



Recent Goldman Sachs (NYSE:GS) Investment Suggests a Massive Opportunity to Be Had in Calgary's Real Estate Market

Description

The asset management division of **Goldman Sachs** ([NYSE:GS](#)) recently announced that it had taken a minority stake in Toronto-based alternative investment manager Slate Asset Management.

Slate has over \$6.2 billion in assets under management and over 29 million square feet worth of real estate assets that continues to grow.

Slate's management team has a contrarian mindset and has been making huge bets on the Calgarian real estate market of late, with several acquisitions made primarily in Calgary's downtown core in the years prior to the 2014 plunge in oil prices.

You may know Slate Asset Management as the company that's behind the two publicly-traded entities, **Slate Office REIT** (TSX:SOT.UN) and **Slate Retail REIT** (TSX:SRT.UN), two relatively young REITs that share the common mission of uncovering and investing in [overlooked opportunities](#) in the Canadian real estate space to maximize long-term value for its shareholders.

Both publicly traded REITs have been under a considerable amount of pressure of late thanks in part to the decidedly unattractive office and retail real estate sub-industries.

Slated to double down on Calgary

We all know how brutal it's been to be a real estate investor in Calgary since the 2014 plunge in oil prices. Although prices are now at attractive levels, many investors remain turned off at the thought of owning anything tied to the Alberta given the direct exposure to Alberta's energy capital — the source of most of the pain.

Slate COO Brian Bastable previously noted that Slate that he "...would definitely look for more office properties [in Calgary's] downtown as well as the suburbs and our fund will acquire any asset class," also expressing interest in retail and industrial properties across that city.

“We don’t believe Calgary is going anywhere. We believe in the market, and we think now is a good time to acquire a strong ownership stake in the market at a very good basis relative to how we can buy in other cities throughout Canada.”

The most remarkable part of the Slate’s Calgarian investment history is the fact that it had sold out of its Calgary-based properties in 2011, prior to the significant drop in 2014.

Talk about impeccable timing.

Slate’s recent bout of bullishness on the Calgarian real estate, I believe, is a sign of good things to come for Alberta’s energy hotbed. And Goldman Sachs seems to be buying in on Slate’s contrarian investment thesis.

Moving forward, I find it more than likely that proceeds from Goldman’s investment will be used to pull the trigger on more properties across the city of Calgary, as its roughed-up real estate market begins to show signs of life.

Although Slate’s a raging bull on Calgary, it’s worth remembering that the firm has an extremely long-term view and properties purchased today may not have significant capital appreciation until many years down the road.

Moreover, neither Slate Office REIT nor Slate Retail REIT are geographically diversified REITs and indeed are not the best ways to bet on the Calgary market per se.

Given Slate’s past moves and its extremely bullish comments on Calgary’s attractively-priced real estate market, however, I’d expect the portfolios of both companies may tilt towards Calgary as Slate makes good use of Goldman’s deep pockets.

My takeaway?

Don’t count out cowtown.

It may just be [the biggest opportunity](#) in the Canadian real estate market, and Slate may be ready to make an even bigger splash now that a significant source of funding has been secured.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:GS (Goldman Sachs)
2. TSX:RPR.UN (Ravelin Properties REIT)
3. TSX:SGR.UN (Slate Retail REIT)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date

2025/08/22

Date Created

2019/08/22

Author

joefrenette

default watermark

default watermark