



Revealed: This Fantastic REIT Has Paid 199 Consecutive Dividends

Description

Just as I'd encourage investors looking to buy physical real estate to stick to Canada's top cities, I'd also recommend folks buying a real estate investment trust (REIT) to take a long look at what their potential investment owns.

The emphasis on large cities is simple. These locations have seen their property values go up at a much quicker pace than smaller centres. [Toronto real estate](#) has soared over the last decade, while my small home town in Alberta has delivered no price growth. Property in larger centers also comes with greater opportunities to redevelop over time.

One quick look at **SmartCentres Real Estate Investment Trust** ([TSX:SRU.UN](#)) shows that it delivers on this front. Most of the company's assets are located in Canada's six largest cities. The stock also has one of Canada's best dividends, giving investors an uninterrupted stream of payments since 2002.

Let's take a closer look at Smart REIT and see why it belongs in your portfolio. Today.

High-quality assets

Smart's portfolio has focused on three easily understood themes over the years. It partnered with a terrific anchor tenant, focused on owning newer property, and moved into great locations.

Let's start with those locations. SmartCentres has focused on growth in the Southern Ontario region, particularly in the Toronto area. Other large markets where the company has significant exposure include Montreal, Edmonton, and the Vancouver area. It has exposure to secondary markets, but the majority of its assets are located in Canada's largest cities.

The company begun by developing properties for **Walmart** in the 1990s, when the world's largest retailer was first expanding into Canada. In the 20 years since, cities have expanded around these properties, making formerly suburban locations into something much more valuable.

This relatively short history ensures that Smart's real estate is all quite new; its average property is just

15 years old, giving Smart one of the youngest portfolios in the industry and significant potential to redevelop some of these locations into mixed-use facilities.

This partnership with Walmart gives Smart another advantage. A Walmart-anchored development attracts other tenants because the retailer brings in so much foot traffic. Smartcentres enjoys a 98% occupancy rate partly because of this relationship.

Combining Smart's focus on Walmart-anchored locations, its portfolio clustering in major centers, and that low average building age of 15 years makes a the stock immediately an interesting choice to put in your portfolio. The company's [world-class dividend](#) is just icing on the cake.

Get paid

Not only has Smart REIT paid one of Canada's best dividend for a long time, it has also given investors significant dividend growth of late.

Let's start with the company's historical payout. It started paying dividends on December 16, 2002, paying investors as of November 30 of that year a \$0.0959 per share monthly dividend. This payout has continued uninterrupted ever since, making for an impressive 199 consecutive dividends.

Dividend number 200 will be paid to shareholders who held their shares as of May 31st in just a few days, on June 15. The dividend has appreciated nicely over the years; the payout is now \$0.15 per share each month.

Most of the dividend growth has happened in the last five years. The payout has increased from \$1.56 per share in 2014 to \$1.80 in 2019. The payout could be even larger if Smart continues its streak of dividend increases.

The current dividend is 5.4%, an excellent payout in today's low yield world. The payout ratio is 77%, which is solid. Anything under 80% in the REIT world is considered to be a low-risk payout.

The bottom line

Smart REIT has given investors an excellent total return of more than 15% annually since the stock's 2002 IPO. It has paid a dependable dividend with solid growth in the payout and will eclipse 200 consecutive dividends in just a few days.

It's simple. This excellent stock belongs in your portfolio. Buy it today and your future self will thank you.

CATEGORY

1. Dividend Stocks
2. Investing

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

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