



TFSA Investors: 1 Value Stock to Own in 2021

Description

Allied Properties ([TSX:AP.UN](#)) is a leading owner, manager, and developer of [urban workspace](#) in Canada's major cities and network-dense urban data centres in Toronto that form Canada's hub for global connectivity. Allied's business is providing knowledge-based organizations with distinctive urban environments for creativity and connectivity.

Allied was known initially for the company's leading role in the emergence of Class I workspace in Toronto, a format created through the adaptive re-use of light industrial structures. This format typically features high ceilings, abundant natural light, exposed structural frames, interior brick and hardwood floors. When restored and retrofitted to high standards, Class I workspace satisfied the needs of the most demanding office and retail users.

Solid business strategy

Allied went public in 2003 for the express purpose of [consolidating Class I workspace](#) that was centrally located, distinctive, and cost effective. The consolidation that ensued was continuous, enabling Allied to evolve into a leading owner, manager, and developer of distinctive urban workspace in Canada's major cities.

Allied provides network-dense urban data centres (UDC) space in Downtown Toronto. Allied established this capability in 2009 through the acquisition of 151 Front West, the largest internet exchange point in Canada and the fifth largest in North America.

Allied has since expanded this capability by retrofitting a portion of adjacent properties. Just as Allied's workspace does, this space provides knowledge-based businesses with distinctive urban environments for creativity and connectivity. Allied's deep expertise in adaptively re-using urban structures has contributed meaningfully to the company's success in operating network-dense data centre space.

Partnership-like relationship with tenants

Office users today value light, air, and an open plan. Abundant natural light and fresh air contribute enormously to human wellness and productivity. When people can move around and freely connect with one another, communication is improved, along with mutual understanding, and sparks of ingenuity occur. Technology has contributed to workspace innovation. Allied delivers all this to workspace users in an environmentally sustainable manner.

Allied's experience with Class I workspace put it at the forefront of creating workspace for the knowledge-based economy. This led Allied to place ever-greater emphasis on the ongoing relationship between the user and provider of workspace. This led Allied to understand the need for a partnership-like relationship between itself and workspace users.

Focus on profitability

From the outset, Allied adhered to a clear investment and operating focus. It focused initially on the Class I format and continues to do so on a large scale in major urban centres in Canada. More recently, Allied expanded focus to include hybrid structures where heritage buildings were integrated with new structures in a way that resonates meaningfully with the knowledge-based organizations Allied serves.

Allied's business grew and evolved, it was defined not by the specific workspace format Allied owns, operates, and develops, but rather by the workspace users Allied serves. If a particular format enables Allied to serve knowledge-based organizations better and more profitably, Allied will invest in it. The specific building attributes and neighbourhood amenities now take on paramount importance in the company's capital-allocation decisions. This expands Allied's opportunity-set materially.

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1. Investing

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