



## 3 REITs to Buy When the Market Calms Down

### Description

Canada's [real estate sector](#) has generated billions in wealth over the past 10 years. Despite fears of a looming recession, the Canadian housing market continues to enjoy a fantastic start to the new decade. While it's undoubtedly better than a full-blown meltdown, the overall stock market is starting to see the effects of the coronavirus scares.

The housing market may be on a downward trend. Still, market recovery and bounce-back in the real estate sector is part of the economic cycle.

The Bank of Canada was under pressure to drop its benchmark rate after the U.S. Federal Reserve cut 50 basis points on March 3, 2020.

The Bank of Canada also lowered its overnight target rate by 50 basis points to 1.25% on March 3, 2020. Since the financial crisis of 2009, it's the first Bank of America has cut 50 basis points. These are signs that investors should keep a closer eye on three real estate investment trusts (REITs) to capitalize on the market situation right now.

### Crombie

**Crombie REIT** ([TSX:CRR.UN](#)) is an open-ended REIT that has a primary focus on the retail industry. At writing, the stock is trading for \$15.06 per share – down by more than 9% from its January 2020 high. Crombie is still up by more than 6% year over year.

The REIT released its Q4 2019 earnings report in February 2020. The same-asset property cash net operating income (NOI) increased by 3% from 2018.

Its operating income increased by almost 120% to \$44.1 million. The REIT's same-asset NOI growth was fueled by increased rates for existing tenants, improved revenue from modernization, and new leasing activity.

The stock pays out monthly dividends to its shareholders at a juicy 5.91% yield. It's a stock that's likely

to bounce back strong as the markets recover.

## BTB

**BTB REIT** ([TSX:BTB.UN](#)) is another open-ended REIT. Its operating areas include mixed-use properties, retail properties, offices, and industrial properties. At writing, the stock is trading for \$5.00 per share – down by almost 9% from its February 2020 high. It's still up by more than 8% from its 52-week low.

Investors can expect BTB to release its Q4 2019 earnings report on March 12, 2020. Its Q3 2019 report showed its occupancy rate hit a 10-year high of 93.6%. The REIT's same-property NOI increased by more than 10% to reach \$10.6 million.

While the stock was mainly flat during the market pullback, it suddenly dropped by 12% between February 21 and February 28, 2020.

It bounced back briefly by 8.70% by March 4, 2020, but it is down by almost 5% again. At writing, the REIT is paying its shareholders dividends at a juicy 8.40% yield.

## RioCan

**RioCan REIT** ([TSX:REI.UN](#)) is Canada's second-largest REIT. The \$8.23 billion market capitalization REIT is down 6.52% from its February 2020 high, trading for \$25.94 per share at writing. The stock is still up 2.13% from the same time last year.

2019 was a phenomenal year for RioCan. Its net income rose to \$775 million compared to \$528 million in 2018. The funds from operations per diluted share increased to \$1.87 compared to \$1.85 from the previous year. Its same-property NOI growth of 2.5% for 2019 was on course for its projected NOI growth of 3% in 2020.

The REIT owns 220 properties in the real estate sector. Its portfolio consists of 38 million square feet in six of Canada's largest cities. The stock is likely to bounce back as the market stabilizes. At the current price per share, the REIT is paying its shareholders at an attractive dividend yield of 5.55%.

## Foolish takeaway

REITs present Canadian investors a fantastic opportunity during the bear market. You could consider picking up the likes of Crombie, BTB, and RioCan on the [discounted share prices](#).

Once the stock market stabilizes, I feel that the REITs can come back strong to grow your portfolio substantially.

### CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:BTB.UN (BTB Real Estate Investment Trust)
2. TSX:CRR.UN (Crombie Real Estate Investment Trust)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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