Positive Signs From Canadian REITs Show They Could Be the Best Stocks to Buy Now

Description

Today's investing environment is one we've never seen before. There are several different factors impacting stocks, and many investors are expecting a recession. At the same time, plenty of companies continue to operate well yet are being caught up in the market selloff, creating some of the best opportunities for investors to buy stocks while they're undervalued.

What's also interesting about the current environment is that there are plenty of stocks looking to buy back shares. And while stock buybacks are meant to help increase the value of the shares, it's not always the best sign.

However, because of the unique investing environment where high-quality stocks are trading so cheaply, it's noteworthy that so many companies and even REITs are increasingly looking to buy back their shares.

So, let's look at two massively undervalued REITs with excellent operations and business outlooks that make them some of the best stocks to buy in the current environment.

A top Canadian REIT in turnaround mode

There are several REITs trading cheap today, but one of the most undervalued and best stocks to buy now has to be **First Capital REIT** (TSX:FCR.UN).

First Capital has been cheap since the pandemic began. While its operations were impacted by the pandemic, investors were also concerned with the risk First Capital had due to its significant debt load.

In recent quarters, though, the stock has made great progress in paying down some of that debt. So, with First Capital now in a much better position and trading extremely cheap, it's presenting an excellent opportunity.

In fact, the stock is now so cheap that it's one of the best Canadian real estate stocks to buy today. To give investors an idea of just how cheap First Capital REIT is, according to the seven analysts that follow First Capital, the REIT has an average estimated net asset value (NAV) per unit of $22.50.

So, with the stock around $15 today, it's trading at just 0.68 times its estimated NAV and, therefore, looks to be one of the best Canadian real estate stocks you can buy now.

One of the best value stocks to buy now

Another high-quality Canadian REIT that's currently going through a significant transition and making itself much more appealing to long-term investors is **H&R REIT** (TSX:HR.UN).

Recently, H&R has been focusing more on its residential and industrial portfolio, completing spinoffs and divesting non-core assets. Today, its business looks to be much leaner and one of the best real estate stocks to buy and hold for the long run.

However, in addition to its operations, the stock has also become unbelievably cheap lately. Just like First Capital, seven analysts are covering H&R REIT. And currently, the average estimated NAV per unit is $19.57. Therefore, with H&R trading at $13.22 after Friday's close, it's also trading at 0.68 times its estimated NAV per unit, exactly like First Capital.

So far this year, H&R has already spent nearly $180 million to buy back stock at an average price that's more than 30% below its NAV. Furthermore, management recently noted if the gap continues to widen between its market price and its NAV, it will look to buy back additional stock.

So, not only does H&R offer investors a tonne of value and a much better outlook than it has in the past, but with the REIT also looking to buy back its units, it might just be one of the best stocks that you can buy today.

CATEGORY

1. Investing

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