



ALERT: High-Dividend Value Stock on Sale

Description

Granite Real Estate Investment Trust ([TSX:GRT.UN](#)) is a Canadian-based real estate investment trust engaged in the acquisition, development, ownership and management of industrial, warehouse and logistics properties in North America and Europe. The company owns 93 investment properties in nine countries having approximately 40 million square feet of [gross leasable area](#).

Scalable business model

The company provides unitholders with [stable cash flow](#) generated by revenue it derives from the ownership of and investment in income-producing real estate properties. Granite works on maximizing long-term unit value through the execution of the company's long-term strategy of building an institutional quality and globally diversified industrial real estate business.

Granite seeks to grow and diversify the asset base through acquisitions, development, re-development and dispositions. The company's largest tenant is **Magna International** ([NYSE:MGA](#))([TSX:MG](#)). Granite has been actively working on reducing exposure to Magna and other special purpose properties over the long term. A key component of Granite's strategy is to reduce the proportion of total capital invested in Magna-tenanted properties and thereby increase the percentage of lease revenue earned from non-Magna tenants.

Low leverage

In 2020, Granite continued to execute on a diversification strategy through the acquisition of 12 income-producing properties, one development property and the disposition of nine Magna-tenanted properties. Granite capitalizes on market opportunities within the company's geographic footprint and has benefit from a low net leverage ratio of 21% and liquidity of nearly \$800 million.

This combination of a strong pipeline of acquisition and development opportunities and favourable liquidity position and low leverage has facilitated Granite's near-term objectives of accelerating acquisition growth. The company has managed to effectively deploy Granite's balance sheet and

execute on a long-term strategy of building a diversified industrial real estate business.

Diverse holdings

Granite's income-producing properties are located in nine countries: Canada, the United States, Austria, Germany, the Netherlands, the Czech Republic, Poland, the United Kingdom and Spain. Lease payments are primarily denominated in three currencies: the Euro, the Canadian dollar and the United States dollar. Substantially all of Granite's income-producing properties are for industrial use.

The company's modern logistics and distribution warehouse facilities are the properties recently acquired or newly developed by Granite. The company also owns multi-purpose facilities, which are used by a wide variety of tenants. Granite also designs and builds special purpose properties leased to Magna.

Agile and opportunistic strategy

Granite maintains a flexible approach to developing industrial properties. The attributes of the income-producing properties are versatile and are based on the needs of the tenant such that an industrial property used by a certain tenant for manufacturing can be used by another tenant for other industrial uses after some retrofitting if necessary.

In addition to Magna, Granite has 60 other tenants from various industries composing about 60% of the company's annualized revenue. Granite's leases generally provide that the tenant is responsible for all costs of occupancy, including operating costs, property taxes, the costs of maintaining insurance in respect of the property and maintenance costs.

Owning Granite allows retail investors to benefit from the recent boom in industrial real estate valuations.

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