Why You Should Buy This TSX Stock Deal (Before Everyone Else Does)

Description

These days, investors have the opportunity to sort through many deals when analyzing **TSX** stocks.

Many companies have seen their share prices sell off significantly over the last year, giving investors the chance to buy stocks that they can hold for years.

But while there are plenty of stocks trading undervalued and ones that offer potential when the market recovers, what's even more important is finding a high-quality business that can grow for years to come.

This way, you can not only enjoy a significant return when the market eventually does recover but also consistent gains for many years down the road.

And since these best-of-the-best TSX stocks often trade with a premium, having the chance to buy them at a deal today is an opportunity you don't want to pass up.

Canadian Apartment Properties is one of the top stocks to buy now

While there are cheap stocks in every industry, **Canadian Apartment Properties REIT** (TSX:CAR.UN) is one of the best of the best and continues to be undervalued.

And while it certainly still offers value, it has already rallied off its lows, which is why you'll want to buy the stock soon before everyone else does.

Canadian Apartment Properties is the largest residential REIT in Canada, with over 65,000 manufactured housing community sites and apartment suites in its portfolio across the country. Residential real estate is well known to be one of the most attractive industries to invest in, considering how defensive it is in addition to the long-term growth potential that it offers.

So considering the size and reach of CAPREIT, it's one of the best and most diverse ways to gain exposure to Canadian housing, allowing anyone to become a lazy landlord.

CAPREIT's reliability, long-term potential and current value make this TSX stock an attractive deal

With interest rates rising rapidly over the last year and another increase again today, there is certainly some concern about the debt on the balance sheets of real estate stocks.

However, while CAPREIT has used debt in the past to help rapidly grow its portfolio and leverage its operations, the REIT has managed to keep a strong balance sheet. In fact, its debt to gross book value (D/GBV) ratio is below 40% at just 39.4%.

Furthermore, when it comes to revenue, CAPREIT hasn't had a single quarter in the last decade where its sales didn't grow year over year. That not only shows how impressive and consistent its growth is, but it also reminds us what a reliable investment this well-diversified residential real estate stock can be.

And considering that CAPREIT is constantly earning tonnes of cash flow as well as expanding its business, it should be no surprise that it's a Canadian dividend aristocrat. The REIT has a distribution growth streak of 10 years, the longest of any residential REIT on the dividend aristocrats list. Plus, it returns cash to investors every month rather than every quarter.

Prior to the shift in market conditions and CAPREIT's sell-off at the end of 2021, the stock had a price-to-estimated net asset value (NAV) of exactly 1 times. Today, after writing down over $500 million in assets in the last two quarters, the stock still trades at a discount with a price-to-estimated NAV of just 0.9 times.

In addition, its forward price-to-adjusted funds from operations (P/AFFO) ratio at the end of 2021 was 27.6 times. Today, CAPREIT has a forward P/AFFO ratio of just 24.6 times.

Bottom line

CAPREIT operates in one of the most defensive industries and offers investors an incredibly well-diversified portfolio of high-quality assets. Plus, when you consider its consistent growth, it's a top stock to buy now and hold for years.

So while you can buy this top-notch TSX stock at a compelling deal, CAPREIT is one of the top investments you can make today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
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