



This Top TSX Income Stock Could Have Much More Room to Run

Description

As we look forward to the other side of this pandemic, certain stocks are starting to look attractive. Indeed, those with strong stomachs who'd bought REITs on the dip last year have done very well for themselves. However, those who are more risk averse may view now as a great time to buy such stocks.

In this context, one REIT I think is worth considering right now is **Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)). CAP REIT is a [high-quality dividend stock](#) with tremendous upside. If momentum continues as it has of late, this is a stock that could continue on its upward trajectory for some time.

That said, let's take a closer look at this stock to see why investors may want to get excited about this REIT.

Excellent business model

As with most REITs, CAP REIT is in the business of acquiring real estate to generate cash flows to distribute to investors. This trust owns nearly 60,000 residential units in Canada and 5,600 abroad.

For those who haven't checked lately, Canadian real estate prices have soared. The net asset value of CAP REIT has risen in proportion to the market. However, it appears, at this current stock price, that investors aren't valuing this stock as they should. Thus, I see CAP REIT as one of the more [undervalued](#) real estate investment trusts out there today.

Why?

Well, CAP REIT's occupancy rates have improved of late. Indeed, the residential real estate market remains among the strongest sub-sectors for investors interested in real estate plays right now. And the company's net operating income growth has been impressive, historically speaking.

As we come through the other end of this pandemic, I expect to see CAP REIT's fundamentals look even better.

On the demographics side, I like CAP REIT's diversification. The company's focused on most core markets in Canada. With Montreal, Vancouver, and Toronto key growth markets in Canada, this is a good thing for investors. However, CAP REIT has been entering secondary markets, such as Quebec City and Victoria, that have seen impressive growth as well. Accordingly, I like the risk/reward tradeoff of this stock more than ever right now.

Additionally, CAP REIT has a robust acquisition pipeline, which should serve long-term investors well.

Bottom line

CAP REIT is a stock investors should buy and forget about. The company's management team knows what it's doing and is increasingly diversifying its portfolio.

For investors seeking a high-quality income stock to hold for the long term, CAP REIT is an excellent choice.

CATEGORY

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TICKERS GLOBAL

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

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