



## Got \$5000 to Invest? Buy This TSX Dividend Stock Right Now

### Description

Volatility remains high on the Canadian stock market, even as we celebrate early wins over the COVID-19 pandemic. North American economies are opening up, but uncertainty still rules, and the **S&P/TSX Composite Index** is making wild swings.

However, buying opportunities remain present on the **TSX**. If you have an extra \$5,000 to invest in your Tax-Free Savings Account (TFSA) today, consider this high-yielding industrial real estate investment trust (REIT) deal of a lifetime.

### Invest in a growing industrial REIT

**WPT Industrial Real Estate Investment Trust** (TSX:WIR.UN)(TSX:WIR.U) owns 102 industrial properties comprising 31.2 million square feet of gross leasable area spread across 20 U.S. states.

The U.S. industrial real estate market — and specifically the warehousing and distribution sub-segment — continues to experience meaningful domestic and foreign demand growth and capital investments. The fast-tracked move to e-commerce business models during the COVID-19 pandemic strengthens demand for distribution facilities.

The REIT reported a significant growth in revenue, operating income, and earnings during the first quarter of this year after closing portfolio acquisitions.

During the first quarter, investment properties revenue and net operating income increased by 28.9% year over year. Funds from operations (FFO) rose 43% and adjusted funds from operations (AFFO) increased by 53.5% over the same period last year. Same-property net operating income was up 1.4% in the quarter too.

However, I'm more interested in per unit numbers, as these show better sustainability results after dilutive new equity raises that REITs are known for.

I was impressed by WPT's recent per-unit numbers for the first quarter of this year. FFO per unit

increased by 4.5% year over year, and AFFO per unit increased by 11.4% over last year's reading. Acquired growth and portfolio improvements were accretive for investors. Kudos to a stellar management team.

A rising AFFO per unit means improving distribution coverage, giving investors some hope for future distribution increases.

## Low COVID-19 impact on WPT Industrial REIT

Like a [few other Canadian REITs](#), WPT Industrial reported a very low impact on rent collections during the COVID-19 pandemic. By May 13, the trust had collected 98.3% of April rent and 96.5% of May rent. The trust's cash flows remained severely unscathed deep into the global health crisis.

Applications for rent deferrals had been received from tenants representing 15% of WPT's portfolio's gross rent. Management is evaluating these on a case-by-case basis to "determine which, if any, tenants can demonstrate a clear and verifiable financial need based on impacts from COVID-19 or whether such tenants may be eligible for other government relief programs such as the Coronavirus Aid, Relief and Economic Security (CARES) Act."

I don't expect a severe cash flow impact from rent deferrals, and any deferred rent will still be collected.

Further, the trust had already re-leased over 89% of expiring leases for 2020 by March 31 this year. Just 1.1% of expiring leases remained due for renewal. Portfolio occupancy was a respectable 97.3% exit Q1 2020 with 4.7 years of average remaining lease terms. The COVID-19 pandemic this year could have minimal impact on the REIT's operations.

## Invest alongside the big and smart funds

WPT Industrial REIT's units will soon be added to most passively managed Canadian investment funds that replicate the country's widest and most followed equity index. The trust units will be included in the **S&P/TSX Composite Index** effective June 22.

Index providers and institutional investors recognize the business growth, high-quality label, and valuation stability on this REIT's units.

## How to invest \$5,000

The trust's units can be bought either in United States dollars (TSX:WIR.U) or in Canadian dollars (TSX:WIR.UN). Unitholders receive a US\$0.0633 monthly distribution yielding 6.1% annually.

At the time of writing, C\$5,000 invested in WPT's CAD denominated units could buy you roughly 277 units at \$18.03 a unit after a 3% rise in their market price on Tuesday. The investment could provide \$305 annually in reliable passive income.

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2. Investing

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