



Why Smart Income Investors Should Consider This REIT

Description

Real estate is a fantastic asset class for income investors who want a stable monthly payment. You could become a landlord if you've got enough cash to purchase an actual property. You'll get stable income and you can sleep peacefully without the pains of the stock market, right?

Probably not. Being a landlord isn't as easy as it seems, and it might actually be a bad idea depending on your situation.

You'll need to invest quite a bit of time finding a suitable property that would be rentable. Once you find a property, you'll need to find tenants that will be able to pay their bills on time, and you'll need to be available for the endless hassles that come with being a landlord. Leaky faucets, broken pipes, clogged toilets, broken doors, and noisy neighbours are just some of the hassles that you'll need to deal with. You'll also need to maintain the rental unit by keeping the carpet clean or providing appliances that actually work for prospective tenants.

I don't know about you, but becoming a landlord sounds like a real pain. Even if you have enough capital to become one, it might be a better idea to put it in a high-quality REIT. This way you can collect the monthly rent payments without worrying about tenants and the hassles that come with the whole process.

Smart REIT ([TSX:SRU.UN](#)) is one of the best retail REITs out there, and I believe it's trading at a discount to its intrinsic value because of the overblown fears over the death of the shopping mall. The retail sector has taken a hit lately, but let's face it: all brick and mortar retail stores aren't created equal. There are many brick and mortar stores that are thriving right now, even though the industry appears to be falling off a cliff because of the rise of digital retailers.

Smart REIT has some of the best tenants you could ask for. While it owns some struggling retailers, a majority of its portfolio consists of solid retailers that will probably be around for decades.

A lot of Smart's shopping centres are anchored by **Wal-Mart Stores Inc.** ([NYSE:WMT](#)), which is a terrific retailer that continues to attract consumers. Wal-Mart is not going to become a victim of digital retailers without a fight. Because of such strong tenants like Wal-Mart, occupancy rates have been

kept around the 98% mark since 2005, and I believe these rates will not suddenly drop over the next few years just because digital retailers are pressuring brick and mortar stores to adapt.

I'm confident that Smart REIT will continue to be a steady income provider for years to come. If you're a contrarian investor with an eye for value, then you might want to consider Smart REIT and its healthy 5.3% yield.

Stay smart. Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:WMT (Wal-Mart Stores Inc.)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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