



## The Top Industrial REITs in Canada

### Description

Over the past year, shares of Canada's industrial real estate investment trusts (REITs) have gained a lot of attention as the space was previously not very well covered by analysts or followed by individual investors. As returns offered to investors on fixed-income investments finally bottomed, many discovered these hidden gems and have since made fantastic returns in the process. After the most recent rate increases and leg up in the Canadian dollar, these names have pulled back, which has created excellent value for investors seeking out dividends and capital appreciation.

**Pure Industrial Real Estate Trust** (TSX:AAR.UN), called PIRET for short, now carries a market capitalization of \$2 billion as the industry leader has started to expand south of the border, creating the first Canadian-based industrial REIT, which will have properties in both Canada and the United States. Although the company has sold off by close to 10% from its 52-week high, the reality is that at a current price of \$6.60 per share, investors are receiving a rock-solid dividend yield of 4.75% with the potential for share price appreciation. Although an increasing dollar will act as a headwind for growth, the catalyst for investors in this name will be a higher U.S. dollar as Canada is not the only country that will continue to raise rates in the next year.

The second-biggest publicly traded industrial REIT in Canada is **WPT Industrial Real Estate Investment** (TSX:WIR.U), which, at \$13 per share, offers investors a dividend yield of more than 5.5%, as the company paid out only 78% of earnings in the form of dividends. The catalyst for investors currently purchasing shares in this company will be the exchange rate, as the company (although based in Canada) owns properties in the United States. This name does not provide any exposure to Canada. Currently, the REIT trades at 1.1 times tangible book value.

Last up is the better-known **Dream Industrial Real Estate Invest Trst** ([TSX:DIR.UN](#)), which offers investors the highest dividend yield at more than 7.5%, but it also owns a large number of properties (210 in total) in order to do so. Although the company has a good track record of creating value, the resources required to manage a greater number of properties will eventually take a toll on the bottom line. With the highest dividend yield of the group, it is probably the name to stay clear of as the company paid dividends totaling \$0.70 per unit for the past fiscal year, while earnings came in negative.

As investors continue to seek out investments that will stand up in the face of rising interest rates, the

industrial REIT sector is one of the best options. As the leases and financing of the properties are considered over the long term, investors are now in the unique position of enjoying the lower interest rates for quite a while, even if overnight rates should rise. The key is to make a high-quality investment.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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

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