Passive-Income Investors: Buy This 7%-Yield REIT Before it's Too Late!

Description

Passive-income investors still have plenty of opportunities out there, with various high-yield REITs that are still a country mile away from their pre-pandemic highs. Some of the most unloved REITs have been picking up traction in recent weeks. Their swollen yields have begun to compress, and I think they're must-buys right now if you're looking to give yourself a raise.

With normalcy on the horizon, rent-collection rates are poised to stabilize if they haven't already. That makes some of the harder-hit REITs (think retail and office REITs) bargains, while the Street has looked to growthier, sexier plays on the **TSX Index**.

Passive-income investors: A Smart REIT to buy

One top REIT that I've been buying aggressively is strip mall property play **SmartCentres REIT** (TSX:SRU.UN). The yield has compressed from 8% to 7%, and it could be headed much lower, as shares continue to climb their way back to pre-COVID levels.

In numerous pieces, I've pounded the table on SmartCentres as a great buy, regardless of when the pandemic ended. The firm houses **Walmart** at a majority of its locations. The foot traffic the iconic retailer drew in was likely to be enjoyed by other essential retailers renting at SmartCentres's locations. Rent-collection rates were never really a huge cause for concern. While there were a few sore spots in the REIT's tenant base, an overwhelming majority of them, I thought, would do just fine through lockdowns.

With shares of SRU.UN surging 33% from their September lows, I think now is as good a time as any to ride shares back to early-2020 heights. Shares are off over 31% from their 2016 all-time highs and 18% from their 2020 highs. I think the latter high will be reached by late 2021, with the former that could be hit at some point over the next few years, as the "roaring 20s" takes hold.

The pandemic-induced rise of e-commerce has been nothing short of unprecedented. And while I expect the digital sales strength to remain, I believe people are longing for a sense of normalcy. Whether that means going to catch a film at the local cinema or just shopping at the local

SmartCentres strip mall in the company of friends and family, we all seek to re-enter the realm of the physical without having to worry about catching the insidious coronavirus.

SmartCentres REIT: The future of brick-and-mortar retail?

As people get vaccinated, I have a feeling that SmartCentres stores are not only going to recover from the COVID-19 crisis, but they'll thrive, potentially fuelling a rally in shares towards new all-time highs, as passive-income investors reward the REIT for its relative resilience in the pandemic-plagued environment.

Moreover, SmartCentres's is hedging its bets with Penguin Pick-Up (pickup for e-commerce orders) and with its plan to diversify into mixed-use properties, I believe SmartCentres REIT shares could be in for a major re-valuation to the upside. SmartCentres isn't just some shopping mall that's going to the way of the dodo bird. It's a magnificent retail REIT that will play a huge role in the future of commerce, which, I believe, will be both on and offline.

Foolish takeaway for passive-income investors

For now, investors can expect to collect a bountiful 7% yield as we inch closer to the post-COVID world, which could be a major boon to all Smart's tenants.

Stay Foolish, my friends.

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