



1 Top Coronavirus-Resistant Stock to Buy in April

Description

The global outbreak of the coronavirus pandemic has rocked economies worldwide. Stock markets have fallen sharply in response to fears of a deep global recession. Real estate investment trusts (REITs) are [one class](#) of stocks that have been hit particularly hard by the latest stock market crash, leaving **Dream Industrial REIT** ([TSX:DIR.UN](#)), which is down 20% for the year to date and very attractively valued.

Recession resistant

While many retail REITs are under pressure from the [retail apocalypse](#) and the impact of the coronavirus pandemic, Dream Industrial is ideally positioned to avoid that fallout.

It owns a portfolio of light industrial real estate across Canada, the U.S. and Europe. That diversified portfolio across geographical regions and asset sub-classes helps to shield its earnings from economic downturns.

Dream Industrial possesses robust fundamentals that will help it weather the current crisis. These include a solid balance sheet and robust growth potential. At the end of 2019 Dream Industrial had a very low net debt to assets ratio of 23.7%.

Strong growth ahead

Demand for light industrial properties has grown almost exponential because of the rapid acceptance of online shopping. Aside from causing traditional bricks and mortar retailers to collapse, that has triggered a leap in demand for industrial properties to be used as logistics centres.

You see, while online retailers don't need a physical store, they have a long logistical tail. Their growing popularity has sparked a surge in demand for suitable properties to use for a wide variety of logistical purposes. These include distribution centres and warehouses to hold inventory.

The global outbreak of the coronavirus pandemic will further support the rise of ecommerce and internet retailers. Government regulations aimed at slowing its spread, including social distancing and travel bans, has shuttered all but essential services, forcing consumers to stay at home and the closure of bricks and mortar retailers.

This has created an ideal environment for the expansion of online shopping. Consumers can comply with various government regulations to restricting movement and social interaction while shopping from the comfort of their home.

The rapid uptake of internet retailing has stimulated tremendous demand for light industrial properties. This class of commercial real estate was once considered the ugly duckling of the real estate world.

Its lack of appeal was responsible for a substantial under investment in a property class that held little interest for investors, particularly in comparison to glitzy shopping malls.

That has created significant supply constraints which, coupled with briskly growing demand has seen asset values and rents soar.

Solid results

The positive effect the growing demand for industrial real estate is having on Dream Industrial's operations is apparent from its 2019 results. The REIT reported a solid occupancy rate of 95.8%. Dream Industrial's net asset value (NAV) by the end of the year had grown by almost 12% year over year to \$11.76 per unit.

That last point emphasizes why now is the time to buy Dream Industrial. After the stock market crash, Dream Industrial is trading at a 12% discount to its NAV, highlighting the capital gains ahead when the market recovers.

The rapid expansion of ecommerce will support stronger long-term growth. Dream Industrial's move into Western Europe, where it acquired \$327 million of properties in the Netherlands and Germany has created an important lever that will drive higher earnings over the long term.

Foolish takeaway

After the coronavirus induced stock market crash Dream Industrial is attractively valued trading at a discount to its NAV. That appeal is further enhanced by Dream Industrial's solid balance sheet, considerable growth potential and diversified property portfolio.

The REIT pays a regular distribution yielding a very juicy 7%, underscoring why now is the time to buy.

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TICKERS GLOBAL

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

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