3 Undervalued REITs to Buy Today

Description

Last month, I'd looked at some of the top discounted dividend stocks to snag in the beginning of spring. Today, I want to switch gears and focus on undervalued real estate investment trusts (REITs) instead. These investment vehicles have historically offered steady income in what has been a friendly real estate environment in Canada. That sector is facing challenges, but the fundamentals still look strong for the long term. Let's jump in.

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Here's a top REIT to target today

Allied Properties REIT (TSX:AP.UN) is a Toronto-based REIT that owns, manages, and develops urban workspace and urban data centres in Canada. Shares of Allied Properties have dropped 11% in 2022 as of close on May 6. This has pushed the stock into negative territory in the year-over-year period.

This REIT released its first-quarter 2022 earnings on April 7. Rental revenues were reported at $144 million — up 2.8% from the previous year. Meanwhile, net income surged 141% year over year to $187 million. Allied Properties saw funds from operations (FFO) climb 30% to $77.3 million and FFO per unit jumped 29% to $0.603. Moreover, adjusted EBITDA increased 3% to $91.7 million.

Shares of this REIT possess a favourable price-to-earnings ratio of 9.1. Allied Properties last paid out a monthly dividend of $0.146 per share. That represents a solid 4.4% yield.

This discounted REIT offers nice income

Dream Industrial REIT (TSX:DIR.UN) is another Toronto-based REIT. This company owns, manages, and operates a large portfolio of industrial assets in Canada and Europe. Its shares have dropped 16% so far this year. This has pushed the stock into the red in the year-over-year period.

The REIT released its first-quarter results on May 3, 2022. An increase in fair-value adjustments to investment properties fueled net income growth of 364% to $442 million. It reported diluted funds from operations (FFO) of $0.22 — up 16% from the previous year. Dream's FFO was powered by net operating income (NOI) growth, NOI from newly acquired properties in the prior year, and lower interest expense. Meanwhile, total assets jumped 10% to $6.7 billion.

Dream Industrial last had a very attractive P/E ratio of 3.5. Its shares possess an RSI of 31, which puts it just outside of technically oversold territory. This REIT offers a monthly dividend of $0.058 per share, which represents a 4.9% yield.

Investors chasing big dividend should snatch up this stock

SmartCentres REIT (TSX:SRU.UN) is the next REIT I'd look to snag in the first half of May. This is one of the largest real estate investment trusts in Canada. The Toronto-based company manages a large and diversified portfolio that focuses on urban and sub-urban centres. Shares of SmartCentres have plunged 7.4% in 2022. The stock is still up marginally in the year-over-year period.

Investors can expect to see its next batch of results over the next week. In 2021, this REIT delivered funds from operations (FFO) of $380 million — up 3.3% from the previous year. Meanwhile, its occupancy rate remained strong at 97.4%. Its shares possess a very favourable P/E ratio of 6.2. Moreover, it offers a monthly dividend of $0.154 per share. This represents a tasty 6.2% yield.

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2. TSX:DIR.UN (Dream Industrial REIT)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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