



RioCan Real Estate Investment Trust Continues Expanding, Reducing Debt

Description

RioCan Real Estate Investment Trust ([TSX:REI.UN](#)) continues to make its mark in Canada, expanding its presence even further.

The company's occupancy rate rose by 2.1% to 95.3% in the third quarter of fiscal year 2016 compared to the previous year's quarter. It has been a busy year for RioCan REIT; the company has been able to reduce debt levels while continuing to be an attractive dividend stock.

The company recently announced a public offering.

RioCan REIT is issuing out \$300 million of its Series Y senior unsecured debentures, which carry a coupon rate of 2.83% and will mature on October 3, 2022. These were sold at a price of \$99.997 per \$100 principal amount with a strong yield of 2.831% if held until mature. The company has a market capitalization of \$8.56 billion with an enterprise value of about \$15 billion as of September 30, 2016.

The company owns a large amount of shopping centres around Canada, amounting to more than 300 properties for retail and commercial businesses. At least 15 businesses are in the process of being developed, including a recent lease transaction related to an Ontario location — the King Portland Centre in Toronto.

RioCan REIT and **Allied Properties REIT** are developing a project for **Indigo Books & Music** amounting to more than 78,000 square feet of gross leasable area (GLA) in the new office. The new structure will be made up of about 256,173 square feet of office GLA and 13,035 square feet of retail GLA as well as 116 rental residential units.

These locations will be top of the line in their operation, while maintaining the highest standards of safety and health, and remaining environmentally friendly. It is projects such as this one that have seen RioCan REIT improve its balance sheet while reducing debt. Each of the two companies involved in the project will own an undivided 50% interest in the rental property.

The project is slated to open early in 2019 with RioCan REIT focusing on the retail and residential elements of the locale. The quality of the real estate is key to ensuring that the company garners

lucrative deals, but the area in which it is located is also key. The King Portland Centre is located in the downtown west area of Toronto.

RioCan REIT CEO Edward Sonshine noted that the company wants to be associated with one of the most exciting areas of the province for its tenants to ensure they are located in an area that attracts customers. The company has also inked agreements in nearby areas where it has experienced positive results, including Shoppes on Queen West.

This location is located near the King Portland Centre, and it is an example of what is necessary to be successful in an urban environment. Allied will be responsible for the office aspect of this agreement, which will help make the workers at the locale feel at work, ensuring that it is a positive experience for consumers, tenants, and workers. This combination results in a homely feel to the shopping experience.

Seven analysts are covering REI.UN stock with five rating it a "Buy," while two rate it a "Hold" for an average "Buy" rating. The price target is set at \$29.80 on an average basis. With the quality of real estate and the professionalism of the company, investors have plenty to look forward to as the company continues to reduce its debt while returning a high dividend yield.

Shares are up 12.21% over the last 12 months.

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Date

2025/08/25

Date Created

2017/01/18

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