



TFSA Investors: Retire Rich with January's Top Stock

Description

BSR Real Estate Investment Trust ([TSX:HOM.U](#)) owns and operates a portfolio of 50 [multifamily real estate properties](#), with a focus on garden-style multifamily communities in several high growth markets across the Sunbelt region of the United States. This well-managed real estate investment trust (REIT) owns low-rise buildings, usually two to three stories high with an average of 200-300 total apartment units.

Garden-style communities are usually constructed with wood frames and without elevators, providing for lower maintenance capital expenditures as compared to [high-rise and mid-rise multifamily properties](#). Many of these communities have common areas such as open lawns, landscaping and pathways, and have amenities such as outdoor pools with designated barbecue grilling stations, clubhouses and playgrounds.

BSR REIT is extremely inexpensive with a price to earnings ratio of 5, price to book ratio of 0.71 and market capitalization of 258 million. Debt is high at BSR REIT as evidenced by a debt to equity ratio of just 2.38. The company has excellent performance metrics with an operating margin of 45.22% and a return on equity of 15.61%.

Low density rental communities are primarily located in rural areas of primary or secondary markets. New comparable infill developments are not very common due to limited site availability and zoning restrictions. These communities often offer attractive accommodation options for middle income renters.

Multifamily communities provide housing options to a broad tenant base that includes renters by necessity and renters who are less likely to move into a newly constructed multifamily property or into a purchased home. BSR REIT owns and operates properties in five bordering states within the Sunbelt region of the United States. The Sunbelt region of the United States stretches across the South Atlantic and Southwest portions of the United States.

BSR REIT's management has focused on garden-style multifamily communities since the multifamily asset class has significant upside that can be realized through rental rate increases during times of economic expansion, as well as provides downside protection as residents downgrade to more

moderately priced multifamily properties during times of economic contraction.

BSR REIT has identified that the sunbelt region has experienced rapid economic and population growth over the past few decades, along with warm climate and low seasonality. BSR REIT's multi-family leases have a larger and less concentrated tenant base with a duration of about one year. Multi-family real estate's greater diversification and reduced volatility has mitigated single resident risk exposure for the company.

BSR REIT's average property age is 28 years, and the portfolio consists of 50 multifamily properties comprising 10,451 apartment units located in 14 markets within five bordering states in the Sunbelt region of the United States. Average occupancy is 95% and the company's weighted average rent is about \$925 per apartment unit.

The company regularly sells non-core properties as part of a capital recycling program. BSR REIT is able to recycle the proceeds from the sales on a tax-deferred basis into markets with high growth potential that meet the REIT's strict acquisition criteria. The company has won one of the best places to work in the state of Arkansas for three consecutive years.

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