



1 Top TSX Stock to Buy Now

Description

Secular trends are everything. The goal of growth investors is to find that trend that can take a sector higher for a very long time. I've got one top TSX pick I think is poised for such long-term growth based on one secular shift we've seen: the work-from-home movement.

The coronavirus pandemic has fundamentally changed the way we do business and utilize real estate. The shift away from traditional office space to shared working environments or home offices has accelerated. Furthermore, e-commerce volumes have continued to grow at a faster pace. Online shopping has become more of a necessity than a convenience during this pandemic. Again, the acceleration we've seen due to the pandemic has front-loaded a lot of the secular growth expected from e-commerce to the near term.

Accordingly, I think **WPT Industrial REIT** (TSX:WIR.UN) is one of the best ways to play these trends.

Industrial real estate poised for long-term growth

Real estate investment trusts (REITs) have largely gone out of favour, at least for many investors. These equities do provide relatively high yields in a low interest rate environment. However, office and retail real estate assets are viewed as highly risky, given the aforementioned secular shifts that are likely to depress these sectors long term.

These secular shifts are exactly the reason why industrial real estate is likely to outperform in the long run. E-commerce players need more warehousing space close to urban city centres. The high-quality portfolio of industrial real estate assets held by WPT caters to such companies. Additionally, I think we're likely to see real estate values balloon, particularly if interest rates indeed stay near zero for the next few years. The stability of the cash flows provided by industrial real estate is a key factor that I think will drive cap rates lower. This inherently drives the underlying asset values higher.

Fundamentals solid

Now trading at its 52-week high, WPT REIT has more than fully rebounded from March lows. This is a stock that currently trades at net asset value. However, I believe WPT and its peers deserve a much higher premium due to the quality of their underlying real assets and the stability of the corresponding cash flows.

This REIT offers investors a [yield](#) of 5%, which is very attractive compared to almost any other bond-like asset out there today. This is an extremely safe yield supported by high-quality cash flows and long-term growth potential. In my opinion, WPT is the one top TSX stock every investor should consider buying now.

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Author

chrismacdonald

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