2 Quality REITs Will Deliver a Passive-Income Stream

Description

Saving money is the solution if you plan a big-ticket purchase without having to borrow. Your savings could also serve as a financial cushion in the short term. However, the cash you set aside today will be gone tomorrow in case of an unforeseen expense. You might not even get to buy the thing you saved up for.

The situation above makes you realize the need for more money. You can modify your purpose for saving money and start setting aside a small amount for investment. You can use the money to purchase affordable, quality real estate investment trusts (REITs) to create passive income.

SmartCentres (TSX:SRU.UN) and **Choice Properties** (TSX:CHP.UN) are two of the popular REIT stocks. The substantial trading volumes are proof that many income seekers invest in both REITs. You have two vehicles to improve your financial capacity while growing passive income over the long run.

Outstanding tenant profile

As a precaution to the coming bear market, investors are re-balancing their stock portfolios. SmartCentres is the top-of-mind preference because it can protect your capital and still earn decent passive income. This $5.34 billion REIT has a diversified real estate portfolio with **Walmart** as its anchor tenant.

Other tenants include value-oriented retailers and big national as well as regional names. With high-profile retailers as principal tenants, SmartCentres can generate stable and recurring cash flows, especially in times of recession.

This commanding stock in the real estate sector pays a dividend of 5.81%. Your $10,000 savings can quickly produce nearly $50 monthly or $600 yearly without much effort. The earnings could be higher if you add more shares and keep reinvesting the dividends.

SmartCentres continues to grow its platform by adding more value-oriented unenclosed shopping centres and destination outlets. To date, the total number of tenants is 3,100 — 115 of which are

Walmart-anchored tenants.

Stonewall defence

Choice Properties is a favourite among TFSA users. This $4.21 billion REIT can erect a stonewall defence if you're after investment safety and protection. Concerning income generation, this stock pays a 5.32% dividend.

A TFSA balance of $63,500 can double in 13.5 years. Your monthly passive income by then would be as high as $800. The advantage of investing in Choice Properties is that you don't need a lot of seed money to begin. You can buy the stock at $13.61 per share.

If Walmart is for SmartCentres, **Loblaw** is for Choice Properties. The largest food retailer in Canada is the anchor tenant of this REIT. At present, Choice owns and operates 726 high-quality real estate properties, many of which are in landmark locations across the country.

About 79% of the total portfolio consists of retail establishments with Loblaw stores as the majority. Choice Properties is unrivaled in the rental space as it boasts of an excellent 97.4% occupancy rate.

"Smart Choices"

Saving cash can help you address short-term needs but won't give you financial muscle in the long run. SmartCentres and Choice Properties are the logical choices if the goal is to have a growing passive income for future financial security.

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