



2 Canadian Real Estate Stocks to Buy on a Pullback

Description

The market correction is finally giving investors interested in real estate a chance to buy some top Canadian stocks at [undervalued](#) prices.

RioCan

RioCan ([TSX:REI.UN](#)) had a rough run during the pandemic when country-wide lockdowns forced all of its tenants deemed non-essential retail to close their doors or only operate curbside pick-up. RioCan has some anchor clients that remained open, including grocery stores and pharmacies, but theatres, gyms, and most non-essential retail shut their doors for months.

Government aid helped many businesses make their rent payments, and RioCan negotiated special arrangements with others. Overall, the company made it through the worst of the pandemic in decent shape considering the hit on the retail sector.

Now that stores, gyms, theatres, and restaurants are open again, mall traffic has rebounded, and RioCan continues to see strong demand for empty space in its shopping centres. The company exited most smaller markets before the pandemic and is focused on six large urban centres for its future growth.

RioCan is diversifying its revenue stream through mixed-use developments that combine retail and residential units. Rising interest rates will increase RioCan's debt costs, but they are also driving more people to rental apartments. As companies call workers back to offices in the city core, RioCan's urban mixed-use properties should be in high demand and command strong rent prices.

The trust units fell to \$14 during 2020 and rebounded as high as \$26 earlier this year. At the time of writing, RioCan trades for less than \$21 and offers a 4.9% yield. The board has started to increase the distribution again after cutting the payout during the pandemic, so the current monthly distribution should be safe.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is a global alternative asset management firm that invests its own money alongside that of clients in segments that include real estate, infrastructure, and renewable energy, among others. Assets under management at the end of Q1 2022 were roughly US\$725 billion.

The real estate holdings are spread out across hospitality, corporate, industrial, and residential properties located around the globe. This group took beating during the pandemic, but the division is on the mend. Hotels are seeing strong bookings, students are returning to campuses, and companies are bringing workers back to offices.

Brookfield Asset Management has a knack for buying top properties at attractive prices and isn't afraid to book capital gains when asset values jump. Profits are then deployed into new opportunities that can deliver better returns. The company's fourth real estate fund had already raised US\$12 billion at the time of the Q1 2022 report.

Brookfield plans to spin off part of its asset management business. This is the group that invests funds on behalf of more than 2,000 clients, including institutional investors and wealthy individuals or families. Brookfield takes a fee for deploying the funds on behalf of its customers.

Brookfield Asset Management is a good stock to own to get exposure to a broad range of real estate assets around the globe while benefitting from the diversification provided by the other segments.

The stock looks undervalued right now below \$58 per share. Brookfield Asset Management traded as high as \$79 earlier this year.

The bottom line on top real estate stocks to buy now

RioCan and Brookfield Asset Management appear oversold and should deliver solid total returns for patient investors. If you have some cash to put to work and are looking to get real estate exposure in your portfolio, these stocks deserve to be on your radar.

CATEGORY

1. Investing

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1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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