



1 REIT Stands Out in a Booming Industry

Description

The overall market for public storage and warehouse facilities is projected to rise to over \$28 billion in the next four years. One REIT, **WPT Industrial REIT** (TSX:WIR.U), which owns 70 warehouse and distribution facilities throughout 16 U.S. states, is well positioned to profit from this explosive growth as well as new trends in the industry.

On-demand warehouses

WPT is poised to take advantage of a new trend: pop-up warehouses. These on-demand warehouses allow retail companies to rent facilities that are closer to their customer base without the burden of long-term rental contracts. Specifically suited for the growing number of e-commerce businesses, these warehouses can fetch a premium during busy retail cycles such as November and December.

These pop-up warehouses are attractive for smaller businesses that can't afford to enter long-term lease agreements. The warehouses also appeal to larger retailers, especially those centrally located near large populations, where the retailers can set up temporary distribution sites.

The convenience of on-demand warehouses makes it easier for companies to adjust to the growing demands of customers. Thanks to companies like **Amazon**, consumers are becoming accustomed to fast and reliable shipping of products and won't stand for out-of-stock or hard-to-locate merchandise. Pop-up distribution warehouses can improve the shipping flexibility of its tenants.

These warehouses have also benefited from the continued uncertainty of international trade, which has made it difficult for retail companies to accurately forecast supply and demand of their products. When temporary warehouse space is available, companies do not need to build their own distribution networks.

The good news for WPT is that these on-demand warehouses can bring a higher-than-average rental fee.

Retail space hard to find

The availability rate of U.S. [industrial real estate is at its lowest level in almost 20 years](#), hovering around 7%. According to real estate brokerage CBRE Group, which reported the latest data, retailers, logistics providers, and manufacturers face a continual struggle to find available warehouse space, particularly in high-demand areas near urban centres.

This is also good news for WPT with over 21 million square feet of leasable space.

Stock at an attractive entry point

WPT is trading at \$13.76 as of this writing. In the first quarter, the company reported an [11% year-over-year increase in net operating income](#). Net income per unit rose 13%. The company also reported an occupancy rate of over 99%, highlighting the strong demand for industrial properties. WPT has a market cap of \$784 million. The company currently pays a dividend of 5.49%, which represents 8.6% growth in its dividend yield during the last five years.

The stock price has shown very little movement during the past five years. However, with the astronomical growth expected in the overall industry and the flexibility of the company's real estate offerings, WPT has the potential for massive growth over the next few years. Consider the company's hefty dividend as icing on the cake.

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