



2 Value Stocks to Buy in July

Description

Ever since March, certain real estate investment trust (REIT) stocks have presented incredible value. While these “safety stocks” have broadly underperformed the **TSX Index** this year, there are select sectors that are very attractive today. One REIT sector that still looks like a good value in July is industrial REIT stocks.

Industrial REIT stocks have embedded value and growth

The pandemic crisis has accelerated e-commerce across the world. Wherever e-commerce occurs, a massive amount of space is needed to house, sort, deliver, and manage outgoing and incoming (returned) products. As a result, industrial REITs stand to become strong beneficiaries from the pandemic crisis.

If you want investment exposure to e-commerce but don't want to pay sky-high premiums, you can still buy TSX industrial REITs at relatively attractive valuations. Not only do you get great dividend yields, but you also benefit from strong secular growth tailwinds. Here are two stocks that I believe are great value stocks to buy right now.

A top-quality income stock: Granite REIT

The first value stock is **Granite REIT** ([TSX:GRT.UN](#))(NYSE:GRP.UN) — a high quality REIT on the TSX. Since March, its stock has been very resilient, and it has quickly rebounded to just below all-time highs in February.

So, where is the value in this stock?

Firstly, the company has a really high-quality portfolio, which should demand a market premium. It is diversified across North America and Europe, and it has a very strong tenant mix.

59% of its portfolio is made up of institutional-quality logistics properties leased to e-commerce leaders

likes of **Amazon**, **Restoration Hardware**, and **Wayfair**. Likewise, it has a very solid relationship with its largest tenant, **Magna**. As a result, Granite has collected over 98% of its monthly rents, even through the pandemic.

Secondly, Granite has a very strong balance sheet with over \$1 billion of liquidity. It is strategically deploying this into growth opportunities. [Just recently, it deployed \\$332 million](#) into a portfolio of well-located logistics properties in the United States. It is also fuelling a fairly substantial development pipeline.

Its stock pays a 4% dividend. It has a low 80% payout ratio, and the dividend will likely continue to grow, as Granite integrates new properties into its portfolio. All in all, you get a well-covered cash flow stream and upside from e-commerce growth. I think that presents pretty good value today.

A top value stock: WPT Industrial REIT

A second industrial REIT stock that presents attractive value today is **WPT Industrial REIT** (TSX:WIR.U). WPT's industrial portfolio is 100% located in the United States. If you believe the U.S. economy will continue to outperform the world, then this is a good stock for you.

WPT's properties are located in or near major U.S. distribution hubs. It has a strong mix of consumer staple, e-commerce, and logistics tenants. Its top tenants include **FedEx**, Ikea, **General Mills**, and **Unilever**. In its most recent quarter, it had collect over 97% of monthly rents. Future occupancy is expected to rise to 97%, and WPT saw very strong 5-10% leasing spreads on new leases and renewals.

WPT pays an attractive 5.8% dividend that should be safe considering its strong rent collections. While its debt-to-book value is somewhat high at 52%, it will continue to benefit from refinancing at historically low interest rates.

WPT stock trades on par with its book value; however, I believe it should begin to trade at a premium considering its quality properties, solid tenant mix, and strong rental rate growth. I think July is a great time to buy this stock for value, [income](#), and growth.

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

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Sharewise
6. Yahoo CA

Category

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

Date

2025/07/07

Date Created

2020/07/06

Author

robbybrown

default watermark

default watermark