Hide From a Bear Market With These 3 REIT Stocks

Description

Real estate stocks can be ideal investments to own during a bear market, but knowing which ones to buy is critical.

If you own the right companies, revenues and profits can remain stable, even during the worst downturns. Other companies, however, can go bankrupt if conditions turn for the worst.

If you want the downside protection of real estate stocks and wish to avoid major losses, pick from this list of vetted options.

RioCan REIT

With an $8 billion market cap, bargain valuation, and 5.4% dividend, **RioCan** (TSX:REI.UN) looks like a reliable bet for the next market downturn.

After years of growth dating back to 1993, RioCan is now one of Canada's largest REIT stocks. Its 230 properties totaling 38 million square feet primarily focus on high density retail locations. Around half of the properties are located in the hyper-growth Toronto market, with 97.2% occupied by tenants.

RioCan's stability comes from its focus on well-financed national retailers and franchises. For example, it has long-term deals with **Bank of Montreal**, **Costco**, **Dollarama**, and **Walmart**.

Roughly 84% of contracts are with well-known national retailers. Having a blue-chip tenant base has allowed RioCan to post industry-leading contract renewal rates.

The focus on retail does provide some variability versus other sectors of the market, but RioCan is one of the better picks within its niche.

H&R REIT

At a $6.5 billion valuation and 6% dividend, **H&R** (TSX:HR.UN) is also one of Canada’s largest REITs.

Instead of a singular focus, the company has a broad spectrum of interests from office and retail to industrial and residential. In total, its properties comprise more than 43 million square feet.

Public since 1996, H&R has one of the longest and strongest track records within the Canadian REIT universe. Shares have doubled since 2000, all while providing a healthy annual dividend of 5% or greater. In total, the stock has generated impressive 13% annual total returns over its history.

There’s no magic formula here — just a dedicated management team that insists on a long-term focus. The net asset value per share is currently around $26. With a recent share price of just $23, now is your chance to gain exposure to H&R at a discount.

Inovalis REIT

Looking at the share price movement, there’s not much special about this $200 million REIT. Over the past five years, **Inovalis’s** (TSX:INO.UN) stock price has been stuck between $9 and $10 per share.

When you factor in the dividend, however, things get interesting.

Currently, the dividend yield stands at an impressive 8.4%. Inovalis has been paying the same payout each month for the past five years, without ever skipping or reducing the payment.

The most interesting characteristic of this REIT is that its properties are located abroad — specifically, in Germany and France. The company’s 1.3 million square feet of office property is 93% leased with average remaining lease term of nearly five years.

Due to its international focus, Inovalis looks like an ideal way to diversify your portfolio in the event of a bear market. REITs are already less volatile than the overall market, and having exposure to regions beyond North America can greatly mitigate domestic swings.

This is one of the best picks on this list if you’re specifically worried about a Canadian recession.

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TICKERS GLOBAL

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2. TSX:INO.UN (Inovalis Real Estate Investment Trust)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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