# Dividend Investors: Consider This Real Estate Stock Today

## Description

Real estate is one of the best assets to invest in because everyone needs it. Whether it is residential or commercial, people need to live and work someplace. And owning **Dream Office Real Estate Investment Trst** (TSX:D.UN), in my opinion, is a great way to gain the right exposure.



But one thing to remember is that not all real estate is created equal. That was the case for Dream Office for a long time. In Q4 2013, it owned 186 different properties across 15 different markets. But when oil prices turned, investors learned very quickly that the company wasn't in a great position.

Since then, the company has been in rebuilding mode. Unfortunately, it hasn't been painless. Investors have had to deal with two dividend cuts, one of which was in 2017.

However, what has come out of this rebuilding is a company focused on top-quality real estate, which investors should be excited about. Let's dive in a little to understand.

Since the beginning of 2016, the company has sold $3.3 billion in assets. The company was going all-in on Toronto with the expectation that 72% of its net operating income coming from the city this year. With 25% of the population there and lowest vacancy rate in North America, the city is the perfect place to invest.

But it took time for investors to realize that the company was a worthy investment. Because of that, the company has been buying back shares in an effort to bring the share price in parity with its NAV. In Q4 2015, there were 113 million shares outstanding; that has been reduced to 79 million.

Dream Office's NAV is $23.46, yet shares are currently trading for $22 — a 6.3% discount. If you were to buy, you'd be paying $22 a share, but you'd be getting real estate exposure worth $23.46, which is like getting free real estate.

And like I said in the headline, this stock is perfect for dividend investors. Buying today would give you a 4.54% yield, which means you'd get $0.08 per month. Any income investor could use that monthly distribution.

Some might question this logic considering the dividend cuts that took place over the past few years.

In my opinion, the dividend cuts were necessary. The company was bloated. Now that the company is much leaner, has fewer shares, and is focused on a growing market, I believe the dividend is safe. And with the weighted average lease term over five years, I see little reason why the company should see a slowdown.

Something else to consider: there are some analysts who believe that having exposure to real estate can help portfolios when bear markets rear their ugly heads. And although the market is doing incredibly well right now, it doesn't hurt to be prepared.

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jaycodon