



A 8.4%-Yield Canadian REIT Under \$10 to Watch This Summer

Description

Truly high-quality Canadian stocks under \$10 are few and far between. But for investors with limited sums of capital to put to work, two names stand out to me as worthy of the [watchlist](#) this summer. Consider **Inovalis REIT** ([TSX:INO.UN](#)): one intriguing value option on the **TSX Index** that happens to have shares under \$10.

A Canadian REIT with a remarkable 8.4% yield

Inovalis REIT isn't technically a stock; it's a lesser-known REIT with one of the most considerable yields out there. After a glorious rally that saw shares more than double off their March 2020 lows, shares have stalled under the \$10 level. The REIT plays on the French and German office real estate markets, both of which have recovered rather [quickly](#) over the past year and a half.

Despite the swollen yield, currently at 8.4%, the REIT isn't that far off from the top.

In fact, it's right in the middle of its historical trading range between \$9 and \$11. Coronavirus crash aside, Inovalis isn't typically a very eventful name, and for that reason, shares are perfect for retirees who seek big monthly income and below-average levels of volatility.

These days, office REITs are unattractive through the eyes of most investors. Still, Inovalis is one of the better-performing office plays with its impressive office portfolio located in France and Germany.

What's most remarkable about Inovalis is that its ridiculously swollen distribution did not fall onto the chopping block last year. Many other impacted REITs had no problem slashing their distributions, but Inovalis's double-digit yield was never really in jeopardy, given shares have historically yielded north of 8%. That's why I've referred to Inovalis as a super-high yielder by design in my prior pieces.

Moreover, as a smaller-cap REIT with a sub-\$500 million market cap (it's currently at \$317 million), the degree of pricing inefficiency is bound to be higher during moments of panic. People would rather sell and ask questions later when it comes to the small- to mid-cap names that tend to overswing to the downside.

Could the REIT yield over 9% again?

Although you won't get much in the way of growth from the uneventful Canadian REIT, I think the bountiful distribution is worth keeping an eye on. The yield swelled well above 15% when shares imploded during the coronavirus crash. If you managed to buy at the moment of weakness, you ended up walking away with a colossal distribution yield that actually held up!

As the REIT rally reverses, I think investors could have a second chance to lock in a 9% or even 10% yield from Inovalis. With rent-collection rates on the right track, I suspect the payout is likely to remain secure, even as Delta variant fears cause renewed pressure on the office REITs.

Indeed, a safe 9-10% yield seems too good to be true. But I don't think it is when it comes to Inovalis. Just don't expect much growth or capital gains from the name that tends to go nowhere for years when things are normal.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:INO.UN (Inovalis Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/24

Date Created

2021/07/20

Author

joefrenette

default watermark

default watermark