



Why H&R REIT Stock Plunged 20% Today

Description

What happened?

The shares of **H&R Real Estate Investment Trust** ([TSX:HR.UN](#)) dived by more than 21% this morning to as low as \$12.49 per share, despite the broader market optimism. With this, the stock hit its lowest level since February 2021, coming closer to its 52-week low of around \$11.91 per share.

So what?

H&R REIT is a North York-based [real estate](#) company that mainly focuses on maximizing the value of units by actively managing its assets. It currently has a market cap of about \$4.6 billion.

Today's sharp selloff in H&R REIT stock came after the company [announced](#) the completion of its Primaris properties spinout. This news came slightly more than two months after H&R [revealed](#) its intentions to spin off its Primaris properties on October 27, 2021. After this spinoff, the company plans to reposition itself into a simplified, growth-oriented REIT. It intends to reinvest the funds from this spinoff to fund its other major multi-residential and industrial development projects.

However, the news of Primaris spinoff completion seemingly didn't please most investors, triggering a big selloff in HR.UN stock this morning.

Now what?

Apart from providing funds for its key development projects, the Primaris spinoff will also allow H&R to make some quality acquisitions in prime locations in Toronto, Montréal, Vancouver, and high-growth U.S. sunbelt and gateway cities. These acquisitions could help the company boost its long-term growth prospects as a major growth-focused REIT. That's why I expect its stock to see a gradual recovery in the near term after today's big selloff.

In 2021, H&R REIT stock rose by 23% after witnessing 37% value erosion in the previous year. With

this, the stock is still trading well below its 2019 closing level of \$20.97 per share. While the COVID-19 woes badly affected its business in 2020, its 2021 earnings are expected to be higher than its pre-pandemic levels. That's why long-term investors may want to take advantage of the recent drop in H&R stock to buy it cheap.

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