



Forget Shopify! The Top E-Commerce Stock That Nobody's Talking About

Description

There are many ways to play the incredible growth in e-commerce we've seen take stocks parabolic of late. One could choose to invest in a high-flying e-commerce star like Canadian company **Shopify**. Of course, with the growth one receives, one also has to accept the valuation and downside risk.

A safer way to gain exposure to e-commerce, along with a yield of 5%, is to buy **WPT Industrial REIT** (TSX:WIR.U). Let me explain.

Buy the “picks and shovels” companies

One of the best ways to play the e-commerce trend is through the underlying real estate. This “picks and shovels” strategy takes a lot of the volatility and guesswork out of picking the right company. Unlike direct e-commerce plays that have valuations based on growth estimates which is derived from sentiment, REITs are far more stable. In fact, the valuation of WPT is right around book, meaning that investors are getting access to these assets at their base value. This lack of a premium is incredible to me given the high-quality nature of WPT's portfolio of industrial real estate.

The cash flows provided to industrial real estate players supporting the e-commerce sector are extremely stable. This is because tenants rarely move out, and leases usually have built-in annual increases. Landlords like WPT know almost exactly how much they'll receive on a monthly basis. Accordingly, this allows for consistent and growing dividend payments to shareholders.

Industrial real estate the only asset class to consider

Unlike office and retail real estate, which so many REITs are focused on, WPT's portfolio is focused on [industrial real estate](#). WPT's portfolio of industrial real estate is among the highest quality in terms of location, so investors gain access to some of the best assets in this sector in this REIT.

Many of WPT's tenants are related in some way to e-commerce, via distribution or shipping. Unless you believe distribution and warehousing won't be in high demand, these tenants are rock solid.

REITs have been beaten up quite badly as a result of the pandemic. Unfortunately, this sector has been lumped together. Higher-quality REITs like WPT have been included in the selloff, despite rather robust rent collection numbers compared to other real estate sub-sectors.

I would encourage investors to pick and choose real estate exposure carefully. In this regard, WPT is one of my top picks for investors looking for exposure to powerful secular trends. In my view, all other real estate asset classes other than residential ought to be avoided at this point in time.

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