Housing Crash: 2 Safe REITs

Description

If there's one type of stock that Canadians are desperately in need of right now, it's dividend stocks. With that in mind, one of the best types of dividend stocks out there is real estate investment trusts (REITs). REITs must give out 90% of the company's earnings as dividends. So there's a strong bet that you'll receive some high dividend yields from these companies.

However, property management is going through a rough patch, along with every other industry out there right now. The housing market is already taking a dip, and a crash could come in the near future. But there are some REITs out there that you could still safely buy up in bulk and bring in cash much sooner as opposed to later.

WPT Industrial REIT

There are a lot of REITs out there that manage housing properties. **WPT Industrial REIT** (TSX:WIR.U) isn't one of them. This company owns and operates more than 70 light industrial properties, and has been acquiring more and more on a regular basis. Why? Because light industrial properties are the exact kind needed for e-commerce.

As e-commerce continues to explode, WPT Industrial will take full advantage. E-commerce stands to soar into the stratosphere as the entire world looks to online sources of everything from food to medicine. The company supplies the distribution centres for e-tailers to store products and ship them out. With a 99% occupancy rate right now, the stock isn't feeling the love it deserves. Instead, it's being bulked in with other REITs. But if you're an investor looking for a solid long-term hold, it doesn't get much better than this.

At writing, shares trade at $10.75 with a fair value of $14.20. That's a potential upside of 33%! And with a whopping dividend yield of 7.11%, that means investing half your Tax-Free Savings Account (TFSA) in this REIT would bring in $2,457.08 per year in dividends.

Choice Properties

If there's one type of REIT that might be doing better than ever, it's those involved with the grocery industry. Shares in grocery companies have soared, and that means now is a great opportunity for grocery REITs as well. That includes **Choice Properties REIT** (TSX:CHP.UN), the trust that operates companies such as **Loblaw Co**.

Choice owns a whopping 726 properties, including retail, industrial, office, and residential. However, most of the portfolio is connected to grocery real estate like Loblaw. This company in particular has been seeing solid returns even in today's market. What's more, Choice has been creating residential and business spaces above already existing Loblaw properties. This means the company can bring in even more revenue as the occupancy rate increases.

As for the stock itself, Choice trades at $13.34 as of writing. The stock already bottomed out after losing 30% from peak to trough after the crash, and now has a potential upside of 7%. This is not as significant as WPT Industrial, but it definitely has the long-term staying power for those looking to buy and hold. Then there's the company's steady 5.33% dividend yield. Investing half your TFSA in this stock today would bring in $1,927.70 per year in dividends.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:L (Loblaw Companies Limited)

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