



Deep-Value Investors: 1 Real Estate Stock Set to Outperform

Description

Focused on the long run, **Morguard** ([TSX:MRC](#)) seeks to increase revenue and build asset value through [intensification of the company's existing assets](#). Morguard's total value of assets under management is about \$19 billion, and the company owns a diverse portfolio of about 200 multi-suite residential, retail, office, industrial, and hotel properties comprising of 18,000 residential suites, approximately 17 million square feet of commercial leasable space, and about 5,500 hotel rooms. The company is uniquely positioned to accomplish high returns, by reimagining, planning, rezoning, and redeveloping Morguard's real estate assets.

Traditionally, real estate is an investment category that is appreciated by many and one of the most sought-after sectors for shrewd investors. Real estate investing requires persistence and patience as well as the ability to be deftly positioned to strike at the exact moment an opportunity presents itself. This is the foundation upon which Morguard's business philosophy is built. Currently, Morguard has identified multiple projects for intensification, each with practical value that is clear and evident.

Diversified real estate portfolio

Morguard's [diversified real estate portfolio](#) spreads risk across asset types and regions, providing the necessary resilience required to protect the value of the company's holdings for stakeholders regardless of the current economic conditions. The company's business strategy provides it with protection during challenging times.

Morguard's strategically diversified asset portfolio, healthy conservative debt ratios, and financial resources furnish it with stability and strength during economic and real estate cycles, including those marked by turbulence and uncertainty. By not being committed to any one asset class or geographic area, Morguard can act upon any viable opportunity with precision.

Capitalizing on opportunities

Further, Morguard has always been driven by a deeply held belief that real estate will appreciate over

the long run when the properties are managed effectively. It is a persistence that has driven value for the company's shareholders year after year. Morguard's dividend policy is based on the concept of value over time. The company retains cash to capitalize on opportunities to grow the portfolio.

The company's shareholders' equity per common share is about \$300, down 3.5% versus a year ago, which is related to a decrease in the value of Morguard's enclosed mall portfolio. This indicates that the stock trades at a 60% discount to book value.

Recently, performance has varied across asset classes. Morguard's multi-suite residential, office and industrial real estate properties performed well in Canada and the United States. However, there was a decrease in net operating income for Morguard's retail and hotel segments due to government closures, subsequent vacancies, and travel restrictions that occurred due to the pandemic. This clearly illustrate the benefits of diversification in difficult times.

Multiple revenue sources

With investments in a diverse group of revenue sources, Morguard realizes revenue not just from the company's owned real estate but also from distributions and management fees from two public entities. The company also receives significant cash flow resulting from advisory services fees.

Overall, Morguard aggressively looks for new opportunities to expand the company's real estate portfolio, concentrating on high-growth potential assets and seeking opportunities in all asset classes.

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