



3 Real Estate Stocks You Can't Miss in 2021

Description

The S&P/TSX Capped Real Estate Index has grown over 34% in the last 12 months and about 14% in 2021. The growth this year has been very stable so far, and the sector as a whole seems to be recovering, albeit at a relatively slower pace compared to other sectors.

But the sector has yet to reach its pre-pandemic glory, and that's not necessarily a bad thing. You might be able to pick up stocks at decent valuations and benefit from their long-term growth or dividend prospects. There are three real estate stocks that you might want to keep an eye on in 2021.

A decent growth stock

When it comes to real estate stocks, especially REITs, a [high yield](#) usually trumps capital-growth potential, but **Dream Industrial REIT** ([TSX:DIR.UN](#)) offers the best of both worlds. It has a juicy yield of 4.7% and an impressive five-year CAGR of 18.9%. And the best part is that the attractive REIT comes with a compelling valuation. It's fairly valued and a bargain at its current price.

One reason behind this REIT's impressive performance might be its impressive financials. The revenues of the REIT didn't take even a slight dip in 2020 and kept on growing at their usual pace. The REIT has 186 properties in its portfolio. It's part of a major real estate-focused group with a geographically diversified portfolio of properties.

A high-yield stock

If a high yield is your aim, then you might consider adding **Slate Grocery REIT** ([TSX:SGR.U](#)) to your investment portfolio. It's currently offering a mouthwatering 7% yield at a stable payout ratio of 43%. While it's not an aristocrat, the REIT *did* grow its payout four times in the past five years. And as soon its revenue picks up pace, it might start growing its dividend again.

The REIT has a total of 105 properties, about 98% of which are anchored by grocery stores. All of its properties are located in the U.S., concentrated in 22 states. Its tenants include names like **Walmart**, **Kroger**

, and Publix. The REIT management/administration is supporting its tenants in enriching the in-store experience for a futuristic clientele.

A powerful growth stock

FirstService ([TSX:FSV](#))([NASDAQ:FSV](#)) is a [real estate service](#) company with two industry-leading brands: FirstService Residential manages 8,500 residential properties composed of over 1.7 million units; FirstService Brands is an essential property service platform used by 1,400 franchisees.

The company has seen rapid growth in the past five years (over 200%), and the five-year CAGR is 27.2%. That is enough to double your capital in about three years. It's also a Dividend Aristocrat, but the yield isn't high enough to be a deciding factor.

Foolish takeaway

The real estate sector is currently quite stable and growing steadily, but there is a storm brewing on the horizon. The housing bubble has become quite extensive, and if it pops, the sector might see some trouble in the near future. Residential-focused REITs and real estate businesses might face the worst of it, whereas commercial real estate businesses are likely to pass through the crisis relatively unscathed.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:FSV (FirstService Corporation)
2. TSX:DIR.UN (Dream Industrial REIT)
3. TSX:FSV (FirstService Corporation)
4. TSX:SGR.U (Slate Retail REIT)

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