



This Billionaire Real Estate Developer Reveals His Top Stock Pick Today

Description

Mitchell Goldhar isn't like most other real estate developers. The man is a legend.

He founded his own real estate development firm in the early 1990s after spending time working at the family company. He pitched then-**Walmart** CEO Sam Walton on expanding into Canada with Goldhar developing the real estate. After turning down the real estate developer, Walton gave in and brought Walmart to Canada in 1994.

The rest, as they say, is history. Goldhar spent the next 25 years developing commercial real estate across Canada, primarily locations that have Walmart as the main tenant. In 2015, Goldhar merged his company with Calloway REIT, another Walmart-focused landlord, creating **SmartCentres REIT** ([TSX:SRU.UN](https://www.smarcentresreit.com/)) in the process. Goldhar became SmartCentres's executive chairman and remains an active participant in the company's ambitious development program.

In fact, Goldhar's own company — Penguin Investments — is partnering with SmartCentres on the latter's marquee project, a massive mixed-use project in Vaughan, Ontario. When this project is completed, it'll offer 12,000 residential units, 750,000 square feet of retail space, and some 1.5 million square feet of office space. It's located at the intersection of two of Canada's busiest highways, and it's just 45 minutes away from Downtown Toronto via subway.

Needless to say, Goldhar is a pretty impressive real estate developer. In fact, *Forbes* estimates his net worth is \$2.2 billion, a figure that easily places him among the top 100 [richest Canadians](#).

Despite all the chaos in the world today, Goldhar is aggressively adding to what he thinks is a painfully undervalued investment. Let's take a closer look at his top choice today.

What this real estate developer is buying

Goldhar's top investment option today isn't land for new developments or even some obscure piece of real estate he's plucked from motivated sellers. No, Goldhar is simply using the weakness to load upon what he views are insanely undervalued shares of his own company.

That's right. Mitchell Goldhar is buying up SmartCentres shares like they're going out of style.

Over the last month or so, Goldhar has quietly purchased more than 250,000 SmartCentres shares, steadily buying as shares melted down. He was buying as the stock collapsed from \$30 per share all the way down to \$15 per share. The stock is a little above \$18 as I type this, which means folks who are getting in today are getting a better deal than Goldhar did.

More reasons to buy

Goldhar summarized his position on SmartCentres shares with this quote in *The Globe and Mail*:

"The market's valuation of SmartCentres makes no sense. The market is treating SmartCentres units as if 50 per cent of our retail space in existence will be closed not just for two weeks, not just for one month or for three months, but forever, never to open or be leased again, ever, to anyone, as if the buildings will disappear off the face of the Earth, along with the land under them, never again to generate revenue."

I agree with the real estate developer's stance. The company has spent decades accumulating excellent property that's still teeming with potential redevelopment opportunities. And yet it trades at a significant discount to [book value](#).

The stock is also dirt cheap if you think profitability will return to a more normal level. It earned \$2.26 per share in funds from operations in 2019, and it initially told investors to expect a better year in 2020. That puts shares at just over eight times the REIT's trailing earnings.

The bottom line

Mitchell Goldhar has obviously done a few things right. If he thinks SmartCentres shares are undervalued here, I'm going to err to his judgement. After all, he knows the company and the market a whole lot better than I do. That's why I've been adding to my position in the company lately. Perhaps you should, too.

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1. Editor's Choice

TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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