



1 REIT That Could Get You Through Any Market Downturn

Description

Not all real estate investment trusts (REIT) are safe options in a market downturn. Sure, they offer dividends. However, those dividends could be cut should revenue suddenly drop.

That's why if you're looking for passive income during a market downturn, you want to find an REIT that offers stable income. And that comes from investing in companies that invest in necessities.

What's necessary?

As we learned during the pandemic, what became an essential service was quite limited. While health care was certainly one of them, health care may not do as well during the next economic downturn. All the investment made by public and private entities could suddenly be needed elsewhere.

Instead, Motley Fool investors should look for essential services that will *always* be essential. For that, I would look to food. Food is needed by every human on the planet, no matter what. While Canadians will need to budget and cut back on every other item, food will remain something you simply must buy.

That means investing in REITs that invest in food-related companies could certainly be a way to protect yourself during a market downturn. And there's one I'd recommend above all else.

Slate Grocery REIT

Slate Grocery REIT ([TSX:SGR.U](https://www.slategroceryreit.com/)) is an owner of grocery-anchored [real estate](#) in the United States. Shares are down about 3% year to date and up 12% over the last year. It also went through a bit of a tumble, as the markets continue to fall during a potential market downturn.

This came with the increasing inflation at grocery chains. While it means in the short term that the company may not see as much investment, it doesn't mean revenue will suddenly drop. In fact, during its latest earnings report, Slate reported 97% of its portfolio is secured by leases, "offering protection in an inflationary market."

The company's chief executive officer Blair Welch stated in the press release the results showed "the uniquely defensive nature of grocery real estate in all market conditions ... As the pandemic continues to abate and a new set of macroeconomic pressures emerges, our properties are playing an even more critical role in facilitating the last mile of food logistics in a timely and cost efficient way."

Why pick it up today?

Investing in Slate REIT offers Motley Fool investors [protection](#) from inflation, downturns, or anything the market throws at it. But more than that, it offers a deal on the **TSX** today. You can pick up Slate REIT trading at just 8.31 times earnings and 1.14 times book value.

Furthermore, with the recent pullback, you can lock in an insanely high dividend yield of 8.05% as of writing. That comes to \$1.12 per share annually for today's investor. That means investing about \$11,607 at today's prices could bring in \$1,000 in dividends each and every year!

Bottom line

Slate REIT is a strong choice if you want an investment that will protect you during an economic downturn and provide you with passive income for life. At today's prices, you could see huge returns when the stock market recovers and have locked in an 8% dividend yield in the process.

CATEGORY

1. Dividend Stocks
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