



# Bridgemarq Real Estate Services Inc. (BREUF)

Updated April 13<sup>th</sup>, 2025 by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$10.75	<b>5 Year Annual Expected Total Return:</b>	6.7%	<b>Market Cap:</b>	\$145 M
<b>Fair Value Price:</b>	\$10.00	<b>5 Year Growth Estimate:</b>	0.0%	<b>Ex-Dividend Date:</b>	03/31/2025
<b>% Fair Value:</b>	108%	<b>5 Year Valuation Multiple Estimate:</b>	-1.4%	<b>Dividend Payment Date:</b>	04/30/2025
<b>Dividend Yield:</b>	9.0%	<b>5 Year Price Target</b>	\$10.00	<b>Years Of Dividend Growth:</b>	0
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Real Estate	<b>Rating:</b>	Sell

## Overview & Current Events

Bridgemarq Real Estate Services is a leading Canadian real estate services company that provides branding, technology, and support to real estate brokers and over 21,000 realtors across Canada. Its portfolio includes nationally recognized brands such as Royal LePage, Via Capitale, Proprio Direct, and Johnston & Daniel. The company earns revenue primarily from fixed and variable franchise fees, generating cash flow stability that is less sensitive to fluctuations in the housing market. In 2024, Bridgemarq inked a \$40.9 million deal with Brookfield to acquire 25 Royal LePage and Johnston & Daniel brokerages, 3 Via Capitale brokerages, and Proprio Direct, and also internalizing its management by buying Bridgemarq Real Estate Services Manager Limited. This move eliminated third-party management fees and expanded the company into direct brokerage operations. Bridgemarq pays dividends monthly. It reports its financials in CAD. Still, all figures in this report have been converted to USD unless otherwise noted.

On March 17<sup>th</sup>, 2025, Bridgemarq Real Estate Services reported its full-year results for the period ending December 31<sup>st</sup>, 2024. Total revenue surged to \$243.9 million, up from \$36.6 million in 2023, as a result of the acquisition of brokerage operations and the internalization of management earlier in the year. Despite the revenue growth, Bridgemarq recorded a net loss of \$0.76 per share, primarily due to higher amortization, interest expenses, and a loss on the revaluation of exchangeable units.

Adjusted EPS came in at \$0.34, reflecting declines from the prior year due to the increased expense base associated with the acquired businesses. We believe the company will post adjusted EPS of \$1.00 this year, which we have embedded in our estimates. All past figures in the table below, however, reflect IFRS figures (for U.S. stocks, it would be GAAP).

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$0.10	\$0.50	\$1.04	\$0.96	\$0.25	\$0.06	\$0.40	\$0.88	\$0.32	(\$0.76)	<b>\$1.00</b>	<b>\$1.00</b>
<b>DPS</b>	\$0.89	\$0.97	\$1.05	\$0.99	\$1.04	\$1.06	\$1.07	\$1.00	\$1.02	\$0.94	<b>\$0.97</b>	<b>\$0.97</b>
<b>Shares<sup>1</sup></b>	9.5	9.5	9.5	12.8	9.5	9.5	9.5	12.8	9.5	9.5	<b>9.5</b>	<b>9.5</b>

Over the past decade, Bridgemarq has made notable progress evolving its business model and expanding its footprint in the Canadian real estate sector. Initially focused purely on franchise operations, the company relied on a stable stream of fixed and variable fees from its vast realtor network. This model has provided steady cash flows, even during market downturns (e.g. the COVID-19 pandemic). However, in recent years, Bridgemarq has shifted toward a more integrated platform, notably with its 2024 acquisition of several brokerage operations and the internalization of its management, eliminating third-party fees and expanding into direct real estate sales.

Note that while EPS has shown significant volatility over the years, much of this is driven by non-operational items like the revaluation of exchangeable units. These non-cash impacts often obscure the true health of the underlying business, which has generally stayed cash-generative and dividend-sustaining during the period. Even in 2024, when Bridgemarq posted a near decade-low operating cash flow of \$11.9 million, the \$8.9 million in payable dividends was covered.

<sup>1</sup> Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Moving forward, we don't forecast any growth in EPS or the dividend due to elevated operating costs, integration risks from recent acquisitions, and ongoing uncertainty in Canada's housing market recovery. The company has paid a stable monthly dividend of CAD \$0.1125 since August of 2017. Before that it was at CAD \$0.1083 starting December 2015, and before that it was briefly at CAD \$0.1042, after it was increased from CAD \$1.00. So dividend hikes have taken place, but not on a regular basis.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	---	22.7	11.7	13.4	---	---	27.2	12.3	---	---	10.8	10.0
Avg. Yld.	7.6%	8.6%	8.6%	7.7%	8.5%	10.3%	9.9%	9.2%	9.0%	8.5%	9.0%	9.7%

Bridgemarq's P/E ratio is often meaningless because EPS is distorted by one-time, non-cash items like exchangeable unit revaluations, which don't reflect core business performance. Today, the stock is hovering at 10.8 times our adjusted EPS estimate for FY2025, which more accurately reflects the business's worth. However, we have set our fair multiple at 10x to account for the ongoing uncertainty in the real estate market. The dividend yield stands at a hefty 9.0%, reflecting the underlying risks attached to its sustainability, nonetheless.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

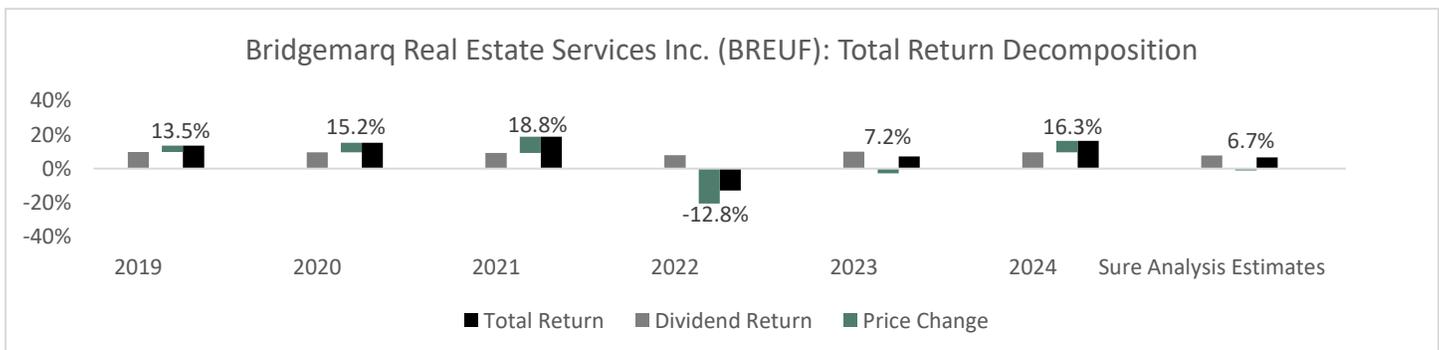
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	194%	101%	103%	---	---	268%	114%	---	---	97%	97%

Bridgemarq's cash flows are relatively stable, supported by long-term franchise agreements and an expanded base of fee-paying realtors. The business is built on high-quality, nationally recognized brands like Royal LePage, with a strong track record of agent retention and productivity. Its competitive edge comes from deep industry expertise, productive training programs, and its proprietary rlpSPHERE platform, which boosts agent performance and loyalty. The company should also prove somewhat resilient in downturns thanks to its fixed-fee revenue structure, but it remains exposed to transaction volumes and broader housing market cycles. This vulnerability was highlighted in 2011 when it temporarily reduced its dividend during a post-crisis market slowdown, though payouts have since grown from time to time. That said, we recommend that you don't trust the dividend blindly.

## Final Thoughts & Recommendation

Bridgemarq offers stable income from a resilient, fee-based real estate platform, but limited growth and housing market sensitivity make it more of a yield play than a growth story. We forecast annualized returns of 6.7%, primarily powered by the starting dividend yield, offset by the possibility of a valuation headwind. Still we highlight that its investment case is speculative following the recent acquisitions and internalization of management. Along with the lack of dividend hikes recently, we rate the stock a sell.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	31	32	34	32	33	30	40	38	36	256
Gross Profit				32	33	30	39	22	21	48
Gross Margin	0.0%	0.0%	0.0%	100%	98.8%	98.2%	97.9%	57.7%	58.3%	18.8%
SG&A Exp.	7	7	7	7	13	13	17	1	2	6
D&A Exp.	8	7	6	6	8	6	6	6	6	9
Operating Profit	17	18	21	20	13	10	17	16	14	12
Operating Margin	53.8%	56.7%	61.3%	60.5%	37.4%	33.8%	41.3%	41.1%	38.1%	4.8%
Net Profit	1	5	10	13	2	1	4	16	3	(8)
Net Margin	3.3%	15.1%	28.1%	41.4%	6.9%	1.9%	9.5%	42.0%	8.2%	-2.9%
Free Cash Flow	2	8	8	6	12	14	12	12	9	11
Income Tax	3	4	4	4	2	2	3	3	2	1

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	71	69	74	70	73	70	62	54	49	110
Cash & Equivalents	4	2	3	3	4	7	5	5	4	6
Accounts Receivable	3	3	3	3	3	2	3	3	3	4
Goodwill & Int. Ass.	59	58	63	58	60	55	49	40	36	50
Total Liabilities	89	92	99	90	100	108	106	89	92	166
Accounts Payable	1	1	1	1	1	1	1	1	1	12
Long-Term Debt	47	47	52	52	56	58	54	49	51	47
Shareholder's Equity	(18)	(23)	(25)	(20)	(28)	(38)	(44)	(36)	(43)	(56)
LTD/E Ratio	(2.55)	(2.04)	(2.09)	(2.67)	(2.01)	(1.51)	(1.21)	(1.39)	(1.17)	(0.83)

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.4%	6.9%	13.4%	18.6%	3.2%	0.8%	5.8%	28.0%	5.8%	-9.5%
ROIC	3.4%	18.5%	37.4%	44.7%	7.6%	2.4%	26.3%	140%	27.9%	
Shares Out.	9.5	9.5	9.5	12.8	9.5	9.5	9.5	12.8	9.5	9.5
Revenue/Share	2.44	2.50	2.66	2.53	2.61	2.35	3.13	2.99	3.78	17.03
FCF/Share	0.14	0.63	0.66	0.49	0.90	1.09	0.94	0.90	1.00	0.76

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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