



Trading Alert: 1 High-Yield Dividend REIT Stock to Buy

Description

BTB ([TSX:BTB.UN](https://www.bse.com/quote/BSE/BTB)) is a real estate investment trust (REIT) that [owns properties](#) in eastern Canada, primarily Québec and Ontario. The company employs 68 people and owns 67 retail, office and industrial properties with a total leasable area of about 5.7 million square feet and an approximate market value of \$910 million.

BTB is very cheap with a price-to-earnings ratio of 5.78, price-to-book ratio of 0.69, dividend yield of 8.01%, and market capitalization of \$237 million. Debt is cautiously used at BTB, as evidenced by a debt-to-equity ratio of just 1.69. The company has excellent performance metrics with an operating margin of 48.15% and a return on equity of 12.28%. BTB's primary objective is to maximize the value of the company through dynamic property management and to grow revenues from assets managed by the company to increase distributable income and fund distributions.

BTB's internal growth strategy is rational and effective. It is based on the [negotiation of existing leases](#) coming up for renewal at market rates in order to retain the company's existing clients. Management believes that the lease-renewal process, in comparison to tenant replacement, minimizes transaction costs associated with marketing, leasing and tenant improvements and minimizes renovation costs in rental income resulting from periods of vacancy.

BTB's management is of high quality and excellent capital allocators. Executives concentrate the company's activities in the acquisition and management of retail properties, more specifically in the office, industrial, and retail sectors. BTB seeks accretive acquisitions in both primary and secondary markets that present opportunities with favourable returns.

The company initially focused on acquiring income-producing office, industrial and retail properties in the geographic market of Eastern Québec and over the years, has expanded into eastern Ontario. The company is working on, eventually, expanding across Canada, and thereby creating and enhancing a geographically diversified portfolio.

BTB's investment strategy is to pursue the acquisition of properties from several sources. The primary source is private owners of retail buildings pursuing off-market transactions in both primary and

secondary markets and institutional investors disposing of retail properties in order to rebalance actively managed investment portfolios. Secondary sources include utilizing BTB's network of contacts in real estate development and ownership and participating in the construction and development of new properties in favourable geographic markets where the company is already present.

BTB's primary focus in Québec. The company is looking to expand BTB's real estate asset base and increase income available for distribution through an accretive acquisition program. This is an exciting development, as the company looks poised to raise dividends. BTB has been very effective in enhancing the value of assets and maximizing long-term unit value through the active management of assets under management.

Despite BTB's value added proposition, the real estate industry is extremely competitive. Many developers, managers and private owners of office, industrial and retail properties compete with BTB to acquire properties. In an era of low interest rates, the existence of competing developers is expected to adversely impact BTB due to the lack of availability of inexpensive properties.

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