



Let Pure Industrial Real Estate Trust Fatten Up Your Wallet

Description

If you're a retiree or an income investor looking to give yourself a raise, then you might want to consider **Pure Industrial Real Estate Trust** (TSX:AAR.UN). The stock currently pays a bountiful 5% dividend yield and has been on a huge run this past year.

Sure, the stock soared over 28% in the past 52 weeks, but it still trades at an attractive 9.67 price-to-earnings multiple. If you take a look at the past five years, then you'll see the stock was a roller-coaster ride that finally broke out in 2016. Could Pure Industrial be on a sustained rally higher? Or is the roller-coaster ride about to start again?

Pure Industrial operates a diversified portfolio of industrial properties in leading markets. The management team is focused on delivering value over the long term with its four main objectives. The company wants to generate stable and growing cash distributions for shareholders, maximize the value of properties through active management, grow in size through acquisitions, and select dispositions of non-core assets.

The company isn't a dividend-growth king by any means, but I find it enticing that the dividend has remained intact, even during economic downturns like the Great Recession. People aren't suddenly going to stop going to brick-and-mortar retail stores once a crash hits; people are inclined to buy more things if they go to a shopping centre.

Industrial real estate is going to be very stable over the next few years, as demand for warehouse space increases thanks to the growing popularity of e-commerce. There's no question that e-commerce is the go-to way for consumers to shop these days. Consumers can even pick up basic necessities online these days, and this means more logistics.

Shippers will need to store more goods in warehouses before sending them to customers, and this is where Pure Industrial comes in. I believe industrial REITs will be huge beneficiaries of the shift towards online shopping, and investors can feel safe knowing that their dividend probably won't be cut, even if the markets decided to crash tomorrow.

FedEx Corporation is Pure Industrial's biggest client, and it's been actively expanding into larger

warehouses to store goods to be shipped. This is a huge opportunity for Pure Industrial and could boost free cash flow through the roof, which could possibly result in a very generous dividend raise somewhere down the road.

I know what you're thinking. Warehouses are boring, and industrial real estate isn't sexy at all. You're right about that, but usually, it's the boring, unsexy businesses that are the most stable, and they can fatten your wallet if you own them for the long run.

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