



The #1 Real Estate Stock to Buy Right Now

Description

Investors seeking meaningful [dividend](#) income have long looked to real estate investment trusts (REITs) as a sector of focus. However, finding the right real estate stock to put in one's long-term portfolio isn't exactly a cut-and-dried task.

Indeed, not every REIT is created the same. Far from it. Investors must navigate a range of real estate types, locales, and management teams to find the right fit for one's portfolio.

In this article, I'm going to highlight why I believe **WPT Industrial REIT** (TSX:WIR.U) is one of the best real estate stocks for long-term investors today. Let's dive in.

The market outlook is positive for real estate stocks

Among the key drivers for real estate stocks is interest rates. Given the pandemic, and the associated economic worries that came alongside this public health crisis, central banks have kept interest rates near zero for some time. This interest rate environment is very bullish for REITs such as WPT.

As a key industrial real estate player in North America and abroad, WPT benefits from such an environment. The value of the trust's underlying portfolio is worth more when interest rates are low. For those who expect this current interest rate environment to persist, this is a very good thing. In other words, WPT and its REIT peers are hedges against the economy continuing to sputter for a long time.

Additionally, WPT has positioned itself well among its peers. To gain better access to a growing capital and development pipeline, WPT has recently shifted its focus to private sector partnerships. As of now, this REIT includes Alberta Investment Management Corporation, Canada Pension Plan Investment Board, and Investment Management Corporation of Ontario as its strategic partners. This represents the institutional confidence that the REIT has in its management team.

These partnerships provide investors with a rather strong base from which to work with. Unlike many smaller REITs in Canada, WPT has the backing of some big names. Besides being a major vote of confidence, this signals to the market WPT is likely to outperform over the long term.

Acquisition deal highlights upside with WPT stock

One of the big catalysts I see for the industrial real estate sector is continued acquisition interest from outside groups. **Blackstone** recently announced plans to acquire WPT at a price of US\$22 per share. Currently, WPT's share price remains slightly below this offer price, at around \$27.40 at the time of writing.

Analysts expect this to be the only offer for WPT, and the market seems to agree. However, investors may want to consider that Blackstone believes much more upside could be possible should competing offers arise. Right now, the arbitrage opportunity with this stock remains muted. However, this deal provides investors willing to bet on shareholder pressure to pursue other offers with an opportunity to potentially capitalize on this short-term catalyst.

Bottom line

Until this deal closes, investors in WPT stock will continue to receive a [3.5% dividend yield](#). Additionally, investors get a small amount of upside relative to the purchase price and have the opportunity to benefit from competing offers should they arise.

Accordingly, WPT remains an intriguing real estate stock investors may want to consider right now.

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