



## Recession or Not, These 2 Real Estate Stocks Are Already Ultra-Cheap

### Description

There's no question that if you want to buy stocks that you can rely on today and earn passive income from, ultra-cheap real estate stocks are some of the best to buy now.

All year long, stocks in basically every industry have been selling off, as they face significant headwinds.

Inflation is impacting businesses' costs and expenses, and, in many cases, it's also impacting revenue, as consumers now have less buying power.

Interest rates need to rise to help combat inflation, but they are also making it more difficult for companies to do business — especially companies with significant debt. And, of course, rising interest rates can also impact consumers' ability or willingness to spend.

These two headwinds, of course, are leading to worries of a recession materializing next year, which is also weighing on stocks quite significantly. Therefore, it should be no surprise that we've seen massive selloffs this year for the first time since the start of the pandemic.

The risk and uncertainty are certainly high today. However, with that being said, many stocks, especially some of the safer and more reliable stocks that have sold off significantly, are now [undervalued](#).

So, if you're looking for high-quality stocks that you can buy and have confidence holding through this uncertain environment, here are two of the best real estate stocks to consider while they're so cheap.

## One of the best real estate stocks to buy and hold for the long haul

Residential real estate is always an excellent industry to invest in due to how resilient and reliable it is. So, after the largest residential REIT in Canada, **Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)), has sold off by roughly 25%, it's offering great value and is one of the best stocks to buy now.

First off, it's well diversified across the country. Its balance sheet is in excellent shape, and its debt is certainly manageable. It is facing some headwinds and margin compression, as costs rise due to inflation. However, CAPREIT is also an incredibly reliable stock that has proven through past recessions and stock market pullbacks that it can continue to earn strong cash flow for investors.

In fact, through the last major recession in 2008 and 2009, CAPREIT actually saw an increase in both its occupancy and its [funds from operations](#) (FFO) per unit.

So, with CAPREIT now trading with one of its lowest forward price-to-FFO ratios it's had since the start of the pandemic, and at just 0.8 times its estimated [net asset value](#) (NAV), it's certainly one of the top real estate stocks to consider in this environment.

## A top growth stock that offers investors a significant opportunity

In addition to CAPREIT, **Granite REIT** ([TSX:GRT.UN](#)) is another one of the best real estate stocks to consider while it trades off its highs.

Granite is a massive REIT that owns industrial properties in North America and Europe. It, too, has an excellent balance sheet, its occupancy rate is consistently in the high 90s, and over the last few years, it and the rest of the industrial real estate industry has seen major tailwinds, as demand for industrial properties rapidly increases.

So, even with a potential recession on the horizon, Granite's business is so robust, and the fundamentals in industrial real estate are so strong that it actually has the potential to continue growing.

Plus, it offers an even more significant discount than CAPREIT, and its yield is attractive as well. After selling off by more than 26% from its high, Granite now offers a yield of roughly 4% and trades at just 0.84 times its estimated NAV, which is well below where it was at the start of the year when it was trading at 1.2 times its estimated NAV.

Therefore, whether or not a recession materializes next year, if you're looking for high-quality real estate stocks you can buy and hold for the long haul, Granite is undoubtedly one of the best to buy now.

### CATEGORY

1. Investing

### TICKERS GLOBAL

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

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