Buy and Forget This Stock Now (Along With 2020)

Description

There's just a little over a week left in 2020. It was, without a doubt, the most unexpected, unprecedented, and volatile year in recent memory. The markets started out the year strong, then tanked as COVID-19 took over, and since then stocks have had mixed success in recouping those losses. One example is **RioCan Real Estate** (TSX:REI.UN), which is still down well over 30% year to date. Despite that sharp drop, RioCan is a perfect buy-and-forget stock.

Why RioCan makes sense

RioCan is a REIT. The company is focused primarily on retail properties, specifically anchor tenants in malls. In total, the company boasts 221 retail sites with 38.4 million square feet of leasable area. RioCan's tenants comprise some of the largest names in finance and retail. Recently, the company has shifted towards adding mixed-use residential and retail properties to its portfolio in Canada's major metro areas. The logic behind this is both sound and lucrative.

The average price of a home in Toronto and Vancouver is well over $1 million. Other metro areas are quickly approaching that level as well. This effectively prices out first-time homebuyers from the metro market entirely. Instead, those first-time homebuyers are left with long commutes to the suburbs, where there are fewer amenities available. RioCan's answer to this involves those mixed-use properties I mentioned above. The properties are situated in prime locations in major metro areas, close to transit, jobs, and entertainment.

More importantly, this provides a new revenue stream for the company to offset a slow decline in traditional retail. Consumers are turning more to online purchases. In other words, this trend means that the age of the large showroom is over.

What about results?

RioCan reported results for the third fiscal quarter back in October. In that quarter, the company reported an impressive 96% occupancy rate, as well as 368,000 square feet of new leases. FFO for the quarter came in at $128.8 million, or $0.41 per diluted unit. In the same period last year, RioCan reported $142.8 million and $0.47 per diluted unit.

Turning to dividends, RioCan provides investors with a monthly distribution. The current payout works out to an impressive yield of 8.56%. That factor alone may be reason enough for investors to consider RioCan as a buy-and-forget stock.

Buy and forget RioCan now (before 2021)

No investment comes without risk. If there's one lesson to be learned from 2020 (and there are plenty), it's that no stock is immune to volatility. Fortunately, RioCan is a buy-and-forget stock that can cater to both growth- and income-seeking investors. In other words, buy it now, and hold it for the recovery and growth that will follow.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

Category

1. Investing

Date
2025/07/23
Date Created
2020/12/23
Author
dafxentiou