



2 Stocks to Buy Offering Better Value Than Air Canada

Description

Ever since the pandemic began, investors have had their eye on **Air Canada** ([TSX:AC](#)). When Air Canada stock plummeted at the start of the pandemic, it was seemingly one of the best value stocks to buy.

However, while most businesses and stocks recovered from the pandemic, Air Canada's business was impacted, and the stock continuously lost billions in cash for nearly two years.

But despite the fact that the pandemic's impact on the economy is winding down, Air Canada stock now faces new headwinds.

Plus, at this point, its stock is already fairly valued, trading between \$20 and \$25 a share. And now, with the risk and uncertainty in markets so significant these days, higher-risk stocks like Air Canada are even more out of favour.

If you're looking at Air Canada, wondering if the value stock is one of the best to buy now, here are two stocks to buy instead that offer much more compelling valuations.

A high-quality defensive stock offering better value than Air Canada

If you're looking to buy high-quality value stocks today, but you think you could also use more defence in your portfolio, you may want to consider **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)).

Algonquin is an attractive stock because it's a utility stock that also has green energy operations. Even more appealing, though, is that Algonquin is beginning to transition to an asset-cycling strategy, where its green energy segment will be committed to building and developing projects and then selling them to institutions once they are up and running and earning cash flow.

So, in addition to being exceptionally safe and defensive, over the long run, Algonquin offers investors tonnes of growth potential. It's a business that's much different from Air Canada stock and, therefore,

faces fewer headwinds.

Plus, with Algonquin trading at a forward [price-to-earnings](#) ratio of just 19.1 times, it's cheaper than many of its peers, making it one of the best value stocks to buy now. Furthermore, with the stock trading so cheap, it offers an exceptional dividend of roughly 5%. And that dividend is constantly increased each year.

So, rather than taking a chance on Air Canada stock while it's already fairly valued and facing so much uncertainty, Algonquin looks like a much better value stock to buy now.

Residential REITs are some of the best value stocks to buy now

In addition to Algonquin, another much better investment today is a residential REIT such as **Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)). CAPREIT is a massive REIT with properties all across Canada and more than 65,000 sites and suites in its portfolio.

With the entire real estate sector having come under pressure recently, CAPREIT is now one of the best stocks to buy. It's far more [undervalued](#) than Air Canada stock, and, despite facing some headwinds, it's still operating well and has plenty of growth potential both in the short and long term.

To get an idea of how cheap CAPREIT is and why it's one of the best stocks to buy now, all you have to do is look at its valuation. CAPREIT currently trades at just 0.8 times its estimated net asset value — as cheap as it was at the start of the pandemic.

Furthermore, its forward price-to-adjusted funds from operations ratio is just 22 times. That's, again, as cheap as it was in the pandemic and well below its five-year average of 26.5 times.

If you've been eyeing Air Canada stock or just looking for high-quality value stocks to buy now, CAPREIT is one of the best investments you can make today.

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3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

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