



4 REIT Stocks to Buy in a Red-Hot Housing Market

Description

Stock investors have made a lot of money already from the TSX in 2021. Many more remain invested, as Canada's primary benchmark continues its winning streak in the third quarter, including the [red-hot housing market](#).

Despite the lower sales figure in August, home prices rose due to the tightening supply. However, it isn't a good time to purchase investment properties because of inflated selling prices. Four real estate investment trusts (REIT) are the next-best alternatives. The cash outlay is significantly lower, but the [income streams](#) are recurring.

Top REIT

Dream Industrial ([TSX:DIR.UN](#)) is perhaps the top choice in the real estate sector today. The \$3.54 billion REIT owns and operates a portfolio of in-demand, high-quality industrial properties. At \$16.85 per share, the dividend yield is 4.15%. Dream benefits from the e-commerce boom, which should ensure stability for many years.

In the first half of 2021 (six months ended June 30, 2021), Dream's net income ballooned 468.4% versus the same period in 2020. The REIT also ended Q2 2021 with ample liquidity, a robust balance sheet, and a high occupancy rate of 98%. Expect the leasing momentum to sustain in the back half of this year.

Second-best option

Summit Industrial ([TSX:SMU.UN](#)) is the second-best option and one of my [favourite REITs](#). The share price is a bit higher (\$21.58), and the yield (2.61%) is lower. Nevertheless, this \$3.63 billion REIT is equally stable given the focus on industrial properties.

The proactive leasing programs are why Summit continues to show strong operating performance. In the first half of 2021, net rental income grew 16.8% versus the same period in 2020. As of June 30,

2021, the occupancy rate stands at 98.8%. Its CEO, Paul Dykeman, said, "Occupancies remain at near full levels." He added that the proactive leasing programs generate solid increases in average monthly rents.

Demonstration of strength

RioCan ([TSX:REI.UN](#)) was severely beaten in 2020, yet it emerged stronger this year. The real estate stock has pared down the losses, and the current share price (\$22.56) sports a 39% year-to-date gain. If you were to invest in this \$7.17 billion REIT, you could partake of the 4.26% dividend.

Momentum is on the side of RioCan, as it continues to demonstrate strength in 2021. From a \$247.9 million net loss in the first half of 2020, management reported \$252 million in net income in the six months ended June 30, 2021. RioCan's robust leasing velocity in 2021 and 90.9% retention rate are among the reasons for the vastly improved financial results.

Grocery anchored

Canada's top food retailer, **Empire Company**, owns more than 41.5% of **Crombie** ([TSX:CRR.UN](#)), a national REIT. The real estate stock has a market cap of \$3.02 billion and currently trades at \$18.35 per share. Investors enjoy a 32.6% year-to-date gain on top of the 4.85% dividend.

Despite COVID-19's continuing disruption, Crombie reported an 11.7% increase in net rental income during the first half of 2021 compared to the same period in 2020. According to Don Clow, Crombie's president and CEO, the strong market interest in grocery-anchored properties create significant fair value growth. Empire is the anchor tenant of this top-performing REIT.

No landlord responsibilities

The four REITS are pure dividend plays and cash cows, as income investors describe them. You can derive stable, rental-like income without the need to own physical properties and perform landlord duties.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CRR.UN (Crombie Real Estate Investment Trust)
2. TSX:DIR.UN (Dream Industrial REIT)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)
4. TSX:SMU.UN (Summit Industrial Income REIT)

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