



Where the Opportunities in Industrial Real Estate Can Be Found

Description

Although many industrial real estate investment trusts (REITs) were traditionally shunned by investors for not being sexy enough, this segment of the industry has still performed very well over the past year.

The good news for those who've been interested in industrial REITs over the long term has been the realization by many more investors that the overhead expenses to manage these properties (which are often leased for a long period of time) are actually quite minimal. In Canada, there are only a few of these names available to investors seeking to purchase shares on the stock exchange.

One of the biggest industrial REITs by market capitalization is **Pure Industrial Real Estate Trust** (TSX:AAR.UN), also called PIRET for short, which carries a market capitalization of \$1.8 billion and a beta of only 0.36. Given the long-term, consistent nature of industrial REITs, it is normal for investors to experience only minor fluctuations in the share price while receiving a higher than average dividend yield. In this case, the company, which trades at a price slightly above \$6.50, carries tangible book value of \$5.75 and pays a monthly dividend which offers investors a yield of almost 4.75%. Investors have experienced a price return of almost 30% over the past year as the company has started to expand into the United States.

Traditionally, many investors have viewed expansions south of the border (by any Canadian company) as a highly risky proposition. For this reason, it is important to note that one of the REIT's biggest customers is a global shipping company with a market capitalization in excess of US\$55 billion. The revenues from these U.S. properties being built for specific clients will bear very little payment risk. Instead, it is the foreign currency that must be analyzed much more closely.

Next on the list is **Dream Industrial Real Estate Invest Trst** ([TSX:DIR.UN](#)), which trades at almost \$9 per share and carries a beta of only 0.46. The benefit investors will receive when investing in these shares is a dividend yield of almost 8%. In addition to the monthly payments, the company carries tangible book value of \$7.60 per share. Investors do not have to pay a significant premium over the identifiable assets inside of the company. Clearly, there is real value in these shares.

Last up is the smaller **Summit Industrial Income REIT** ([TSX:SMU.UN](#)). It trades at slightly more than

\$7 per share and pays a monthly dividend which provides a yield in excess of 7%. Investors are getting excellent value for their investment dollars. Currently, there is tangible book value of \$6.25 per share as of March 31.

For those looking for an investment in the industrial real estate sector, there are clearly a number of opportunities, each offering something a little different. In order to make the best long-term decision, it is critical for investors to evaluate which option is the best long-term fit for them.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)

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