High Yield: 1 Top Passive-Income REIT That Looks Beyond Undervalued

Description

It's tough to find a passive-income stock that's substantially undervalued, unless Mr. Market is having one of his tantrums. With Omicron variant cases of COVID surging at a staggering rate, while the U.S. Federal Reserve takes a slightly more hawkish tone, and with rate hikes expected in the new year, investors have been concerned. Mr. Market doesn't do as well pricing stocks at close to their true worth in such uncertain environments, especially after a solid year of gains for the broader markets.

Stretched valuations may still be an issue for many high-growth stocks in this market. Higher rates alongside a hard-hit economy at the hands of Omicron could bring forth a red year in 2022. That said, stock pickers could still do well on a relative basis if they act like a contrarian, insisting on value over blind faith with some of the falling knives in the market right now.

Passive-income plays perfect to buy for 2022

Inflation is another problematic issue investors will need to grapple with in 2022. While it could die down, there's a real chance that it could remain persistent. Cheap passive-income stocks with quality dividends and pandemic-resilient operations may be the best places to look for those looking to dampen what could be yet another storm of volatility.

Without further ado, consider **SmartCentres REIT** (TSX:SRU.UN), one of the best passive-income plays in Canada to check out for those looking to dodge and weave through the market's barrage of jabs. The firm has what it takes to preserve their handsome payouts, regardless of what havoc Omicron wreaks on the economy next year.

Moreover, the firm has an incredibly generous payout that could grow at a rate faster than peers, thanks to solid fundamentals that should outlast this horrific pandemic. Finally, the REIT's valuation is too good to pass up for those looking to get big passive income for less, without having to risk one's shirt.

SmartCentres REIT

SmartCentres REIT is a retail REIT behind many suburban strip malls that Canadians may be familiar with. Yes, retail REITs are an ugly place to be, even before the COVID pandemic struck. The rise of e-commerce is also not stopping. That said, Smart is a great way to take the opposite side of the trade. Although it's on the wrong side of a trend, it is in a magnificent position to capitalize off a slowing of the e-commerce boom.

Indeed, physical retail can still co-exist alongside its digital counterparts, even in a pandemic! Moreover, many retailers make more sense to shop in the physical realm. And a majority of Smart's tenants are of incredibly high quality, with physical locations that beckon in traffic into Smart's locations.

Further, Smart has made steps to adapt in the digital age, with pick-up locations and a wide range of other innovations you would not expect from a retail REIT. Moving forward, Smart is moving into mixed-use properties, with a push into residential/retail hybrid properties. Smart deserves a blended multiple, and it will likely get one in time. For now, cash flows don't lie, and investors should buy shares while the yield is around 6%.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/07/25
Date Created
2021/12/23
Author
joefrenette