



## Investors May Need to Lock In Profits for the Dream Family

### Description

With several different real estate investment trusts (REITs) under the Dream family umbrella, investors may need to think about taking money off the table as the values of these securities has started to be fully realized. There have been a number of different factors that have driven each one higher, potentially leading to a peak in price.

The smallest of all three is **Dream Industrial Real Estate Invest Trst** ([TSX:DIR.UN](#)). At a current price in excess of \$9 per share, the stock offers investors a dividend yield of more than 7.5%, while having paid out slightly more than 60% of cash flow from operations (CFO) for each of the past two years. Although the yield remains excellent, investors must take into consideration that the higher share price leads to a lower dividend yield. In addition, as many REITs trade near tangible book value, shares of this industrial REIT, which are currently at a 52-week high, are priced at more than 1.2 times this metric. Although shares offer a high dividend yield, the share base is increasing every quarter, which will result in the dilution of existing shareholders.

The second largest of the three is **Dream Office Real Estate Investment Trst** ([TSX:D.UN](#)). After cutting the dividend two times over the past few years in addition to stopping the dividend-reinvestment plan, Dream Office has finally found some momentum and increased by more than 10% in value in the past three months.

As shares currently trade at approximately \$21 per share, the dividend yield equates to slightly less than 5%, as investors are currently receiving little more tangible book value than \$22 per share when purchasing this security. Although the value can clearly be found in the company's share price (leading to the potential for capital appreciation), most investors do not seek out REITs for capital appreciation; instead, they buy REITs for dividend income. The upside with this name may remain subdued until the dividend is increased once again.

Last up are shares of **Dream Global REIT** (TSX:DRG.UN). At a price of more than \$11 per share, Dream Global offers investors a yield of more than 7%, but it may be the least dependable of the group. Although the Canadian dollar has remained relatively low, revenues from the REIT are derived from Germany and Austria, signalling that there may be significant risk to investors as interest rates

increase and the Canadian dollar continues to strengthen. Given the higher risk and the company's share price is in lockstep with the amount of tangible book value, investors may need to either be very careful or potentially lock in profits as the currency would not only dampen revenues, but also make the assets significantly less valuable.

As many investors have been able to benefit significantly from the decisions undertaken by management over the past several years, it is always important to remain diligent — even when things are going well. Given the current rising interest rate environment, the low-hanging fruit investors dream about may have been picked.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. TSX:D.UN (Dream Office Real Estate Investment Trust)
2. TSX:DIR.UN (Dream Industrial REIT)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
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