Capitalize on the Fear of Others by Buying Shares of This Undervalued High Yielder

Description

With the rapid rise of e-commerce, many analysts have been calling for the death of the shopping mall for quite some time now. It's clear that online shopping is a trend that will gain traction over the next few years, as traditional retailers beef up their digital platforms to better compete with the likes of giants such as **Amazon.com, Inc.** (NASDAQ:AMZN), but here's why the fears over the death of the Canadian shopping mall are overblown and, in my opinion, completely unwarranted.

Why the Canadian "death of the shopping mall" is over exaggerated

With mall traffic noticeably dying down for our neighbours south of the border, many Canadian malls are still holding up well in spite of the shift to online shopping. Why is this?

The U.S. retail landscape is substantially different from the Canadian one, not because the average Canadian prefers to do their business with a brick-and-mortar retailer, but because in Canada, we don't have as many online offerings. While Amazon does have a dedicated Canadian platform, it's not as red hot as the U.S. one, but that could change in the years ahead.

Many direct-to-consumer retailers have digital platforms available to American consumers, but in Canada, many of these options are unavailable, unless a Canadian consumer opts to have a parcel delivered across the border, which implies higher shipping charges and ridiculously high duties.

For many Canadians, it's simply not worth it to have a $50 item shipped from the states, only to pay $20 for shipping and $40 in duties. It just doesn't make sense anymore, so a lot of the time, the only way to obtain a particular item is to head down to the local shopping mall and buy it the good, old-fashioned way. Canadian malls are fairing better than their American counterparts thanks to this trend, and that's why I think Canadian dividend investors have an opportunity of a lifetime to invest in Canadian shopping centre REITs.

Be greedy while others are fearful with this high-quality mall-focused REIT

Consider **SmartCentres REIT** (TSX:SRU.UN), a shopping centre-focused REIT that's been hit hard over fears that e-commerce giants are going to wipe out traffic to Canadian shopping malls overnight. With a high occupancy rate of ~98%, there are no signs that SmartCentre's retail tenants are going belly up, nor will they over the next few years.

As I've mentioned in many previous pieces, most of SmartCentre's tenants are strong retailers with staying power, and with **Wal-Mart Inc.**, a traffic-driving powerhouse that can fight off Amazon, I think investors are making a huge mistake by dumping their shares of SmartCentre REIT just because they're afraid of a collapsing retail industry.

Bottom line

The fears surrounding SmartCentres REIT are overblown, and they're not justified. Value-conscious income investors should do themselves a service by picking up shares today while they're cheap. With shares yielding 5.56%, I'd jump at the opportunity if income stability is what you value most.

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