



Buy This 1 Cheap Dividend Stock in December That Yields 6.45%

Description

These are very interesting times to be an investor, because stock market valuations are at all-time highs, and there is not much value out there, especially in the large-cap, blue-chip space. This means that smart investors have to search harder to find small-cap or mid-cap blue-chip stocks to invest in.

Now, I completely realize that to find stable, blue-chip but small-cap or mid-cap stocks is like trying to find a tiny needle in a giant haystack, but have no fear. I have a tremendous investment opportunity for you today in a REIT stock that is not super well-known today, but I guarantee it will be a core portfolio holding for many Canadians in the next few years.

Global healthcare real estate play

The stock I am so excited about is **Northwest Healthcare Properties REIT** ([TSX:NWH.UN](#)), a REIT that provides investors with access to a portfolio of high-quality healthcare real estate comprised of interests in a diversified portfolio of 149 income-producing properties.

The company has 10.1 million square feet of gross leasable area and \$6.2 billion of high-quality assets spread out throughout major markets in Canada, Brazil, Germany, Australia, and New Zealand.

In Canada, the REIT is the largest non-government owner and manager of medical office buildings and healthcare facilities, including major concentrations in Calgary, Edmonton, Toronto, Montreal, Quebec City, and Halifax.

On the international front, Northwest partners with the region's leading healthcare operators and has built leading management platforms globally, comprising of quality healthcare real estate assets with a [significant runway for future growth](#).

Northwest has a market cap of \$1.6 billion, which is the perfect size for investors like you and me, because this type of company flies under the radar of big institutional investors until it reaches a size of about \$5 billion.

Monster 6.45% dividend yield

At its current price of \$12.40, Northwest has a dividend yield of 6.45%, and the best part of all is that this distribution is paid out on a monthly basis.

My regular readers know that I am a big fan of monthly dividends, because I reinvest dividends into new shares, and monthly dividends mean that I get to reinvest every month, and the compounded growth on those reinvested dividends is that much greater over the long term.

The company just increased the dividend from \$0.67 per year in 2018 to \$0.80 per year in 2019, representing a monster 19% year-over-year increase.

The company has shown that it is willing to reward shareholders, as it continues to grow its financial firepower, and there is every indication that they will start considering an annual increase strategy going forward.

Tremendous financial results

Northwest has been a supremely consistent steward of shareholder money over the last few years, and the third-quarter results continued to build on that theme.

Top-line revenue increased by 4.7% to \$91.1 million from \$87 million in Q3 of last year, primarily driven by acquisition activities, which translated into a net income of \$17.7 million, up significantly from a loss of \$28.5 million in Q3 of last year.

In addition to delivering strong operating results, Northwest also advanced its strategic agenda, including integrating the \$1.2 billion Healthscope hospital portfolio acquisition.

Healthscope was a transformative acquisition for the company, because it gives Northwest a firm toe-hold in Australia with a portfolio of 43 private hospitals concentrated in large metropolitan centres throughout the country.

Investor takeaway

Northwest stock is changing hands at \$12.40 a share at the time of writing, which is a touch above its net asset value of \$12. This means that the stock is trading cheaply, and investors haven't recognized the [significant embedded future growth](#) yet.

While the world realizes Northwest's value, smart investors that buy the stock today will be rewarded with a top-tier dividend yield while they wait for the share price to double, as institutional investors start getting into the stock in the next couple of years.

CATEGORY

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1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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