



Why H&R REIT Stock Tanked 20% Yesterday

Description

H&R REIT ([TSX:HR.UN](#)) has come a long way. It has traded as a publicly listed stock for more than two decades. Last year, it was a [diversified real estate investment trust](#) (REIT) with retail, office, residential, and industrial properties. That's quickly changing.

REIT stocks have low volatility most of the time. So, the recent price move appears to be a big deal. Here's what you need to know.

What happened?

Yesterday, the REIT declined as much as 21.4%, which shrank to a decline of 19.8% by the end of the trading day. The reason, of course, is the spinoff of the REIT's enclosed shopping malls and certain other assets as a separately listed REIT, **Primaris REIT**, which begins trading today under the TSX:PMZ.UN ticker. The spinoff was actually completed on December 31, 2021.

H&R REIT unitholders who hold the stock will receive one unit of Primaris for every four units of H&R REIT. If you do the math, the spinoff should result in a decline of exactly 20%. So, the 19.8% decline is very close.

So what?

H&R REIT stock was already trading at a discount before the spinoff occurred. At \$12.74 per unit, the REIT still trades at a discount of about 18%. H&R REIT's [transformation](#) doesn't stop here. The Primaris spinoff is only the first step. The REIT is planning to entirely exit the retail and office real estate industries and focus on building its residential and industrial portfolio. This could trigger a major re-rating of the stock down the road.

Now what?

If H&R REIT can pull off its multi-year transformation, it can reposition itself as a leaner and more

growth-oriented REIT. This, in turn, should drive a higher valuation and price appreciation on the REIT stock. Cautious investors might wait for H&R REIT to completely exit its retail and office real estate assets before starting a position. Just note that for every step the REIT executes towards its more stable or higher growth residential and industrial portfolio, the underlying stock should ascend higher.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HR.UN (H&R Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kayng
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/09/26

Date Created

2022/01/06

Author

kayng

default watermark

default watermark