3 Real Estate Stocks Under $15

Description

Investing in real estate has numerous advantages. Mainly, you get direct exposure to a “hard” asset that can hedge your portfolio against inflation and market gyrations.

Owning physical property can be a hassle, however. That’s where real estate investment trusts (REITs) come into play.

By purchasing a REIT stock, you get all of the advantages of owning property without the work.

If that sounds like a good deal to you, check out these three hand-picked REIT stocks with promising futures.

Crombie Real Estate Investment Trust (TSX:CRR.UN)

Crombie has a boring history. For nearly a decade, shares have been stuck between $10 and $15. With an average 7% dividend during that time frame, however, investors have still come out ahead.

Crombie perhaps demonstrates the epitome of what a REIT stock should be: stable, predictable, and income producing.

Today, the company owns 288 properties across every southern Canadian province. Around 96% of its space is already leased, and last year, renewals were able to boost pricing by around 3%.

Since 2006, Crombie has delivered annual returns of 10.2%. The Canadian REIT Index only produced annual returns of 8.4%, while the TSX overall produced a paltry 5.3% yearly return. Who says stability can’t produce above-average returns?

Cominar REIT (TSX:CUF.UN)

Cominar is not a safe haven like Crombie. In 2012, shares were trading above $25. Today, they're below $10 apiece.

Now armed with a 6.5% dividend and depressed valuation, Cominar shares could be a steal, but note that stability is no guarantee here.

As the largest owner of commercial property in Quebec, Cominar was hit by a perfect storm in recent years. Fool contributor Nelson Smith writes that the company "struggled with tepid economic numbers, a stretched balance sheet from a big acquisition, and two separate dividend cuts."

After the prolonged fall, are shares finally a buy? One notable portfolio manager thinks so.

With a right-sized balance sheet and sustainable dividend, Zachary George of Frontfour Capital Group has repeatedly purchased shares in 2019. He currently owns more than seven million shares.

While retail investors were upset about the dividend cuts, Zachary George is likely pleased that the company is redirecting funds to support a share-buyback program, which is authorized to repurchase more than 18 million shares. If conditions turn a corner, Cominar's bet on itself could fuel meaningful upside.

CT Real Estate Investment Trust (TSX:CRT.UN)

CT is relatively small, with a valuation of just $1.3 billion. Its dividend is also the lowest on this list at only 5.4%.

However, this stock has something the others don't have: guaranteed tenants.

CT leases its properties primarily to **Canadian Tire Corporation** stores. This makes its leaseholders nearly entirely investment grade.

Every contract has annual rental growth built into long-term leases, providing stable income and ensured growth. The company's tagline is literally "Reliable, Durable, Growing."

If Canadian Tire continues to grow, as it has for more than 30 years, CT should directly benefit. Don't expect this stock to make any splashy moves due to its narrow, niche focus, but if a bear market hits, I anticipate this REIT to outperform the rest on this list.

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