



A Top REIT for High-Yielding Income

Description

When you typically look at the stock market and notice assets with substantial dividend yields, you might wonder what the catch is with them. You would not be wrong in being wary of investing in stocks that have super-high dividend yields. Many of the companies offering such high dividend yields are there because they have gone through considerable downward corrections, leading to inflated dividend yields.

However, one asset trading on the **TSX** with a considerably high dividend yield might not fall into the same risky category that many other high-yielding stocks do. Today, I will discuss a real estate investment trust (REIT) that offers a massive 7.72% forward dividend yield that you might want to consider adding to your portfolio.

Slate Grocery REIT

The Canadian [real estate industry](#) has long been an excellent place for investors to rake in significant long-term profits. However, Canadian investors typically consider the residential real estate sector when thinking of investing in real estate. The housing market has been hitting new all-time highs for the last decade, and it has become inaccessible to many Canadians who want to buy houses as investments.

There are other segments in the Canadian real estate industry that might be worth considering as viable alternatives to buying a house. REITs like **Slate Grocery REIT** ([TSX:SGR.U](#)) allow you to invest in the real estate industry without the cash outlay required to buy a house.

Slate Grocery REIT is a \$683.94 million market capitalization operator of grocery-anchored real estate throughout the United States. The company operates in major metro markets in the U.S., providing essential items.

The essential nature of the business means that it can stay open and keep generating cash flows regardless of macroeconomic conditions. The company has managed to bring in cash no matter what over the years, and its recent-most quarterly earnings report proves it.

Slate REIT's funds from operations increased by 15.7% year over year, and 97% of its portfolio of real estate assets is covered by secured net leases. Its total occupancy remained high at 93.2%.

Still trading at an attractive valuation

Despite all the great news surrounding its performance, Slate REIT has been trading in value territory. Slate Grocery REIT trades for US\$11.66 per share at writing, and it boasts a juicy 7.72% forward dividend yield that it pays out each month. Its share prices are down by 0.60% year to date and by almost 15% since March 30, 2022.

It has recently seen a sudden turnaround, with its share prices rising by almost 10% between May 12 and May 19, 2022. Investors might start looking at its correction as an opportunity to buy its shares for a discount, leading to an appreciation in its price that could continue in the coming weeks.

Foolish takeaway

Such high dividend yields are typically considered unsustainable. However, the essential nature of Slate Grocery REIT's operations, stable cash flows, and potential to generate healthy returns could make it a viable investment to consider for its dividend yield and capital gains potential.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:SGR.U (Slate Retail REIT)

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