



## Buy Alert: 1 Top Real Estate Stock for Long-Term Growth!

### Description

Real estate stocks are widely known as some of the best long-term investments. While these businesses are good for income, they can be especially great for growth.

These massive companies have the size and scale to make attractive acquisitions and grow the businesses considerably. It's especially attractive with low-interest rates allowing these businesses to make big acquisitions.

One trend that has impacted the real estate industry considerably in the last few years is the growth of e-commerce.

E-commerce has been talked about for years. It offers merchants several attractive benefits, which is why it's been so popular. Then, of course, the pandemic also had an impact on that too.

With the growth of [e-commerce](#) exploding, and in many cases, some businesses closing their brick-and-mortar stores and going completely online, the real estate industry is rapidly shifting.

This has impacted retail real estate considerably. However, when one door closes, another door opens. And the growth in e-commerce has created a massive opportunity in the industrial REIT sub-sector.

### Industrial real estate stock

One of the top industrial real estate stocks on the **TSX** is **Granite REIT** ([TSX:GRT.UN](#)). Granite is a strong industrial REIT that's been experiencing impressive growth in recent quarters.

The stock has been extremely popular during the pandemic as well, as more investors realize the stock's incredible value. Since its 52-week low back during the market crash in March, Granite has already rallied a whopping 87%. That's incredible growth for such a large \$4 billion REIT.

Over the last four quarters, Granite has grown its revenue by more than 20% year over year in each

quarter. It's done this through organic growth as well as some very important acquisitions. And there is more growth coming, too. In addition to some more potential acquisitions, Granite has more than 1.65 million square feet of warehouse space under development.

The impressive growth has not only led to a massive increase in sales for the real estate stock, but also raises its net asset value considerably.

Another attractive factor about Granite is its strong diversification. The company has assets in the United States, Canada, Austria, Germany, the Netherlands as well as a few other European nations.

It's also diversified by warehouse type. It owns 60 modern warehouses, 34 multi-purpose properties, and seven special purpose properties. Plus, the company continues to work on this diversification to lower risk for investors.

One of the most important factors of Granite's business that it's been working to improve is its exposure to counterparty risk. Currently, revenue from **Magna** makes up about 37% of the real estate stock's revenue.

However, Granite has improved this considerably in the last few years. Back in 2017, Magna accounted for more than 70% of Granite's revenue, and in 2019, it accounted for more than 40%.

That exposure continues to decrease as more e-commerce companies such as **Amazon** and **Wayfair** continue to need more warehouse space as their businesses continue to grow. Plus, Granite has also sold Magna-tenanted assets, which helps decrease exposure to Magna even more rapidly.

## Granite's outlook

Granite is clearly on the path to a more impressive share price appreciation. The company's occupancy at the end of the third quarter was 98.9%, very impressive. It's also in a great financial position with considerable room on the balance sheet to make more strategic acquisitions.

The real estate stock has already renewed 68% of its leases expiring in 2021. That's extremely promising and helps lower short-term uncertainty.

Plus, it pays investors a [monthly dividend](#), which currently yields roughly 3.8%.

## Bottom line

With the e-commerce trend quickly gaining steam and becoming more popular, these industrial real estate stocks, such as Granite, offer investors considerable growth potential, in addition to defence and monthly income.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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## **Date**

2025/07/28

## **Date Created**

2020/11/06

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