Retirees: Here Are 2 Top REITs to Buy Right Now

### Description

For those nearing or entering retirement, real estate investment trusts (REITs) can be great options to consider. Think of REITs as funds that allow real estate investors to pool their funds together. These pieces of real estate are leased out, with the net income of the fund (the rents less fees) paid out quarterly or monthly.



As interest rates have begun to rise, many investors may be leery of real estate. Fair enough. This sector is highly sensitive to interest rate hikes, with the valuations of the underlying portfolios of these REITs dependent upon the ability for buyers to pay higher prices.

That said, for those looking for consistent and stable dividend income, REITs are a great choice. In this market, here are two top REITs I think are worthy of consideration right now.

## Dream Industrial REIT

In the industrial real estate space, **Dream Industrial REIT** (TSX:DIR.UN) is one of my top choices.

This industrial REIT focuses mainly on distribution centres and warehouses, the backbone of shipping and logistics. For those bullish on e-commerce and other areas of the economy with strong secular growth catalysts, industrial real estate is a sneaky way to play this space.

Additionally, Dream Industrial's portfolio of assets are strategically located near city centres. Thus, investors get the highest-quality exposure to this space at a reasonable valuation. Currently, Dream Industrial trades at only six times earnings. Additionally, this REIT has a dividend yield of 4.5%. For many retirees, those numbers are music to the ears.

## SmartCentres REIT

**SmartCentres REIT** (TSX:SRU.UN) is a much different option relative to Dream Industrial. Indeed, this REIT focuses on retail real estate — you know, the strip malls and big-box stores that many of us *used* to shop in?

In some ways, investors may think of Dream Industrial as the backbone of e-commerce, with SmartCentres being the backbone of physical brick-and-mortar commerce. This trust owns a range of properties anchored by large retailers, providing rather consistent income over the years.

The difference between SmartCentres and many of its peers is the quality of tenants in this portfolio. The company’s anchor tenants are among the best in the business. We’re talking blue chip mega-cap companies. Thus, this REIT’s 5.7% yield remains attractive, given the strong cash flow support this business model provides.

## Bottom line

Over the long term, I think both Dream Industrial and SmartCentres can provide excellent portfolio diversification for investors. Despite rising interest rates, these two REITs are ones that are well positioned to provide consistent returns over time.

**CATEGORY**

1. Dividend Stocks
2. Investing



**TICKERS GLOBAL**

1. TSX:DIR.UN (Dream Industrial REIT)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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