Market Crash: This REIT Is a Screaming Buy!

Description

For many of us, we're investing through our first market crash. It seems like it's going to last forever and while bear markets tend to linger on for many months, many pundits seem to be in the belief that we're poised to enjoy a V-shaped recovery.

Nobody knows how effective fiscal and monetary stimulus is going to be or when an effective treatment will curb the economic damage caused by the insidious COVID-19.

What we do know is the stock market could pop like a coiled spring on good news relating to the coronavirus such as a flattening curve, further promise with treatments, or the development of a vaccine.

In any case, investors are going to want to do some buying today rather than waiting for such good news to confirm that the bottom has been reached and the market crash is over. By acting now rather than waiting, one acknowledges that biological breakthroughs can happen at any moment and that there's not going to be a perfect time to get back into stocks.

Even though it doesn't seem like it, good news *can* still happen. And once it does, you can kiss the bargains (and their extremely high yields) that exist today goodbye. That's not to say today's deals can't get much better coming the coming weeks and months, though.

If you're in a position to buy, consider the following two REITs, which could allow investors to lock-in a massive yield that's theirs to keep, even in the event of a sudden upside correction.

REITs have been hit ridiculously hard amid the market crash due to fears over deferred rent payments and potential tenant insolvencies. While many landlords will struggle to obtain their rent over the next few months, certain REITs, I believe, will be less affected by others.

Market crash 2020: A top REIT that's been hit too hard

Consider one of the harder-hit Canadian REITs in **Inovalis REIT** (TSX:INO.UN) that now sports a yield of 16.1% after shares lost over half of their value amid the coronavirus crisis.

Inovalis is a play on French and German real office real estate. With everybody working home to help prevent the spread of the insidious COVID-19, many employers may discover, to their surprise, that productivity is minimally impacted and that renting an office may not be necessary after all.

While many small- to medium-sized businesses are likely to consider cutting the cost of an office altogether after this market crash-driven work from home experiment, a majority of firms will not be ditching the office anytime soon.

Remote work comes with its own set of challenges and the productivity results of firms will vary greatly. In many instances, I see remote employees itching to get back to the office once the pandemic subsides and the world gets back to work.

Foolish takeaway

Inovalis houses some top-tier tenants within prime urban locations. While cash flows (and the distribution) will be under a bit of pressure over the near-term, I don't believe the damage will be permanent.

Once the market crash is in the rear-view mirror, I suspect Inovalis is in a position to correct to the upside as investors realize that offices aren't going the way of the Dodo bird.

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Date
2025/08/18
Date Created
2020/04/06
Author

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