



## This Could Be the Next PIRET

### Description

The past week has been very exciting for shareholders of the typically very conservative **Pure Industrial Real Estate Trust** (TSX:AAR.UN) (called PIRET for short), as a buyout deal was reached with U.S.-based Blackstone to [acquire all outstanding shares](#) of PIRET for \$2.48 billion.

The fantastic news for investors is that this buyout will bring an ending to the story of how such a fantastic business entity would perform over the long term. To recap the past five years, shareholders of this industrial REIT received price appreciation totaling close to 60% in addition to a dividend yield that averaged over 4% over the same period. All things considered, the compounded annual growth rate was close to 15%, as shareholders enjoyed a very low risk investment.

The fantastic challenge that many will now face from this buyout is where to deploy the money they receive from this transaction, as annual returns of 15% are extremely difficult to come by in this sector.

Although there are other industrial REITs, such as **Dream Industrial Real Estate Invest Trst** ( [TSX:DIR.UN](#)), available to investors, shares are already trading at a 23% premium to tangible book value and, as a result, carry a significant amount of downside. In spite of a dividend yield of more than 7.5%, investors need to remain cautious with this name, as the industrial real estate sector is currently priced for an optimistic outcome.

Potentially the best alternative for shareholders of PIRET is with none other than **Pure Multi Family REIT** (TSXV:RUF.UN). The company, which was started by many of the same team members that launched PIRET before it became well known by investors, is on the verge of graduating from the venture exchange to the Toronto Stock Exchange, joining bigger competitors in the process.

At a current price of \$8 per share, investors willing to take a chance on the venture-listed company will receive shares with a tangible book value of approximately \$8.50 each. However, the total market capitalization of this operation is no less than \$600 million. Unlike PIRET, which concentrated in Canada and operated in the industrial real estate sector, this REIT operates in the sunbelt states and focuses on the multi-family residential sector.

In spite of having many more tenants to deal with, the business remains more versatile, as revenues

can increase every time a new tenant moves in. The good news does not stop there. As operations are focused in the southern United States, the appreciation in the U.S. dollar or depreciation in the Canadian dollar will also serve to benefit investors throughout the year. Unlike the industrial sector, which may fall out of favour during difficult economic times, the residential sector is much more of a necessity.

As shares of Pure Multi-Family REIT currently offer investors a dividend yield of almost 6% and a discount to tangible book value, the [next best thing](#) to PIRET may actually be this name.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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

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