



3 REITs to Buy if You Think Life Will Return to Normal in 2021

Description

General investor morale has been better since the rollout of the COVID-19 vaccine was announced late last year. The housing market has been touted to see a major correction this year amid rising prices, despite weak economic conditions due to the pandemic.

Real estate investment trusts (REITs) gave investors a real scare during the pandemic, since many retailers had to shut down their stores due to the lockdowns designed to curb the spread of the virus.

The possibility of a significant housing market crash is still there. I discussed the [REITs you could consider](#) investing in if there is a housing market correction. However, there is also a general sentiment that things will return to normal soon.

Today, I will discuss three REITs that you should consider if you think life will return to normal.

RioCan REIT

RioCan REIT ([TSX:REI.UN](#)) is one of the most important REITs you can consider for this purpose. The retail REIT suffered substantial cash flow losses due to the lockdowns, as many of its tenants were forced to scale down or shutter operations. The REIT had started diversifying away from retail real estate by investing in intensification projects before the pandemic struck.

Almost 90% of its portfolio was in the retail sector and 8% in office real estate. Both real estate segments took a hit during the pandemic. However, RioCan still managed to pay almost \$452.3 million in dividends in the trailing 12 months. Based on its Q3 earnings report, 97% of its gross rent was still safe.

Things going back to normal can provide the REIT with a significant return of its regular cash flow, providing you with excellent returns through its monthly payouts.

InterRent REIT

InterRent REIT ([TSX:IIP.UN](#)) is another ideal REIT to consider if you think that life will return to normal this year. Considering the performance it has had over the last several years, it is difficult to imagine that it is a real estate stock. The company specializes in acquiring older buildings that need repairs. It then renovates them, increases their value for unitholders, and charges more on new leases.

The company has provided over 1,000% in total returns to its unitholders. Before the pandemic struck and the Canadian growth stock's decline, InterRent's return was roughly almost 1,600% for its shareholders. If the economy can recover soon and nothing horrible comes to pass with the housing market, InterRent could continue providing massive returns to its unitholders.

Boardwalk REIT

Boardwalk REIT ([TSX:BEI.UN](#)) is another high-quality opportunity for real estate-centric investors to consider adding to their portfolios if they think life will return to normal. The residential REIT was heavily sold off due to its portfolio concentration in Alberta. As oil markets and the pandemic affecting the energy sector, Alberta residents suffered the brunt of the economic impact.

Boardwalk dramatically underperformed under the conditions. However, it can be a high-quality investment for savvier investors who view the REIT as a value opportunity. The company's growth investment project remained on track during 2020. As economic activity improves when things become normal, the REIT could see a significant improvement in its cash flows and valuation.

Foolish takeaway

There may be a [general sense of positivity](#) these days as 2021 continues. It remains to be seen whether life will return to normal. In case things begin improving drastically, RioCan, InterRent, and Boardwalk are three excellent REITs you can consider adding to your portfolio for phenomenal returns.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

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1. TSX:BEI.UN (Boardwalk Real Estate Investment Trust)
2. TSX:IIP.UN (InterRent Real Estate Investment Trust)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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