

Invest in a Top Retailer via This Incredible REIT for Growth and Income

Description

I've long been a fan of REITs, and not just because some of them pay the most [incredible dividends](#) on the market. It's the business aspect of the REIT model that I continue to find incredibly fascinating; CT Real Estate Investment Trust ([TSX:CRT.UN](#)) is one that I've increasingly become interested in.

Meet CT Real Estate

For those who are unaware, CT Real Estate is the REIT arm of **Canadian Tire Corporation Limited** 's growing number of brands, and CT Real Estate boasts over 320 retail properties across Canada comprising an impressive 26 million square feet.

As an investment option, there are several unique factors that set CT Real Estate apart from its REIT peers:

CT REIT leverages the success of Canadian Tire

One of the risk factors that investors need to weigh when contemplating a REIT is market demand. Some areas of the retail segment have seen store traffic and sales drop significantly as consumers are increasingly turning to online storefronts from the convenience of their homes. Online stores can offer a cheaper and quicker experience as opposed to driving to a physical store and looking for a product that may or may not be there.

By comparison, Canadian Tire has recorded some success in slowing down that change, both through its unique positioning as a one-stop shop for Canadians with a unique and growing set of brands, as well as beefing up its own online presence to counter the online giants.

With CT REIT hosting Canadian Tire-owned stores, there is an inherently lower risk over say a big-box store REIT that caters to dozens of stores losing ground to online retailers.

In terms of occupancy, in the most recent quarterly update, CT REIT announced an occupancy rate of 98.7% with Canadian Tire comprising 94.5% of CT REITs portfolio.

CT REIT offers an incredible distribution and strong results

REITs are [known for their dividends](#) — and CT REIT is no exception. The company offers an appetizing 5.54% yield with a monthly distribution that has seen a steady stream of incremental increases over the past few years.

CT REIT announced results for the second fiscal of 2018 last month, and the company saw strong growth on a number of fronts.

Net income for the quarter came in at \$74.74 million, up just 0.6% over the same quarter last year, while funds from operations witnessed a 5.2% increase over the same period last year, coming in at

\$62.50 million.

Adjusted funds from operations also saw a noted improvement of 6% in the quarter, coming in at \$51.536 million.

In addition to the strong results, the company also announced four new or upgraded properties that will be completed over the course of the next two years.

For those investors contemplating an investment in CT REIT, the company currently trades at just over \$13 with a P/E of 31.58.

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1. TSX:CRT.UN (CT Real Estate Investment Trust)

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