



These 2 REITs Are Set to Soar on the Back of Amazon.com, Inc. (NASDAQ:AMZN)!

Description

Perhaps no company in the world has changed the way consumers shop or companies do business than **Amazon.com, Inc.** ([NASDAQ:AMZN](#)) in recent years. The rise of e-commerce has changed the landscape forever, and with much of the commentary on such changes often taking the negative perspective, I'd like to highlight one sector that has huge potential to ride this wave into the future: industrial real estate investment trusts (REITs).

[The REIT sector](#) has been punished by a rising interest rate environment of late. Investors have looked past real estate largely due to the fact that these equities act in a similar way to bonds — a rising risk-free rate reduces the value such firms can provide investors over the long term.

That being said, yield is only one component of REITs — the real estate that underpins the trust is, in many ways, more important than the yield itself. Investors will want to know how risky the lease contracts that REITs hold are.

Two industrial REITs I have [highlighted](#) in the past as companies with substantial upside are **Dream Industrial Real Estate Invest Trst** ([TSX:DIR.UN](#)) and **WPT Industrial Real Estate Investment** ([TSX:WIR.UN](#)). These two trusts offer investors exposure to assets that are becoming scarce due in part to gentrification and the growth of residential real estate in areas that were previously zoned for industrial real estate, and the rise in need for industrial real estate to support the needs of distribution and logistics companies attempting to meet the needs of the e-commerce revolution underway.

According to a recent report released by Colliers International Group Inc., industrial real estate is now more sought after than office space in 14 key North American markets. This trend is unlikely to abate in the long term, as valuable pieces of land that are strategically located are likely to produce much higher returns over time than what the market is pricing in.

On a fundamental basis, both of these REITs are trading right around book value, with Dream slightly more attractively valued. The dividend-payout ratios of both companies remain relatively low for the REIT sector, providing room for dividend growth — factors that continue to make these two REITs very

attractive, in my eyes.

Bottom line

Picking sectors that are expected to outperform over the long run is, in many ways, more important than picking winners within a sector. I would recommend long-term investors consider Dream and WPT first if real estate is under-represented in a given portfolio.

Stay Foolish, my friends.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. TSX:DIR.UN (Dream Industrial REIT)

PARTNER-FEEDS

1. Msn
2. Newscred
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