



This Undervalued Stock Could Make You a Billionaire

Description

Dream Office Real Estate Investment Trust ([TSX:D.UN](#)) owns well-located, [high-quality central business district office properties](#) primarily in downtown Toronto. The company owns about 5.5 million square feet of gross leasable area across 32 properties, which comprise 30 office properties and two properties under development. In addition, the company has a joint-venture arrangement which owns a 50% interest in 220 King Street West, Toronto.

The company has a price-to-earnings ratio of 4.56, price-to-book ratio of 0.67, dividend yield of 5.14%, and market capitalization of \$1.07 billion. Debt is very sparingly used at Dream Office, as evidenced by a debt-to-equity ratio of just 0.74. The company has excellent performance metrics with an operating margin of 58.18% and a return on equity of 15.17%.

Dream Office manages the business and assets to provide both yield and growth over the longer term. The company is focused on delivering [superior risk-adjusted returns](#) and growth in the net asset value metric by investing in real estate assets through upgrades, intensification and redevelopment, and selectively disposing of assets with lower long-term return potential.

Dream Office has built and maintained a very strong, flexible, and resilient balance sheet, which serves it well. The company maintains a real estate investment trust (REIT) status in order to provide certainty to unitholders with respect to taxation of distributions.

Dream Office made some significant progress in 2020. The company completed asset sales and the strategic plan to transform Dream Office's business to a pure-play downtown Toronto office REIT. Despite COVID-19, Toronto's office vacancy is only 2%, and rents on renewals are now the highest they have ever been in the city. Downtown Toronto continues to attract most of the office jobs in the Greater Toronto Area, and the future is positive as long as professionals go back to working in offices rather than choosing to work from home.

The company continues to execute a strategy to improve buildings so that Dream Office can achieve high rents and high occupancy, even if there is an oversupply at times. Recently, the company announced a plan to invest and transform office assets on Bay Street. Dream Office is also pursuing

selective developments throughout the portfolio.

The company is very cautious regarding the pace of development and the total risk it takes on. Recently, the City of Toronto approved the company's application to replace a 122,000 square foot office building with a new 49-storey building consisting of 165,000 square feet of commercial space and more than 500 apartment units. The company is now working on achieving site plan approval and working with tenants on potential relocation options and pre-leasing the new development. This will be the first mixed-use project for Dream Office and is very well located to benefit from close proximity to transit, shops, and the health and science districts.

The company's balance sheet is in great shape with ample liquidity and a growing unencumbered pool to fund future projects. Further, Dream Office also owns \$380 million of **Dream Industrial** units at market value. The industrial class remains one of the most desired real estate classes to invest in, and Dream Industrial appears well positioned to continue to deliver strong results.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. long term growth

TICKERS GLOBAL

1. TSX:D.UN (Dream Office Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. long term growth

Date

2025/08/24

Date Created

2021/02/18

Author
nikhilwaterloo

default watermark

default watermark