1 of the Best Passive-Income Stocks to Buy This Week

Description

The broader market selloff has intensified lately, as the **TSX Composite** benchmark has sunk 7.4% in the second quarter. Despite a strong jobs market and consumer spending, rising inflationary pressures, continued supply chain issues, and a series of interest rate hikes are driving equities down. While it's nearly impossible for anyone to predict when the ongoing market carnage will end, long-term investors may remain largely unaffected by the ongoing market correction. This is one of the reasons why Foolish investors always prefer to have some high-dividend-yielding stocks in their portfolio for the long term. This way, investors can continue receiving handsome passive income and ignore worries about a market crash in the short term.

One REIT stock to buy for passive-income investors

The ongoing market selloff is mainly led by healthcare and technology companies with investors' growing concerns about their lofty valuations in the post-pandemic era. Other sectors, including real estate, have also witnessed sharp losses. If consistent inflationary pressures and surging interest rates lead to a recession in the near term, the real estate market is also likely to be hit.

Given these uncertainties, directly investing in real estate might not be a wise decision at the moment. Nonetheless, the recent market selloff has made the dividend yield of most REITs (real estate investment trusts) look even more attractive. That's why it could be a good idea for passive-income investors to consider buying some fundamentally strong REIT stocks right now.

CT REIT stock

CT Real Estate Investment Trust (TSX:CRT.UN) is a Toronto-based REIT that owns more than 350 commercial properties — mostly focused on retail and industrial sectors. Its stock currently trades at $16.73 per share with about 3.4% year-to-date losses and offers an attractive dividend yield of around 5.1%.

While COVID-related challenges drove its adjusted earnings down by around 40% in 2020, CT REIT's earnings jumped beyond the pre-pandemic levels last year. In 2021, the REIT registered an outstanding 112% YoY (year-over-year) jump in its adjusted earnings to $1.64 per share. Its earnings last year were mainly driven by impressive growth in its adjusted funds from operations, net asset value per unit, and its conservative debt metrics. Despite these positive factors, its stock didn't see much appreciation last year, as it rose by only 10%.

A trustworthy stock for passive-income investors

A major key factor that makes CT REIT one of my favourite REITs to buy for the long term is its industry-leading lease terms and high-quality portfolio. Currently, its weighted average remaining lease terms are at around 8.5 years. Some of the big names from its tenants include **Canadian Tire**, **Loblaw**, **Bank of Montréal**, **Canadian Imperial Bank of Commerce**, **Walmart**, and **Best Buy**.

In May, CT REIT announced five new investments worth $60 million with about 286,000 square feet of gross leasable area, which should help the company accelerate its financial growth further in the long run. While I wouldn't call CT REIT a recession-proof stock, its long lease terms and reliable tenants could help the company navigate through tough economic times without big financial troubles and help its investors keep getting handsome passive income.

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