



TSX REITs: 2 Passive-Income Superstars

Description

TSX REITs can generate a substantial amount of passive income for investors. However, not all of them are built equally.

It can be easy to get caught up in just examining the yield attached to various TSX REITs. But a yield that's too high could be unsustainable and due for a cut.

In the end, a massive yield that's due to be cut won't be as beneficial to investors as a moderate but sustainable yield. That's why it's important to identify REITs with a solid base. We saw over the past year many REITs had to cut distributions by figures as much as 50% or more.

Today, we'll look at two options that can provide secure passive income for Canadian investors.

SmartCentres

SmartCentres REIT ([TSX:SRU.UN](#)) is a large Canadian [REIT](#) with a strong portfolio of income-producing properties. It owns 34.1 million square feet of property, helping to amount to \$10.7 billion in assets.

Now, it's important to note that SmartCentres is heavily involved in the retail space. So, it might sound counterintuitive to suggest SmartCentres given how poorly the retail sector has performed.

However, over 70% of SmartCentres locations are anchored by its top tenant, retail giant **Walmart**. The cost-cutting superstore has proven through thick and thin that it's here to stay and SmartCentres can rely on Walmart's occupancy.

On top of that, this TSX REIT carries a 97.3% occupancy rate, which should be more than palatable to investors. While retail in general might not be in a great spot moving forward, SmartCentres is set up for sustainability.

Plus, outside of retail, SmartCentres is engaged in developing residential and other properties. The

REIT has a \$7.9 billion stake in a \$13.5 billion project aimed at developing apartments, condos, residences, hotels, offices, and storage spaces.

So, if diversification is your thing when it comes to REITs, then SmartCentres should have you covered going forward. As of this writing, this TSX REIT is trading at \$26.58 and yielding 6.96%.

A yield of that nature can go a long way in helping generate passive income.

Choice Properties

Choice Properties REIT ([TSX:CHP.UN](#)) is another large Canadian REIT with a strong focus on retail properties across the country. As of this writing, it's trading at \$13.28 and yielding 5.57%.

While it's also a retail-heavy REIT, it also has a reliable [income](#) base due to its strategic partnership with grocery giant **Loblaws**. Nearly all of its properties are anchored by the Canadian shopping superstar, which bodes well for the stability of future cash flow.

This reliability has been prevalent in the trading price, as Choice has essentially bounced between \$12 and \$13 since around this time last year. All the while delivering a nearly 6% yield to investors, whereas many of its peers had to cut distributions.

As far as REITs go, Choice is one of the most stable options available. It might not offer the absolute highest yields year in and year out, but investors can count on the passive income to be there.

TSX REIT strategy

Both these TSX REITs offer investors an avenue to generate a solid passive income. If you're looking for a way to diversify your holdings, these real estate giants could be worth further investigation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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