surgery centre in the United States. This healthcare stock has increased 7.8% in 2022 as of late-morning trading on August 4.

Investors can expect to see its next batch of earnings on August 11. In Q1 2022, Medical Facilities posted facility service revenue growth of 7.2% to $100 million. Meanwhile, surgical case volumes delivered 6.1% growth. Medical Facilities boasts a very strong balance sheet. It is trading in attractive value territory compared to its industry competitors. Better yet, it offers a quarterly dividend of $0.081 per share, which represents a 3.2% yield.

CATEGORY

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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:WELL (WELL Health Technologies Corp.)

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