



Real Estate: 2 Recovery Stocks for Value Investors to Buy Now

Description

More than two years after the pandemic began, and we're almost fully back to normal. And despite the fact that the pandemic does still pose some risks, there's no question that now is the best time to buy several recovery stocks, even those in the real estate sector.

When buying recovery stocks, it's crucial to make sure they are still well undervalued and worth an investment. However, we also want to make sure that the impacts they faced during the pandemic won't hinder their growth or the ability of the company to operate going forward.

So, with that in mind, if you're looking for top value stocks to buy now, here are two high-quality recovery stocks in the real estate sector.

A top real estate stock to buy for exposure to premium hotels

It's hard to find an industry that was impacted harder than travel and tourism through the pandemic. That's why one of the best value stocks for real estate investors to buy now is **American Hotel Income Properties REIT** ([TSX:HOT.UN](https://www.americanhotelincome.com/)).

The REIT owns several high-quality, premium-branded hotels located in several different states across America. These have been impacted significantly and now offer significant recovery potential, both as consumers return to travelling for pleasure but also as employees start travelling more for business.

So, when the REIT reinstated its distribution earlier this year, albeit at a much lower payout than before, it was a positive sign that it's begun its recovery.

In fact, by the end of 2021, American Hotel Income Properties REIT saw occupancy levels at 90% of where they were in 2019.

So, with the stock well on its way to recovery yet still trading ultra-cheap, it's certainly one of the best stocks for value investors to buy today. Plus, in addition to the recovery potential it offers, the REIT provides a [yield](#) of more than 6% at its current price.

One of the best real estate stocks to buy today

There's no doubt American Hotel Income Properties is cheap and offers tonnes of room to grow as it recovers. But perhaps the cheapest real estate stock for investors to consider and one of the best long-term stocks to buy in the sector is **First Capital REIT** ([TSX:FCR.UN](#)).

Although we've been making excellent progress with the pandemic recently, Freehold still trades at a significant discount to its pre-pandemic price. Prior to the pandemic, First Capital traded around 20 times its adjusted funds from operations (AFFO). Today, with the stock below \$16, its price-to-AFFO ratio is below 15 times, offering tonnes of value for investors.

Part of the reason First Capital has been out of favour is due to its heavy debt load. However, with the company planning to make several dispositions, it should make headway addressing that this year.

In addition, another major factor FCR continues to trade [undervalued](#) is due to the fact that its a predominantly retail REIT.

However, its occupancy remains strong at over 96%, slightly above its five-year average and clearly showing that the stock is well on its way to recovering from the pandemic and reducing its debt.

So, while the stock is still undervalued, it's certainly one of the best real estate stocks for value investors to buy now.

CATEGORY

1. Investing

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