



1 Oversold REIT Stock to Buy for Safe Dividends

Description

There are a lot of companies entering oversold territory these days, and [real estate investment trusts](#) (REITs) are certainly some of them. These companies provide passive income, but not all are built the same.

Today, I'm going to look at a company that's currently in oversold territory but also offers a stable, safe dividend for investors. Further, there's bound to be some strong growth opportunities for long-term holders.

Dream Office REIT

Dream Office REIT ([TSX:D.UN](#)) currently trades at a relative strength index (RSI) of 25.22. That puts it well within oversold territory of below 30. The REIT offers a dividend yield of 5.09% as of writing, which comes to \$1 per share on an annual basis, dished out monthly.

Shares are currently down 20% year to date for shareholders. I'm not saying that this is a company that will suddenly see your shares explode. I'm more speaking about solid, stable passive income from this stock on the **TSX** today.

Dream Office has been around since 2003 and has given out a dividend each and every month since it's been on the market. That includes during the Great Recession and multiple market downturns. In fact, it also includes the pandemic, when people were sent home and told not to come into the office.

However, I will state that the dividend has always been around but hasn't always been high. The company started out with a monthly dividend of \$0.55 per share. As of writing, that's been cut back to \$0.083 per share monthly. This came after a cut during the pandemic.

Growth ahead

The pandemic continues to hurt the company, even today. However, after [years of COVID-19](#) being

around, the company is finally getting its footing once more. During its latest earnings report, the REIT reported net income of \$52.3 million, and its diluted funds from operations increased by \$0.39 per unit.

There does lie a problem with the company seeing rental income and occupancy down year over year and even quarter over quarter. Net rental income decreased by \$400,000 year over year during the quarter, with the pandemic continuing to hurt leasing activity. Total occupancy also fell 1.2% quarter over quarter.

Now, Dream REIT is relying on some new developments that have higher rents to make up for these losses. This includes a property under development in Regina, along with new leasing in Toronto at higher prices. Further, it holds parking revenue the company expects will return to normal in the months to come.

Value is there

Dream REIT is still a strong option for those seeking a long-term hold. The REIT currently holds a debt-to-equity ratio of 0.84. It also trades at 4.73 times earnings. It now holds \$3.1 billion in total assets and \$1.3 billion in total debt.

So, while the pandemic was hard, the company is coming back and aims to be strong. Once everyone gets back to work, business will be booming. Meanwhile, you can still lock in a dividend from this stable company that looks like it will only go up from here.

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Date

2025/08/16

Date Created

2022/06/25

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