



## Ride Out the Next Market Crash With This Stock

### Description

Fears of the next stock market crash became real on Thursday when markets posted their biggest declines since March. Concerns sounded by the U.S. Federal Reserve coupled with a spike in American COVID-19 cases pressured equities down. The **TSX Index** and the **S&P 500** each declined by 4.14% and 5.89%, respectively.

### Are we due for another market crash?

Yet, I actually think the markets needed this. Markets were looking frothy. Everyone seemed to forget we are still facing a major health and economic crisis. I think this was a fair dose of caution that reminded investors to stay vigilant.

As long as the virus still poses a threat, markets will be susceptible to another crash or decline. So, if you are looking for a safe place to hide in volatility, this [TSX dividend stock](#) below is an absolute bellwether to buy and hold for a lifetime.

## Granite REIT is safe place to hide your capital

**Granite REIT** ([TSX:GRT.UN](#))(NYSE:GRP.UN) is a perfect stock to hold if markets crash again. Of the TSX REITs, Granite is probably one of your safest bets.

Granite is an industrial-focused REIT with a portfolio of 85 industrial/logistics properties totalling around 40 million square feet. Its portfolio is geographically diversified across Canada, the U.S., and Europe.

Although REITs have generally been pressured from concerns over tenant's ability to pay rents, that has not been a concern for Granite. In April and May, Granite collected 99% of rents. June will likely be more or less the same.

## Its rental income is solid

There are a few reasons why Granite is a very safe stock to hold in a market crash. First, Granite derives 41% of rental revenue from **Magna International**. Granite was, in fact, a spin-off from Magna many years ago.

While it has significant exposure to one tenant, Granite has a very strong relationship with Magna and its rental income is *very* secure.

Second, the remainder of Granite's portfolio (59%) is focused on investment-grade logistics properties. Its tenants include a mix of e-commerce, and distribution giants like **Amazon, Restoration Hardware, and Wayfair**.

As e-commerce continues to accelerate worldwide, tenant demand for logistics space is growing rapidly, which can only mean strong occupancy and rental rate growth going forward.

## E-commerce will fuel long-term growth

Despite the recent market decline, Granite fortunately just re-capitalized its balance sheet. It is now seriously equipped to accelerate growth. Last week, it took advantage of historically low interest rates and issued a \$500 million green bond at a cheap fixed rate of 2.964%.

It also issued \$289 million of equity, which it [quickly deployed into a \\$332 million, eight property acquisition](#) in the U.S.

The acquisition properties are located in very attractive markets near key e-commerce infrastructure and distribution hubs. Similarly, the properties are only about a decade old with flexible mixed-use designs.

The properties are 100% leased with an average weighted lease term of 5.1 years. Despite the acquisition, Granite still has \$1.1 billion of liquidity to fuel future acquisitions and fund its 2.4 million square foot development pipeline.

## A perfect haven in a market crash

Granite is an all-around great stock to own if markets decline again. It is a very low beta stock. It held up very well in the March crash and will likely do so again in another crash.

Granite has a sector-best 21% net leverage ratio and its balance sheet, for a REIT, is pristine. Similarly, it pays a solid 4.4% dividend well-funded by cash flows (81% AFFO payout ratio).

Granite is already a Dividend Aristocrat. Given the recent acquisitions and attractive outlook, dividend growth should continue for many years.

To sum up, this stock gives you security in the storm and ammunition for growth. Even if the market crashes again, Granite is a rock-solid place to trust your money.

## CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

## TICKERS GLOBAL

1. TSX:GRT.UN (Granite Real Estate Investment Trust)

## PARTNER-FEEDS

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