



Earn 20% Annual Returns with North America's Best Real Estate Stock

Description

Wall Financial Corp. ([TSX:WFC](#)) is a Canadian public real estate investment and development company. The company's asset base consists of residential apartment properties and hotels located in the Metro Vancouver region of British Columbia.

The majority of these properties were built and continue to be managed by the company. The total number of hotel units owned by the company is 921, and the total number of residential and commercial units owned by the company is 952.

These properties provide a stable income stream and capital appreciation that's for further asset growth, investment in development properties for resale, and to pay dividends to shareholders.

The company has a price to earnings ratio of 6.63, a price to book ratio of 5.84 and market capitalization of 1.04 billion. Debt is very opportunistically used at Wall Financial, as evidenced by a debt to equity ratio of 2.65.

The company has excellent performance metrics with an operating margin of 39.60% and a return on equity of 68.91%.

The company operates in three different segments of the real estate industry: ownership and management of revenue-producing residential and commercial properties, the ownership and management of hotel properties, and the development and sale of residential housing units (development properties).

The company owns and manages 11 rental properties in Metro Vancouver consisting of 947 residential and 5 commercial rental units.

The residential units are leased primarily for one-year terms, and all leasing arrangements are governed by the *British Columbia Residential Tenancy Act*.

Rental rates may be increased on tenant turnover or on the anniversary date of each tenant's date of occupancy. The average turnover rate for all of the company's units is approximately 35% annually.

In order to keep properties competitive, properties are regularly upgraded to ensure that the company achieves top rental rates.

Upon acquisition, older properties are typically renovated. The company recently commenced renovations at three rental properties to maximize earnings potential from these properties.

The company's St. George's property in North Vancouver underwent substantial renovations and is now fully leased.

The Ambleside property located in West Vancouver and the Seafair property located in Richmond are currently undergoing cosmetic renovations as well as upgrades to the plumbing and elevator systems. Upgraded units appear to be achieving substantially higher re-rental rates.

Wall Financial also plans to increase the company's portfolio of rental properties by 519 units over the next few years through the development of new purpose built rental properties.

The company will add 213 rental units when it completes the Shannon Wall Centre rental building in Vancouver and another 266 rental units upon completion of the Yaletown building. The company plans to build 41 residential rental units at 1121 Seymour Street in Vancouver.

Continued growth in average daily rates at the hotels resulted in increased revenue from hotel operations on a year over year basis.

Revenues from the company's rental properties also increased due to higher re-rental rates. Revenue from development operations also increased due to 267 closings of condominium units with higher sales prices in the current year.

Owning Wall Financial appears to be a great way for Canadian investors to get portfolio exposure to the Vancouver rental market.

CATEGORY

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1. TSX:WFC (Wall Financial Corporation)

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