



TFSA Investors: 2 Undervalued REITs Yielding Up to 7.8% to Buy in February

Description

Toward the end of 2019, I'd [discussed the debate](#) over real estate versus real estate investment trusts. Many young investors have found it difficult to break into the expensive Canadian housing market, which is why I thought this would be a worthy point of discussion. As well as Canadian real estate performed throughout the 2010s, REITs outpaced the traditional housing market.

REITs performed very well in 2019, while the Canadian housing market has managed to put together an encouraging rebound. I still like the former as an income generator to start this decade, especially as the Bank of Canada and other central banks appear committed to maintaining a low interest rate environment. This is good news for real estate investment.

Today I want to look at two REITs that can provide [big income](#) for a Tax-Free Savings Account (TFSA) in 2020. I also tried to target REITs that offer good value to start the month of February.

Crombie REIT

Crombie REIT ([TSX:CRR.UN](#)) is an open-end real estate investment trust that focuses on the retail industry. Its shares have climbed 25% year over year as of close on January 29. The company is expected to release its fourth-quarter and full-year results for 2019 in late February.

In the third quarter, Crombie reported same-asset property cash NOI growth of 3.3%. This was primarily due to rate increases on existing tenant leases and new leasing activity. In the year-to-date period ending Q3 2019, Crombie REIT has posted same-asset property NOI growth of 3.5%.

Property revenue has dropped 2.7% year over year to \$301 million. In the quarter, Crombie also acquired a 50% interest in a retail property with future developmental potential on Broadview Avenue in Toronto.

The stock last paid out a monthly distribution of \$0.07417 per share, which represents a strong 5.5% yield. Shares last possessed a price-to-earnings ratio of 17 and a price-to-book value of 1.7, putting it in nice value territory relative to industry peers right now.

BTB REIT

BTB REIT ([TSX:BTB.UN](#)) is an unincorporated, open-end real estate investment trust that operates in retail, office, and industrial properties and mixed use.

Its shares have climbed 23% year over year writing. Investors can expect to see its fourth quarter and full-year results by the end of March.

In the third quarter, BTB REIT reported an improvement in its occupancy rate to 93.6%, which represented a 3.9% year-over-year increase. Adjusted net income rose 7% from the prior year to \$5.8 million.

In August, BTB sold a Saguenay-based property for proceeds of \$4.4 million. BTB REIT has reported a 4.1% increase in rental income in the year-to-date period, and net operating income has climbed 2% to \$36.7 million.

The stock currently offers a monthly dividend of \$0.035 per share, representing a monster 7.8% yield. It also boasts fantastic value for income investors right now.

Shares last possessed a favourable P/E ratio of 8.7 and a P/B value of 1.0. This is an income beast that looks undervalued to start the month of February.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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