1 Oversold Dividend Stock (With a 8% Yield) I'm Buying Right Now

Description

The market carnage witnessed in 2022 has resulted in elevated dividend yields for several TSX companies. Investing in dividend stocks provides investors an opportunity to benefit from a steady stream of recurring income. As dividend yields and share prices have an inverse relationship, the recent selloff across the equity market has provided income-seeking investors an opportunity to buy stocks at a discount and enjoy a high payout.

As dividend payments are not a guarantee and can be revoked anytime, it's essential to identify companies with strong balance sheets and sustainable payout ratios. Here, I analyze one such real estate investment trust (REIT) that trades on the TSX: **Northwest Healthcare REIT** (TSX:NWH.UN).

A REIT operating in the healthcare space, Northwest currently offers shareholders a dividend yield of 7.9%. It pays investors a monthly dividend of $0.067 per share. So, an investment of $10,000 in the REIT will allow you to earn $790 in annual dividends.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Northwest Healthcare REIT	$10.07	993	$0.067	$66.53	Monthly

Northwest is a recession-resistant REIT

The healthcare sector is fairly recession proof, making Northwest REIT a top TSX stock you can buy right now. In addition to its tasty dividend payout, you will also gain exposure to sectors such as real estate and healthcare, allowing investors to diversify their portfolios.

This REIT owns, acquires, and manages properties across eight countries. Its tenants include companies involved in healthcare, life sciences, and research verticals. Northwest Healthcare has successfully delivered value for institutional and retail investors through a focus on inorganic growth and rising tenant demand.

The REIT explains it aims to build a portfolio in the cure segment of healthcare real estate. So, its properties mainly include clinics, hospitals, and medical office buildings. These properties are leased under long-term contracts, which are indexed to inflation.

Northwest Healthcare stated, “Targeting core and scaled higher acuity healthcare investments in major urban centres allows us to provide stable and growing returns for our investors.”

It has invested in regions with robust healthcare infrastructure, such as Australia, New Zealand, Canada, and Europe.

A look at Northwest’s investment funds

Northwest Healthcare REIT owns a sizeable stake in each of its investment funds. These include the following:

- Galaxy Australia: This fund was established in 2018 with a sovereign capital partner to invest in Australian-based healthcare assets. Northwest has committed to invest $5.4 billion in the fund, of which $3.1 billion has already been deployed. It has a 30% stake in this fund.
- Galaxy Europe: Established in 2020, Northwest’s Galaxy Europe fund is also in collaboration with a sovereign wealth partner. Northwest has allocated $600 million towards this fund with a total commitment of $2.7 billion and a stake of 30%.
- Vital Healthcare Property Trust: Northwest owns a 28% interest in this fund and has partnered with Vital — a company listed on the New Zealand stock exchange. With an investment value of $2.8 billion, the fund manages 47 properties with an occupancy rate of 99%.

As of September 2022, Northwest has allocated an additional $2 billion toward development projects.

The Foolish takeaway

While Northwest offers a high dividend yield to shareholders, its stock is down 30% from all-time highs. In the last decade, the stock has fallen 25% but has returned 56% to investors after adjusting for dividends.

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