This 10% Dividend Stock Is Still a Steal!

Description

While a market rebound may be underway, there is still one area getting seriously hit during this market crash: real estate. A housing crisis was likely to happen even before the pandemic. With people now confined to their homes, it makes selling properties next to impossible, creating a poor situation for real estate investment trusts (REIT) in turn.

However, there are some REITs that don't necessarily deserve the downward spiral these stocks have been dealt. In fact, investors should get in on them before the share price bounces back to pre-crash levels.

Lock in a 10% yield!

PRO Real Estate Investment Trust (TSX:PRV.UN) is one such stock trading at bargain basement prices. Along with other stocks, PRO tanked almost 70% from peak to trough. The stock has since climbed back about 80% as of writing, but still has a long way to go to reach pre-crash levels. That cheap price means the company is currently offering investors a 10.37% dividend yield!

PRO is an open-ended REIT, with four areas of investment properties, namely retail, office, commercial mixed use and industrial throughout Canada. All of these areas are exactly what you want from an REIT right now, especially industrial. That's space used in the booming e-commerce industry, combining the company's retail and industrial sectors.

A retail comeback

While retail might still be down, it can't be counted out. Many retail locations closed during the outbreak, but luckily it looks like that all could change. Slowly, but surely, businesses are starting to open up yet again.

Customers who have stayed inside for literally months are now looking for places to get out and spend. That's also thanks to Canada adding about 290,000 new jobs in the month of May.

As more jobs are added with more businesses opening, the cycle should continue, which will mean PRO REIT should see a boost in its revenue from its retail and other sectors. This should bring it back to the strength it saw last year. The company saw its total assets reach $634.7 million, an increase of 24.5% year over year, and a 40.9% increase in property revenue. That's given PRO the third consecutive year of occupancy rate growth to 98.4%.

Foolish takeaway

It would be crazy to pass up an opportunity like the one offered by PRO REIT. The country is setting up for a huge surge in growth as Canadians get cash back in their wallets, and retail stores open up doors yet again. While PRO likely will continue to see depressed growth for 2020, there will still be growth.

For investors looking to buy for the share price alone, there is a potential upside of 80% to reach pre-crash prices.

Meanwhile, you can use this depressed time to lock in the dividend yield. Just investing $5,000 would bring in $515.25 per year in dividend income. At pre-crash levels, that same investment would have only brought in a measly $286.65.

On top of that, while the REIT may have reduced its income given the current economic environment, it's likely to shoot it back up to $0.63 per share per year once the company rebounds.

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