TFSA Investors: Get Big Monthly Income the Smart, Safe, and Simple Way

Description

Volatility has become the new norm. And to better weather the bigger bumps in the road ahead, investors are going to need to equip their portfolios with a new pair of shocks.

In this rocky market, there are few better ways to adapt than with high-quality REITs like **SmartCentres REIT** (TSX:SRU.UN) with a generous upfront yield and a hidden value proposition that could finance significant distribution raises over the long term.

Based on the name of the REIT, you'd know that it's engaged in the unattractive real estate sub-industry of retail — strip malls, to be exact.

You've probably heard that the shopping mall is dying, and as direct-to-consumer e-commerce retailers continue to pick up traction, there will be nothing in those strip malls other than tumbleweeds that'll roll through.

The "death of the shopping mall" thesis is scary for many retail investors. But when it comes to SmartCentres REIT, little evidence suggests that the REIT is due to see its vacancies soar. Many malls across North America may be shutting their doors, but that doesn't mean SmartCentres locations will follow suit.

Why?

SmartCentres not only has high-quality tenants and one of the best anchors that any mall could ask for in Wal-Mart Stores, but also has a long-term plan to thrive in the new age of retail.

The world of retail is undergoing a period of transition. E-commerce can co-exist alongside brick-and-mortar, and with many adaptive, experiential retailers continuing to defy the odds, many investors are starting to realize that malls aren't going the way of the dodo bird. At least, not anytime soon.

Poorly run physical retailers and department stores that nobody wants to shop at are going belly up. But high-quality retailers with exclusive brands like **Canadian Tire**, grocers, eateries, and various other need-to-be-there-in-person shops (like barber shops) aren't going anywhere. And if they're all conveniently brought together, consumers will keep on coming in droves.

SmartCentres knows that its high-quality tenants form a symbiosis with one another and thus increase the value of the property the REIT leases. A customer looking to get a haircut soon finds themselves picking up a bite to eat and buying that humidifier they needed, but forgot about at the Canadian Tire in the same SmartCentre strip mall.

Moving forward, management is following the retail REIT trend by diversifying into mixed-use developments that allow for a symbiosis between residential, office, and retail tenant bases. This move, I believe, could drive considerable AFFO growth over the next decade and beyond.

Foolish takeaway

SmartCentres REIT is doing a lot of things right. It’s likely being punished because strip malls aren’t exactly seen as attractive through the eyes of conservative income investors who need fewer things to worry about in this highly uncertain market.

Fortunately, SmartCentres REIT is such a play that can reduce volatility despite it being a much-feared retail REIT. It has a low beta of 0.44 and a distribution that yields 5.73% to dampen any potential downside.

If you’re looking for a smart, safe, and safe way to ride out the rough waters, look no further than SmartCentres, an underrated and undervalued REIT that deserves respect.

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Date
2025/08/26
Date Created
2019/10/23
Author
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