A High-Yield Canadian REIT for a Passive-Income Boost

## Description

The recovery from the coronavirus crash hasn't been very even, especially for some of the hard-hit passive-income plays on the **TSX Index**. Real estate investment trusts (REITs), high-yield midstream energy players, and many other COVID-hit firms are still well off their highs. It's these such plays that seekers of passive income may wish to buy, as their recovery trajectories take a turn for the worst.



If you insist on secure payouts, long-term investors, I believe, will come out on top at the end of the day. With the "Delta" variant of concern causing downward pressure on the 10-year Treasury note, many of the high-yield reopening plays could be due for another pullback. And it's these such names I'd dollar-cost average (DCA) into over the coming weeks and months.

That way, you'll be able to average down your cost basis should COVID-19 grip the markets with fear again. All the while, you'll be averaging up your yield, assuming the firm you're investing in won't take its dividend or distribution to the chopping block amid mounting pressures.

Without further ado, let's have a closer look at a **SmartCentres REIT** (TSX:SRU.UN), a top REIT with yield a 6.2% yield at the time of writing.

Both names sport yields on the higher end of the spectrum, with shares that are still off over 15% from their all-time highs. Undoubtedly, both names have been feeling the effects of COVID-19 disruptions, which could take a turn for the worse later in the year due to the Delta variant. Still, each firm boasts a payout that I believe is robust enough to endure another wave of potential lockdowns without suffering a payout reduction.

# SmartCentres REIT

SmartCentres REIT is my favourite real estate play on the TSX right now. The 6.2% yield is bountiful and safe. Although Smart is a retail property play that stands to take a hit from future COVID-19 waves, investors must remember that not all industry players are equal.

What I like about SmartCentres is the quality of its tenant base. It has an essential retail behemoth in **Walmart** that anchors a majority of its stores. Moreover, many of its other tenants didn't miss a month's rent during the worst of last year's lockdowns.

If Delta causes another lockdown, I expect Smart will make it through with its distribution intact. Although rent-collection rates could take a few modest steps backward after recovering over the past year, I think Smart will be far quicker to reach normal than most other retail real estate stocks out there.

Call Smart "fortunate" for housing so many essential retailers at its strip malls, if you will, but the REIT looks well positioned, regardless of what happens next. Should Delta cause pressure on shares, I'd look to add to my already sizeable position to get more passive income for a lower price.

## Bottom line

Don't fear companies that stand to be impacted should COVID-19 take a turn for the worse. But do evaluate how well positioned an affected firm will stand to weather any future waves. Retail real estate is arguably one of the worst places to be during a pandemic. But SmartCentres REIT, I believe, is a rare exception. It's best in breed, and its distribution looks safe and sound.

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**TICKERS GLOBAL**

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

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joefrenette