



## 2 Unbelievably Cheap REITs to Buy and Hold for Years

### Description

The market environment is impacting stocks in almost every sector. Even high-quality and highly defensive REITs have become extremely cheap, making them some of the best stocks to buy now.

With [real estate](#), the best way to find high-quality investments is to look at a REITs track record but also its current portfolio today.

As long as REITs own high-quality assets and their balance sheets are healthy, these can be some of the best long-term investments you own.

So, with that in mind, if you're looking to take advantage of the current market environment, here are two unbelievably cheap REITs for investors to buy now.

### A top industrial REIT

If you're looking to buy some of the best REITs that you can have confidence owning for years, including through the current market environment, industrial REITs are some of the best to consider. And there's no question that **Granite REIT** ([TSX:GRT.UN](#)) is one of the top industrial REITs in Canada.

Granite owns properties in several countries, including Canada, the United States, Germany, the Netherlands and Austria, with roughly 50% of the portfolio located in the U.S.

Part of why it and the rest of the industrial real estate industry have so much potential is that there's been a tonne of growth in demand for warehouse space, specifically due to the significant growth in e-commerce in recent years.

And with Granite, the reason it's one of the best REITs to buy, especially now when it's cheap, is that nearly 70% of its revenue comes from its properties that serve the e-commerce or distribution industries. This is leading to significant revenue growth as leases expire and Granite can increase its rents considerably. In fact, in just the last three years, its revenue has grown by over 60%.

That top-line growth is also fueling growth in Granite's [funds from operations](#) (FFO). Over that same stretch the last three years, the REIT's FFO has increased by 66%.

Because of this attractive growth, and the potential that it has to continue growing over the long haul, its valuation has naturally increased in recent years. Even so, after its recent selloff, Granite is trading back in line with where it was valued in 2019 at roughly 17.5 times its estimated FFO.

Even its price to estimated net asset value (NAV) per share has fallen significantly in the last six months. At the end of 2021, Granite traded at nearly 1.2 times its estimated NAV per share. Today, it trades at just 0.8 times its estimated NAV.

Therefore, while this exceptional real estate stock is cheap, it's undoubtedly one of the top REITs to buy in this environment.

## One of the best Canadian REITs to buy while it's incredibly cheap

In addition to industrial REITs, residential REITs are some of the best to own long term. And of all the residential REITs in Canada, the largest and one of the best to buy while it's cheap is **Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)).

CAPREIT has properties across Canada as well as roughly 14% of its portfolio located in Europe. In total, the REIT has over 65,000 manufactured housing community sites and suites in its apartment buildings and other residential properties.

The stock is constantly growing the value of its portfolio for investors. In addition to expanding its property count and growing the value of its properties, CAPREIT is also constantly increasing the funds it's generating from its operations. This allows it to constantly increase the distribution as well as retain capital to continue investing in growth.

Despite the fact that CAPREIT is an excellent and consistent growth stock, though, first and foremost, it's a highly reliable investment. Its portfolio is well diversified, and residential real estate is incredibly defensive.

While the REIT has certainly gotten cheaper in recent months, much of that is due to its valuation falling rather than its operations being impacted. Therefore, while one of the best REITs in Canada is so cheap, now is one of the best times to buy.

Looking at its forward price to FFO, CAPREIT hasn't been this cheap since the middle of 2017. So, if you're looking for a reliable and long-term growth stock to buy now, CAPREIT is an excellent choice.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

2. TSX:GRT.UN (Granite Real Estate Investment Trust)

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danieldacosta

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