



An e-Commerce Play With a 6% Yield? Say It Ain't So!

Description

I've long been impressed with the growth trajectory of technology companies that have benefited from changing consumer interests in recent years. Parabolic growth in the tech sector has been driven by assumptions that continue to be beaten by some of the largest and most prominent e-commerce firms.

That said, the rise of e-commerce giants has fueled sub-industries that are often ignored by investors, but which provide the potential for significant growth with a significantly diminished risk profile.

One such company that has remained on my radar for some time is **WPT Industrial Real Estate Investment Trust** (TSX:WIR.UN). This REIT has performed quite well in recent years, driven by excellent fundamentals and a property portfolio that's very difficult to replicate in today's real estate environment.

The company operates in the industrial real estate sector, one which has continued to remain robust and shows no signs of slowing over the long term, due mainly to the high-quality tenants, which inhabit the properties managed by companies like WPT.

Despite boasting impressive operating numbers, WPT has continued to trade at a relative discount to its peers in the industrial real estate sector. The firm's rock solid occupancy rate in the high-90% range is driven by its long-term lease contracts with e-commerce firms such as **Amazon.com, Inc.** and **Zulily**. The REIT has continued to grow its operating margins and boasts solid free cash flow numbers — numbers that support a payout ratio that's well below industry average of around 81%.

From a fundamentals perspective, WPT has the appearance of both a value play as well as an excellent income opportunity for those seeking a combination of dividend yield as well as dividend growth over time. Given the nature of the company's lease structure, which is tailored toward long-term investors, one which has seen the company [expand its relationship with Amazon](#) further, I expect to see continued outperformance over the long run when comparing WPT to its peers.

Bottom line

In early 2018, I suggested that WPT may have [30% upside](#) based on acquisitions within the industrial

REIT sector at the time. As it stands, the share price of WPT has only increased by little more than 5% over this timeframe, but investors have also been compensated handsomely with a yield that has fluctuated around the 6% level.

I would encourage investors seeking income to select companies operating in sectors such as industrial real estate – sectors with notable long-term upside – before filtering in an attempt to garner alpha.

Stay Foolish, my friends.

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