



The Top 3 Industrial REITs to Ride the E-Commerce Boom

Description

The e-commerce boom is why industrial properties were hot items, even before coronavirus. Real estate investment trusts (REITs), particularly those in the industrial sector, became glamorous investment options in the pandemic. Landlords leasing out industrial real estate help facilitate commerce and trade amid the health crisis.

Dream Industrial ([TSX:DIR.UN](#)), **Summit Industrial** ([TSX:SMU.UN](#)), and **WPT Industrial** ([TSX:WIR.U](#)) benefit from the new reality. They are the top three REITs Canadians should include in their stock portfolios. Rental income is recurring, and so are [dividend payments](#) to investors or pseudo-landlords.

Dream investment

Dream Industrial is indeed a dream investment for [income seekers](#). At \$16.23 per share, the dividend yield is 4.31%. This \$3.41 billion REIT has built a strong leasing momentum in 2021. In Q2 2021, net rental income rose 20.57% to \$51 million versus Q2 2020.

In the first six months of 2021, Dream reported a net rental income of \$97.75 million or a 19.04% year-over-year increase. The portfolio growth was 27.22%, from 169 to 215 assets. Notably, the occupancy rate was 98% from 95.6% in the same period in 2020. Brian Pauls, Dream's CEO, said, "We continue to take significant steps to create a more resilient, valuable, and growing business for our unitholders."

Dream operates high-quality and well-diversified assets in the most sought-after logistics markets in North America and Europe. The REIT is also perfect for a long-term hold, given its pipeline for future acquisitions worth over \$200 million.

Proven asset class

Summit Industrial owns and operates highly marketable light industrial properties. The \$3.37 billion REIT generates solid returns because of lower market rent volatility and lower operating costs. More

importantly, the high-value generic-use space of its properties attracts a diverse group of tenants.

Paul Dykeman, Summit's CEO, said about the most recent quarterly results, "Our track record of strong growth and operating performance continued through Q2 2021." The REIT reported a \$79.9 million net rental income in the first half of the year, or a 16.8% increase compared to the same period in 2020.

Summit's operating performance is strong because the leasing program is proactive. The occupancy rate is almost constant at 98.8%. As of August 10, 2021, the share price is \$20.10, while the dividend yield is 2.81%.

Target acquisition

WPT Industrial is under a different circumstance following the arrangement agreement entered with **Blackstone**. U.S.-based Blackstone, one of the world's most active investors in logistics real estate, will acquire all of the outstanding units of the \$1.81 billion Canadian REIT.

The transaction is proof of the high-quality portfolio that WPT has built in the industrial real estate sector. WPT's portfolio includes 110 distribution and logistics properties in the top-tier industrial markets in 20 U.S. states. The acquisition will enable Blackstone to expand its logistics presence.

WPT trades at \$21.82 per share, while the dividend yield is 3.48%. The target date for the completion of the Blackstone transaction is on November 15, 2021.

Great income stocks

Industrial REITs are great [income stocks](#). They give regular investors exposure to the real estate sector without owning physical properties. You can also trade the REITs as you would stocks. But the best part is that the top three REITs will consistently pay dividends. The payouts should be safe, given the significant demand for industrial properties and longer lease terms.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)
2. TSX:SMU.UN (Summit Industrial Income REIT)

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