2 Great Dividend-Growth Stocks to Buy and Hold for Decades

Description

If you're in search of a high-quality dividend-growth stock to buy and hold for decades, then you've come to the right place.

Let's take a closer look at why **Brookfield Canada Office Properties** (TSX:BOX.UN)(NYSE:BOXC) and **Cogeco Communications Inc.** (TSX:CCA) belong on your shopping list.

Brookfield Canada Office Properties

Brookfield is one of Canada's largest owners and operators of commercial real estate. Its portfolio consists of 26 "premier" office properties, including 11 in Toronto, eight in Calgary, six in Ottawa, and one in Nepean, comprising of approximately 20.3 million square feet. It also has a 1.4 million square foot office property under development in Calgary, which is on target to be completed in late 2017.

Brookfield currently pays a monthly distribution of $0.1092 per unit, representing $1.31 per unit on an annualized basis, and this gives its stock a high yield of about 4.7% today.

Confirming the safety of Brookfield's yield is very easy; all you have to do is make sure that its adjusted funds from operations (AFFO) meet or exceed its distributions in a given period. In the first half of 2016, its AFFO totaled $0.68 per unit, and its distributions totaled $0.64 per unit, resulting in a sound 94.1% payout ratio.

Not only does Brookfield have a high and safe yield, but it also has a track record of distribution growth. It has raised its annual distribution for five consecutive years, and its 5.7% hike in January has it on pace for 2016 to mark the sixth consecutive year with an increase.

I think Brookfield's strong financial performance and the completion of its development property in Calgary in late 2017, which is already 81% pre-leased and will immediately be accretive to its cash flow, will allow its streak of annual distribution increases to continue for many years to come, making it one of the best long-term investment opportunities in the commercial real estate industry today.

Cogeco Communications Inc.

Cogeco is the parent company of Cogeco Connexion, Atlantic Broadband, and Cogeco Peer 1. Cogeco Connexion is the second-largest cable system operator in Ontario and Quebec, Atlantic Broadband is the ninth-largest cable system operator in the United States, and Cogeco Peer 1 is a leading provider of information and communications technology services, including colocation, network connectivity, managed hosting, and cloud services, to businesses in North America and Europe.

Cogeco currently pays a quarterly dividend of $0.39 per share, representing $1.56 per share on an annualized basis, giving its stock a yield of about 2.5% at current levels.

Even though it may not seem completely necessary to confirm the safety of 2.5% yield, I think investors should always do so anyways. With this being said, Cogeco's dividend is supported by its cash flow. In the first nine months of its fiscal year ended on August 31, 2016, its free cash flow totaled $199.4 million, and its dividend payments totaled just $57.34 million, resulting in a very conservative 28.8% payout ratio.

You still may not be sold on Cogeco being a great dividend stock, so let's get down to what really matters: dividend growth. It has raised its annual dividend payment for 11 consecutive fiscal years, including a compound annual growth rate of about 19% since 2010, and its 11.4% hike in October 2015 has it on pace for fiscal 2016 to mark the 12th consecutive year with an increase.

I think Cogeco's strong operational performance, its ample free cash flow generation, and its conservative payout ratio will allow its streak of annual dividend increases to continue for the next decade at least, making it an ideal investment opportunity for long-term investors.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CCA (COGECO CABLE INC)

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