



TFSA Investors: 1 Safe Stock Set to Outperform

Description

Slate Grocery REIT ([TSX:SGR.U](#)) focuses on acquiring, owning and leasing a portfolio of [diversified revenue-producing commercial real estate properties](#) in the U.S. with an emphasis on grocery-anchored retail properties.

The objectives of the real estate investment trust (REIT) are to provide unitholders with stable cash distributions and to enhance the value of the REIT's assets in order to maximize long-term unitholder value through active management.

Maintaining strong tenant relationships

Slate Grocery nurtures [longstanding relationships](#) with existing tenants by anticipating and adapting to the changing needs of tenants and being proactive with lease renewals. Slate Grocery engages in ongoing discussions with tenants throughout the lease term to be proactive in negotiating early renewals as leases approaching expirations.

The growing size of the REIT's portfolio helps strengthen the company's longstanding relationships with existing tenants and allows Slate Grocery to offer leasing opportunities across multiple properties. This strategy promotes organic growth by minimizing marketing, leasing and tenant improvement costs and avoiding interruptions in rental income generation.

Maximizing rental income through leasing initiatives

Slate Grocery maintains the current high level of occupancy in the REIT's properties by leveraging the company's established leasing platform. The company implements active strategies that take into consideration prevailing economic conditions and the nature of the property.

Many of the REIT's properties are located in areas with low vacancy rates and minimal new competitive supply, which minimizes leasing costs and allows the REIT to replace in-place rents with increased market rents as leases expire. Slate Grocery also seeks to continue to include contractual

rent escalators in leases to further facilitate growth in rental income.

Repositioning current properties

There are a number of situations where there exists the opportunity to reposition properties currently held by Slate Grocery through modest and targeted capital projects and operational improvements. The REIT focuses on acquiring diversified revenue producing commercial real estate properties with a focus on grocery-anchored retail properties.

Slate Grocery has a strong track record of closing acquisitions and the company should be able to grow the asset base of the REIT on an accretive basis in the near to medium term.

Identifying undervalued properties

Slate Canada's extensive relationships with a network of commercial real estate brokers allow it to identify undervalued properties, many of which may not be widely marketed for sale. With over 40,000 grocery stores in the U.S., there are significant opportunities for the REIT to continue Slate Grocery's strategy of acquiring attractive, revenue-producing grocery-anchored properties.

Further, Slate Grocery's familiarity with the REIT's properties allows it to identify complementary acquisition opportunities that are aligned with the REIT's investment criteria and accretive to cash flow. The REIT focuses on acquiring properties that are located in major metropolitan areas in the U.S. that demonstrate favourable population and employment growth dynamics.

Slate Canada works closely with contractors to reduce operating costs and oversees capital expenditure projects to ensure they are on budget and completed on time. This focus on cost reduction further improves tenant relationships and increases the net operating income of the REIT's properties. This should lead to a higher stock price.

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