



## Are Any TSX Retail REITs Safe?

### Description

There's no question that retail has taken the brunt of the economic pain caused by COVID-19. Numerous retail companies and retail **TSX** REITs have been sold off significantly, as investors worry that this could be the final nail in the coffin for the retail sector.

For years, long-standing companies that have stood the test of time have fallen one by one as industry economics make brick and mortar stores less and less economically viable.

The ease of e-commerce, increase in shipping times, and mass adaption by the consumer has slowly been putting [retail companies](#) out of business or operating solely online.

Coronavirus, however, sped that process up considerably. Thus, amid so many fears that these businesses won't return, how safe are TSX retail REITs?

### One of the safest TSX retail REITs

If you are looking into buying into the retail sector since you want a REIT undervalued or you think TSX retail stocks will fare better than investors are expecting, one of the top picks today is Choice Properties **REIT** ([TSX:CHP.UN](#)).

While [Choice Properties](#) is considered a retail REIT, it's worth noting that retail only makes up 80% of its assets. The trust also has exposure to industrial and office assets, both of which have been less impacted than the retail segment.

One of the main strengths of Choice Properties, especially in harsh economic conditions and partial shutdowns that we are facing now are its high-quality portfolio of tenants.

Some of its most prominent tenants are investment-grade companies, and the majority of them are essential services, such as banks, grocery stores, and pharmacies.

In fact, **Loblaws**, one of the most popular consumer staple companies in Canada, takes up more than

half of Choice Properties' gross leasable area.

Another thing Choice has going for it is its minimal exposure (20%) to Alberta. Second, many of its retail assets consist of plazas allowing for curbside businesses to open. This is crucial as opposed to owning malls that are facing stricter reopening policies and, therefore, more significant headwinds.

## Choice is the best positioned TSX retail REIT

Choice is one of the top TSX Retail REITs for investors to rely on and for good reason. Its qualities combine to give it some of the best reliability and predictability in the entire retail real estate sector. Plus, on top of its reliability, the REIT is also in an enviable position going forward.

At the end of the first quarter, Choice had a total occupancy rate of 97.5%. And so far through April and May, the trust has been able to collect upwards of 85% of its rents.

Compared to a residential REIT, that figure would be low, but against its retail peer group, it's well above the average.

This is extremely impressive and goes to show just how high-quality Choice's portfolio is. Despite that, the top TSX retail REIT is not getting complacent.

It continues to take necessary steps to ensure no massive negative consequences knock it off course. The trust has put itself in a robust financial position with over \$1 billion in liquidity.

Furthermore, the slowdown in the construction of some of its properties from its exciting growth pipeline will also help the company to save cash right now.

## Bottom line

Retail REITs on the TSX have suffered greatly since the start of the pandemic. However, the one REIT you can count on is Choice Properties.

The stock is highly stable, owns premium assets, and pays a significant 5.8% dividend. All of which warrant the stock a significant premium.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)

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danieldacosta

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