



## 2 Top REITs Worth Buying, Despite Rising Rates

### Description

Real estate investment trusts (REITs) are excellent options for investors seeking reliable income over time. Many of the top REITs in Canada and around the world are required to pay out a certain percentage of their taxable income in the form of dividends to shareholders in return for tax breaks. For yield bugs, this is a good thing.

Indeed, in this market, yield is an investor's friend. Any stock, trust, or fixed-income product that pays a distribution provides some value back to the owner. In a market where investors require to be paid some sort of yield, REITs could continue to grow in popularity.

With this in mind, let's dive into why **SmartCentres REIT** ([TSX:SRU.UN](https://www.scribd.com/document/444444444/SmartCentres-REIT-TSX:SRU.UN)) and **Dream Industrial REIT** ([TSX:DIR.UN](https://www.scribd.com/document/444444444/Dream-Industrial-REIT-TSX:DIR.UN)) are two top REITs worth buying at this moment.

### Top REITs worth buying: SmartCentres REIT

SmartCentres REIT is a Canadian industrial REIT which owns around 174 properties in Canada. These properties are mostly retail-oriented and carry a valuation of more than \$11 billion. Thus, SmartCentres is one of the more substantial players in the Canadian retail market.

Notably, SmartCentres is also one of the best operators in this space. Currently, the REIT boasts an occupancy rate of 97.6% across its portfolio. That's mainly due to the fact that SmartCentres has been able to attract some blue-chip quality tenants to anchor its core assets. **Walmart** is the company's main tenant, generating approximately 25% of SmartCentres's rental revenue.

This property and tenant mix are obviously attractive. And this REIT has produced excellent results in the past. That said, I think SmartCentres could be worth a buy on any economic weakness moving forward. During the pandemic, this REIT yielded more than 10% — that's the time to buy such high-quality, high-yielding REITs.

## Dream Industrial REIT

Dream Industrial REIT is an open-ended unincorporated real estate investment trust. As of the end of Q1, Dream Industrial owns and operates a portfolio of 358 buildings (244 industrial assets) consisting of a gross leasable area of around 44.4 million square feet in key markets across the U.S., Canada, and Europe.

Dream Industrial REIT and Dream Unlimited have formed a joint venture of \$1.5 billion with a top global sovereign wealth fund. This joint venture will keep the development projects unlevered in the venture, with every party using debt on their balance sheets to fund construction costs and land acquisition.

The COO of Dream Industrial REIT, Alexander Sannikov, believes that developments are an excellent way to integrate brand-new products into the REIT at attractive economics. The team believes that this partnership would allow them to improve their exposure to developments. Also, they believe that it will enable them to enhance the overall value and quality of the business safely and quickly.

Dream's impressive real estate portfolio is what has driven my interest in this trust. However, this joint venture is another factor I think investors should consider. On balance, both REITs are great long-term options to think about, especially if things get worse in the near term.

### 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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chrismacdonald

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