



## This TSX REIT Is a Top Buy in June

### Description

Oftentimes, the best stocks and REITs to buy are the biggest and most well-known companies on the **TSX**. Although periodically, you can find a big winner in an unloved or lesser-known stock, a lot of the time, the best performers are investor favourites.

That's what makes these big reliable, blue-chip TSX stocks investor favourites. Moreover, in times of uncertainty, the major blue-chips with strong management and defensive qualities have been some of the best stocks to rely on.

Their natural size and competitive advantage make their business operations robust, creating the perfect investment to hold through periods of uncertainty.

If you are looking to buy TSX stocks but are aware of the economic risks and uncertainty that persist, I'd recommend starting with large, high-quality businesses in defensive industries.

One perfect example of a buy today for long-term investors is **Canadian Apartment Properties REIT** ([TSX:CAR.UN](https://www.captre.it/)).

### Investor favourite TSX REIT

Residential real estate is one of the top industries to be invested in, and Canadian Apartment Properties REIT is one of the biggest and best on the TSX.

While the trust has no doubt had to make some changes due to COVID-19, for the most part, its business is being unaffected with 98% of rents collected in April and similar levels in May.

One of the reasons it's done so well is its strong exposure to high-quality markets and only minimal exposure to oil-producing regions that have been hit the hardest.

45% of CAPREIT's net operating income (NOI) comes from its apartments in Ontario, whereas just 4% of its NOI comes from apartments in Alberta.

On top of being a highly defensive industry, CAPREIT itself has also been a top growth stock. From 2015 up until COVID-19 hit, the TSX REIT had grown its share price by more than 110%.

Even after the stock price fell from the [market crash](#), over the last five years, unitholders have still seen the value of their investment increase by more than 75%.

The impressive returns go to show what a high-quality growth stock it's been. The company's strong development track record and excellent acquisitions it's made have driven massive value creation for unitholders.

However, for now, management says that's been put on hold. This is a prudent move to delay all CAPEX except for emergency repairs.

Despite a slowdown in capital spending and growth initiatives, that isn't stopping the trust from driving new traffic. It's been using a combination of new incentives and digital tools to continue to increase occupancy.

However, occupancy is already extremely strong. At the end of April, the occupancy rate was 98.2% in apartments and 95.8% for its MHC segment; these are solid numbers for the TSX growth REIT.

## Strong financials

Another thing that makes Canadian Apartment Properties one of the top REITs on the TSX is its strong financial position.

As of April 30, its liquidity was comprised of \$145 million in cash and \$110 million credit lines. Although this isn't that much liquidity, Canadian Apartment Properties is highly flexible and can raise more debt if needed.

The trust has nearly \$1 billion in unencumbered assets, plus its current debt to gross book value is well below its Canadian peer average of closer to 50%. Not to mention that its total debt maturing this year and next is just \$965 million. This should be covered by cash flow, which can be expected to remain robust.

The trust has seen higher costs in the short term for things such as cleaning services and the purchase of PPE. However, the higher costs have been more than offset by cost savings. These have come in the form of things like deferrals of non-emergency CAPEX and the closure of amenities.

Canadian Apartment Properties continues to offer investors significant value. The TSX REIT is still down more than 20% off its 52-week high, making it [too cheap to ignore](#).

## Bottom line

A lot of the top stocks to own in this environment have rallied considerably, whether it's nearly back to, or in some cases, even past pre-COVID-19 levels.

Canadian Apartment Properties is another one of those top investments today. However, the TSX REIT is still offering investors tremendous value. Although, with the way the market's been rallying the last few weeks, the discount may not last very long.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

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