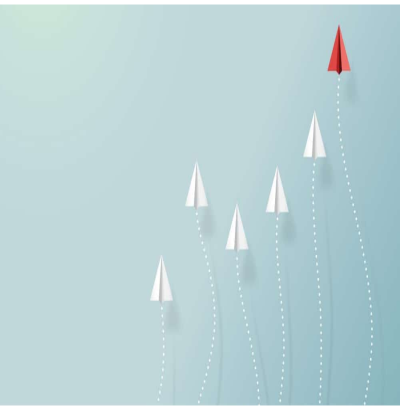

2020 Market Crash: Why This Stock Will Thrive

Description

The recent market crash has elevated concerns among some investors that a longer downturn is coming in 2020. There could be some merit in that view, as market losses have passed well into bear territory. To less-seasoned investors, the prospect of your hard-earned savings taking a double-digit haircut is, at best, a very stressful event.

Instead of focusing on those losses, there is another, more positive position that investors should turn to. Many stocks are now trading at 52-week lows, just a few short weeks after hitting 52-week highs. The reason I mention that volatility is because that drastic shift is not directly related to the performance of any one company. For whatever reason, that drastic shift has exposed some sensational stocks that are now trading at huge discounts.

One such stock that is worth mention is **RioCan Real Estate** (TSX:REI.UN).

Beat the downturn. Invest here

Market pundits point to the need to shore up on defensive stocks during a market pullback. There's a good reason for that viewpoint. Utilities and grocers make great defensive investments, because they provide a necessary service that still needs to be provided during a pullback. Housing is another important area that is largely taken for granted, and this is precisely where RioCan investors can seek shelter (pun intended).

RioCan is one of the largest REITs in the country with a portfolio of 220 retail mixed-use and retail properties. Collectively, those properties boast an impressive 38.4 million square feet of leasable area. While the company has traditionally catered to the commercial and retail sectors of the market, in recent years the company has shifted towards residential mixed-use properties.

That’s not to say the retail segment isn’t a solid option. RioCan’s portfolio of tenants includes some of the largest retailers in the country. Incredibly, no single tenant contributes more than 5% of RioCan’s annual revenue. In slowdown such as we are seeing now, that level of diversification could prove useful, particularly if another market crash is coming.

RioCan’s residential mixed-use portfolio is a genius play on the changing needs of the market. As RioCan’s traditional emphasis on commercial and retail properties was coming under attack from the growing threat of e-commerce, the company began offloading or retrofitting some of its assets to serve as mixed-use properties. The properties, which are centrally located in high-demand areas across Canada’s major metro areas, consist of modern, affordable apartments built on top several floors of retail.

The company refers to the venture as RioCan Living and plans to steadily shift its property portfolio over to that segment. The need for affordable housing coupled with the preferred location of these units make RioCan a compelling option worthy of consideration.

Is RioCan a good investment?

No stock is completely immune to the impact of a prolonged downturn. RioCan does, however, offer a few intriguing points that investors should consider.

First, there’s the well-diversified portfolio of properties I mentioned earlier. Between a complement of prominent TSX60 companies as anchor tenants and a very popular mixed-use play to enter the residential market, RioCan is well protected.

Additionally, there’s geographical diversification. The vast majority of RioCan’s properties are located in Canada’s six largest metro areas, which ensures that a slowdown in one area, such as the one witnessed several years ago in Alberta, can be minimized by growth in another.

Finally, there’s RioCan’s dividend. The company offers a monthly distribution that currently works out to an appetizing 5.60%. This could be the deciding factor for those investors looking to wait out the current market volatility in lieu of investing in riskier stocks.

In short, while not completely recession-proof, RioCan offers investors a number of compelling reasons to invest in it. Buy it, hold it, and don’t panic over the market crash.

CATEGORY

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