



## Billionaire Value Investors: Buy Canada's Best Dividend Stock

### Description

**Crombie Real Estate Investment Trust** ([TSX:CRR.UN](https://www.crombie.ca/TSX:CRR.UN)) is one of Canada's [leading national retail property landlords](#) with a business strategy to own, operate, and develop a portfolio of high-quality grocery and drugstore anchored shopping centres, freestanding stores, and [mixed-use developments](#), primarily in top urban and suburban markets. The company owns interests in a portfolio of 285 investment properties in 10 provinces, comprising approximately 17.6 million square feet of gross leaseable area.

Crombie has a price-to-earnings ratio of 23.76, price-to-book ratio of 1.52, dividend yield of 0.37%, and market capitalization of \$2.28 billion. Debt is very sparingly used at Crombie, as evidenced by a debt-to-equity ratio of just 1.58. The company has excellent performance metrics with an operating margin of 42.52% and a return on equity of 6.31%.

The company plans future developments, predominantly in major markets, with a focus on net asset value growth by maximizing the development yield spread over acquisition capitalization rates. Crombie is expected to capitalize on a wide range of strategic and accretive transactions such as modernizations and land use intensifications.

Crombie has the ability to unlock major development opportunities and diversify the company's portfolio with residential and retail-related industrial real estate, which improves the overall portfolio quality and income growth. The company seems well positioned to leverage a strong and diverse workforce to achieve strategic objectives while ensuring brand and values are aligned to drive sustainable growth and innovation.

Property development is a strategic priority for Crombie to improve net asset value, cash flow growth, and shareholder value. With urban intensification an important reality across the country, Crombie is focused on evaluating and undertaking major developments at certain properties, where incremental costs to develop are greater than \$50 million and where development may include a combination of commercial and residential uses.

Crombie is in an excellent position to unlock significant value within the company's current pipeline of

33 major development properties over the next decade or longer. Crombie benefits from having solid income generated by these properties while working through the various approvals, entitlements, and advance preparations required before each major development can commence.

In aggregate, Crombie currently achieves a net operating income yield of approximately 5.5% on existing asset cost for the company's development pipeline properties. Major developments are planned and executed either alone or with partners to complete development of mixed-use properties with a focus on grocery-anchored retail and purpose-built residential rental accommodations that provide revenue, diversification, and revenue growth to the company.

Residential condominium uses are also considered by the company to satisfy municipal requirements and market opportunities. Crombie monetizes the density value by selling certain air rights or purpose-built rental properties to third parties after development. The company has range of options available to make choices that enhance shareholder value.

Crombie's business has evolved from owning and operating grocery and drugstore-anchored retail to also include major mixed use real estate development. The company has grown through smart and balanced capital allocation and lowering the cost of capital over time.

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