



## Morguard North American Residential REIT's Q2 Earnings Show it's 1 of the Top Stocks to Buy Now!

### Description

There are several factors impacting both stocks and investors' finances this year, such as rapidly rising interest rates and the potential for a recession next year. But, without a doubt, inflation is the most significant factor to watch, which has investors looking for high-quality stocks they can buy to offset the rapid increases in prices, such as **Morguard North American Residential REIT** ([TSX:MRG.UN](#)).

Inflation is easily the most important issue impacting the economy, because it is causing interest rates to rise significantly, and it's also one of the main reasons why a recession is expected.

But as Morguard again showed for the second quarter in a row, its geographic diversification is crucial in helping to offset the impacts of inflation.

So, let's look at why it's one of the best stocks you can buy now.

## Residential real estate is one of the most defensive industries to invest in

First off, Morguard is an excellent REIT that you can buy and hold for the long run, as it's well financed, has a massive and diverse portfolio of real estate assets, and operates in the residential real estate industry.

We all need somewhere to live. Therefore, residential real estate is one of the most defensive industries that you can invest in. So, Morguard is a REIT that you can buy now and have confidence owning for the long haul.

It's constantly bringing in tonnes of cash flow, which allows it to return some to investors and keep the rest to invest in more growth down the line.

In addition, the REIT has also begun to recycle capital now, selling off more mature and fairly valued

assets and using the proceeds to invest in undervalued properties.

## Morguard REIT looks undervalued at these prices

This week, Morguard REIT reported its second-quarter earnings, and, in addition to showing how well it's performing in this high-inflation environment, Morguard also showed that at these levels, the stock is undervalued.

Morguard reported [funds from operations](#) (FFO) per unit of \$0.34 in the quarter, which was ahead of the consensus estimate of \$0.32 and up more than 20% year over year. In addition, its same-property [net operating income](#) (SPNOI) was up a whopping 16% in its American portfolio, which is helping Morguard to offset the massive increase in costs and continue growing its profitability.

Therefore, not only is Morguard performing well in this environment and offering investors an attractive distribution yield of 4.2%, but it's also well [undervalued](#) and offering investors the opportunity to buy at an attractive valuation.

For example, looking at Morguard's price compared to its estimated [net asset value](#) (NAV), the stock is ultra-cheap. Morguard REIT is trading at just 56% of its estimated NAV per unit, which is below its long-term average of 76%. In addition, it's also well below its Canadian and U.S. peers, which are trading at average P/NAVs of 72% and 87%, respectively.

Furthermore, Morguard's forward P/FFO ratio is also ultra-low and well below many of its peers, currently sitting at just 12.3 times.

So, if you're looking for high-quality real estate stocks to add to your portfolio, or if you just want a highly reliable business that can help offset the impacts of inflation, then Morguard residential REIT is one of the best stocks to consider today.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

### PP NOTIFY USER

1. danieldacosta
2. kduncombe

**Category**

1. Investing

**Date**

2025/08/23

**Date Created**

2022/07/28

**Author**

danieldacosta

default watermark

default watermark