



## This Restaurant Stock Is a Great Reopening Play

### Description

If you're looking for a reopening stock like a restaurant or retail business, there are few left to buy. But of the stocks that do offer opportunities, the potential for returns can be quite significant.

However, it should be noted that these stocks are all at risk if the market goes south again. A devastating [fourth wave](#) or some other unforeseen event that hurts the economy could impact these stocks negatively.

So, while they offer potential, it's just as important to look for a stock that has less risk, as much as they should offer the opportunity to recover meaningfully.

So, if you're looking for a top restaurant stock to buy as a reopening play, here's why **Boston Pizza Royalties** ([TSX:BPF.UN](#)) is one of the best to consider.

### A top Canadian restaurant stock

First off, one of the main reasons why Boston Pizza is a top restaurant stock to buy as a reopening play is that it's a leader in the casual dining space across Canada.

Without Boston Pizza being a high-quality company to begin with, the stock wouldn't be worth considering. However, because Boston Pizza restaurants are extremely popular and have been a great business for some time, it's worth considering today.

Like many other restaurants, Boston Pizza has been heavily impacted by the pandemic. First, it was shutdowns and the fear of eating out from consumers.

And today, it continues to be impacted by capacity restrictions and other factors caused by the pandemic. However, despite these impacts, the situation has actually been getting better in recent months.

The hot summer weather has allowed the reopening of the economy to go smoothly, and restaurants

like Boston Pizza continue to utilize their patio space so that the stock can get a boost from these sales. Plus, an impressive vaccination effort across Canada has also seen many indoor restrictions get reduced.

And with vaccine passports coming into effect in several provinces, governments are doing what they can to avoid further shutdowns.

This should all be positive for Boston Pizza, which has been impacted for more than a year now. But how much will this increase in sales impact the top restaurant stock?

## How much recovery potential does this top reopening stock have?

As of the most recent quarter, Boston Pizza's royalty revenue was up 25% from where it was last year, the first full quarter of the pandemic. That's positive, although it's important to keep in mind these sales were still just 62% of what they were in the same quarter during 2019, before the pandemic.

So, while Boston Pizza is trending in the right direction, the restaurant stock still has a long way to go to recover fully. This shows what an opportunity investors have today.

The [dividend stock](#) already yields 5.6%, and it's only earning about 60% of the royalty income it did before the pandemic.

So, as the economy continues to progress through its reopening, Boston Pizza should continue to tend in the right direction.

## Bottom line

We will ultimately have to wait until Boston Pizza's next earnings report to see how well its sales have recovered. Although I don't expect a full recovery to pre-pandemic levels, there should be a noticeable recovery in sales.

And if the sales are strong enough, not only could the shares start to rise, but a dividend increase could be on the horizon too over the next few quarters.

So, if you're looking for a top reopening stock that offers great value, Boston Pizza looks like the best restaurant stock to buy today.

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1. danieldacosta
2. kduncombe

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#### **Author**

danieldacosta

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