3 Real Estate Stock Picks for July

Description

Real estate stocks can give you the best of both worlds.

On one hand, they often demonstrate less volatility than the market — a great benefit during a bear market. On the other hand, they deliver consistent streams of income, which, when combined with capital gains appreciation, often lead to market-beating returns.

Want to take full advantage of these benefits? Explore the top three picks below.

Valuable diversification

In March, I'd explained how **Artis** (TSX:AX.UN) stock was a bargain following a 30% dip. While shares have increased in value since, they're still a steal.

While the 4.6% dividend isn't the biggest on this list, the company's discounted valuation is simply too good to pass up.

Valued at just $1.6 billion, Artis gives you attractive diversification benefits, both geographically and by end-user. For example, it owns properties in Alberta, British Columbia, Manitoba, Ontario, Saskatchewan, Arizona, Colorado, New York, Minnesota, Texas, and Wisconsin. Half are zoned as offices, with the rest comprising industrial and retail tenants.

When you buy Artis stock, you're gaining exposure to a diversified portfolio that isn't dependent on one particular region, industry, or customer.

Net asset value calculations suggest a "true" share price of around $14, representing more than 60% in potential upside. Management agrees and has been buying back stock to narrow the discount.

Tap into growth

Fool contributor Amy Legate-Wolfe named **Crombie Real Estate Investment Trust** (TSX:CRR.UN) a top pick, especially for TFSA investors.

Despite a lofty 5.8% dividend, she believes there could be massive upside as soon as growth initiatives hit the bottom line.

“The company is building apartments or condos above the grocery stores they own, providing a means of charging higher rents when the project is complete in the next two-and-a-half years,” Legate Wolfe wrote recently. “When all is said and done, net asset value should grow by 75%.”

Unfortunately, the market caught on, sending shares up 20% since the year began. I’d hold off on a purchase, but keep this stock high on your watch list, as a dip in July could be your last chance to capitalize on this renewed growth story.

A simple story

I love **CT Real Estate Investment Trust** (TSX:CRT.UN). It’s one of the most straightforward stories on the market today.

Only one client occupies CT Real Estate’s properties: **Canadian Tire**.

You may have visited a Canadian Tire location yourself — there are 500 locations throughout Canada. CT Real Estate owns the land and buildings for around 300 of these locations.

Canadian Tire is currently one of the country’s most admired brands, with nearly ubiquitous brand awareness. It has a rock-solid balance sheet and is a credit-worthy customer. Plus, Canadian Tire owns a large stake of CT Real Estate, so it is incentivized to form deals that benefit both parties.

CT Real Estate sports a 5.4% dividend, and despite its reliance on a sole tenant, it’s actually one of the lowest-risk stocks in the industry. Its occupancy rates are nearly always 100%. Even during an aggressive bear market, it doesn’t need to worry about attracting new clients.

It’s a niche business, but this stock truly is the best of both worlds.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AX.UN (Artis Real Estate Investment Trust)
2. TSX:CRR.UN (Crombie Real Estate Investment Trust)
3. TSX:CRT.UN (CT Real Estate Investment Trust)

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