This REIT Has Massive Upside for Long-Term Investors

Description

Real estate investment trusts, or REITs, represent some of the best long-term opportunities in the market for investors — particularly those investors that have a dream of one day owning and renting property as a landlord.

REITs will typically own hundreds of properties that are scattered across a large geographic area. Often, a REIT will target one or more specific types of investments, such as housing units in urban areas or large shopping outlets. Some REITs will adopt a mixed-use policy that diversifies their portfolios across both commercial and housing segments, reaping the benefits of both.

To put it another way, investing in a REIT is about as close as you can get to becoming a landlord and benefiting from a monthly rent cheque without having to chase a tenant down for their rent or being on call to perform costly repairs.

One REIT that is definitely worth considering is **Dream Office Real Estate Investment Trst** (TSX:D.UN).

Meet Dream Office

Any well-versed real estate agent will say that property prices and demand are all about "location, location, location," and, for the most part, that holds true when looking at potential REIT investments.

In the case of Dream, that statement couldn't be further from the truth. The company has an impressive portfolio of over 40 different properties that, together, comprise 7.8 million square feet and are primarily targeted towards business and office properties within the central business areas of major metro areas of the country. By way of example, 60% of Dream's properties are located within the Toronto downtown area where both demand and rents are higher.

Many of Dream's properties are leased to large companies with occupancy rates at or close to 100%.

Despite that enviable portfolio of investments, Dream underwent significant changes over the past few years. The company was forced to slash its unsustainable dividend on two occasions over the past few years, each time resulting in a sell-off on the stock that introduced an opportunity for investors, as the company's NAV was higher than the trading price.

What followed was a series of asset sales that brought down overall debt and made Dream the leaner, more stable company that it is today, which is reflected in its quarterly results.

In the most recent quarter, Dream's 41 properties provided a net income for the company of $32.52 million compared with the same quarter last year where a total of 106 properties provided a net income of just $136,000.

Funds from operations came in at $35.46 million — an expected drop over the same period last year where Dream had more than double the number of properties in its portfolio, but it's an improvement over the $32.23 million posted in the previous quarter.

With the two cuts to its dividend well in the past, Dream still provides a very appetizing monthly distribution with a yield of 4.26%, which makes the company a very appealing income investment.

In my opinion, Dream is a solid option for those investors looking for a long-term investment that can provide growth and income potential for years to come.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:D.UN (Dream Office Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date
2025/07/01
Date Created
2018/06/28
Author
dafxentiou