



Alert: This High-Quality REIT Just Hit a Massive Buy Signal

Description

In theory, investing is a simple exercise. You research stocks until you find a good one, and then put your money to work.

But there's an important variable missing from this simple equation — something I believe will boost your long-term returns significantly. The way to do this is to load up on great stocks when they're cheap, buying only when it's opportunistic to do so.

This is easier said than done, of course. And you'll likely screw up a few times following such a strategy. But it's an incredibly powerful way to invest over the long term, and it also helps investors build a diverse portfolio.

Let's take a closer look at one great stock that has recently hit a pretty compelling [buy point](#).

One of Canada's best REITs

SmartCentres REIT ([TSX:SRU.UN](#)) has quietly been a massive long-term winner.

The company's roots are in retail real estate, but with a bit of a twist compared to some of its competitors. It hitched its wagon to **Walmart**, slowly becoming the retailer's landlord of choice, as it expanded throughout Canada. These days, thanks to a continued partnership between the two companies, some two-thirds of SmartCentres's properties are anchored or shadow-anchored by Walmart stores, and the world's biggest retailer accounts for some 25% of total rents.

Walmart is a great tenant which has grown significantly in Canada, and SmartCentres has posted solid results along with it. It's investing billions to try and carve out significant market share in the online retail space, and its stores look to be an important part of that long-term plan. These locations also attract a great deal of foot traffic, which makes renting other spaces in these developments easier. Smart's occupancy rate is currently around 98% — one of the best measures in the whole sector.

These days, SmartCentres is rapidly expanding into other parts of the real estate sector through an

aggressive expansion program. Projects on the go include big mixed-use developments in places like Toronto, Vaughn, and Montreal, several residential towers, self-storage assets, and even seniors living facilities with a partner.

By the time all these projects are completed, SmartCentres should create between \$1.3 and \$1.5 billion worth of value as well as double the size of the entire company.

The opportunity

As I write this, SmartCentres's stock price is currently languishing under \$31 per share. That's nearly 20% off recent highs and is close to the 52-week low set back in January, 2019.

You don't get many opportunities to buy high-quality stocks like this at such a bargain price.

The stock is cheap on a price-to-earnings basis, too. The company is trading at under 14 times its projected 2019 funds from operations, which is some 20-25% lower than just a few months ago when shares were considerably higher.

The development portfolio is really expected to start growing the bottom line in 2020, with funds from operations slated to increase at least 10% this year on a per-unit basis. Where else can investors get this kind of value combined with solid growth expectations?

And then there's the dividend yield, which is one of the best out there. At under \$31 per share, Smart's yield is over 6%. Remember, SmartCentres has increased its payout each year since 2014. It just recently upped the distribution to \$1.85 per share on an annualized basis, and if the projected growth in the bottom line happens in 2020, investors can expect another [dividend increase](#) at the end of this year as well.

The bottom line

There's a lot to like about SmartCentres REIT. It has smart people in charge. Its development plan looks to be pretty solid. I really like the Walmart exposure. And investors are getting a solid dividend while they wait for capital gains to materialize.

It all combines to make a very compelling investment opportunity, especially after the recent sell-off. Don't let this opportunity go to waste.

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1. Dividend Stocks
2. Investing

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1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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