



COVID-19 Vaccine: 2 Stocks to Buy Now if You Anticipate a Vaccine by 2021

Description

The speed and success of a global economic recovery from the COVID-19 pandemic could well hinge on the timing of an effective vaccine.

A number of companies say they are making good progress on developing a vaccine for widespread distribution by early next year. Critics suggest the markets shouldn't be too optimistic, although several high-profile medical experts indicate a 12 to 18-month time frame is achievable.

Contrarian investors are searching for [cheap stocks](#) that could surge on a positive vaccine announcement.

Vaccine benefits

Social distancing requirements make it difficult for many businesses to return to normal operations. The arrival of a vaccine would eliminate the need for keeping people separated or from frequenting spaces and touching items that have recently come in contact with others.

Certain economic sectors are particularly impacted by social distancing measures and would benefit immensely from the rapid distribution of a COVID-19 vaccine. Let's take a look at two stocks that could rally significantly next year if the drug companies succeed in getting a vaccine to market.

RioCan Real Estate Investment Trust

RioCan ([TSX:REI.UN](#)) owns shopping malls across Canada. That's a tough business today. The company is diversifying into new mixed-use sites with both commercial and residential space. The early projects appear promising.

Brick-and-mortar retail already faced challenges before the pandemic. Lockdowns across the country over the past three months provided another blow.

RioCan's core properties in six major markets are considered top-quality real estate. The reopening of malls is beginning and customers are starting to return. RioCan's tenants are diverse, ranging from grocery stores and pharmacies to cinemas and fitness centres.

Many segments rely on people being close together or having the flexibility to comfortably try out or test products before they buy. The vaccine would eliminate concerns. In order for the sector to reach normal traffic, people must feel safe.

RioCan says it isn't considering a distribution cut. The company has a strong balance sheet and doesn't rely on any single client for more than 5% of revenue. At the time of writing, RioCan trades near \$16 per unit and investors can get a 9% [yield](#).

If a vaccine arrives quickly RioCan could easily move back above \$20 by the end of next year.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is a giant in the global alternative asset management industry. The company operates businesses in three main segments including real estate, renewable energy, and infrastructure.

The real estate group is home to some of the planet's top corporate office buildings. The division also has hotels, malls, student housing, multi-family residential, industrial and other commercial sites.

Corporations have found success with work-from-home solutions during the lockdowns, and there is chatter about high-priced corporate locations in prime city centres becoming obsolete. Some companies will permanently shift to home-based staff or a hybrid solution, but premium office space will likely remain in high demand.

Many people still prefer in-person meetings over video chats. The novelty of working from home might also start to wear off as employees find they never get a break from their job. Work-life balance is tough when the bedroom, kitchen, or living room doubles as an office. The world might find that commuting isn't all that bad after all and a vaccine could put the office back in vogue.

Brookfield should benefit from rock-bottom interest rates and has a war chest of funds for new investments. The stock looks cheap at the current price near \$46. It traded around \$60 earlier this year.

The bottom line

RioCan and Brookfield Asset Management are leaders in their respective industries. If you are optimistic about the prospects of an effective vaccine being widely available in 2021, these stocks deserve to be on your radar.

CATEGORY

1. Investing

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2. TSX:BN (Brookfield)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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Author

aswalker

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