2 Excellent Dividend Stocks to Buy for 2017 and Beyond

Description

If you're on the prowl for a high-quality dividend stock that you can buy and hold for decades, then you've come to the right place. Let's take a quick look at two with yields of 5-7% that you could add to your portfolio today.

Capital Power Corp.

Capital Power Corp. (TSX:CPX) is one of North America's largest independent power producers with 3,200 megawatts of capacity at 18 facilities across Canada and the United States. It also has more than 700 megawatts of owned generation capacity in advanced development in Alberta and under construction in Kansas.

Capital Power currently pays a quarterly dividend of $0.39 per share, representing $1.56 per share on an annualized basis, giving its stock a whopping 6.6% yield today.

It's very important to always confirm the safety of a stock's dividend before investing, especially when it yields over 5%, and you can do this with Capital Power by checking its cash flow. In its nine-month period ended on September 30, its funds from operations (FFO) totaled $309 million, and its dividend payments totaled just $106 million, resulting in an ultra-conservative 34.3% payout ratio.

In addition to its high and safe yield, Capital Power offers dividend growth. Fiscal 2016 officially marks the third consecutive year in which it has raised its annual dividend payment, and its 6.8% hike in July has it positioned for 2017 to mark the fourth consecutive year with an increase.

Capital Power's dividend growth will continue going forward as well, because it has a dividend-growth program in place, which is a major plus for investors. Its program states that it will raise its dividend by approximately 7% annually through 2018, and I think its very strong financial performance, including its 12.4% year-over-year increase in FFO to $309 million in the first nine months of 2016, will allow it to achieve this target and extend it well beyond 2018.

Granite Real Estate Investment Trust

Granite Real Estate Investment Trust (TSX:GRT.UN)(NYSE:GRP) is one of the world's largest owners and managers of industrial properties. Its portfolio consists of over 90 income-producing properties totaling approximately 30 million square feet located across North America and Europe.

Granite currently pays a monthly distribution of $0.217 per unit, representing $2.60 per unit on an annualized basis, which gives its stock a bountiful 5.8% yield today.

As mentioned previously, it's very important to check the safety of a yield over 5%, and you can do this with Granite by checking its cash flow. In its nine-month period ended on September 30, its FFO totaled $123.48 million ($2.62 per unit), and its distributions totaled just $84.95 million ($1.805 per unit), resulting in a conservative 68.8% payout ratio.

Like Capital Power, Granite offers distribution growth in addition to its high and safe yield. Fiscal 2016 officially marks the sixth consecutive year in which it has raised its annual distribution, and its 8.3% hike last month has it on pace for 2017 to mark the seventh consecutive year with an increase.

I think Granite's distribution-growth potential is very promising going forward as well. I think its consistently strong FFO growth, including its 3% year-over-year increase to $3.37 per unit in 2015 and its 3.6% year-over-year increase to $2.62 per unit in the first nine months of 2016, could allow its streak of annual distribution increases to continue through 2020 at the very least.

Is one a better bet today?

Capital Power and Granite REIT both offer high, safe, and growing dividends, making them strong buys in my book. However, if I had to choose just one to invest in today, I'd go with Capital Power, because it has a higher yield and a dividend-growth program in place.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CPX (Capital Power Corporation)
2. TSX:GRT.UN (Granite Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Yahoo CA

Category

1. Dividend Stocks

2. Investing

Tags

1. Editor's Choice

Date
2025/08/25
Date Created
2016/12/28
Author
jsolitro