



2 Dividend Aristocrats With Over 10 Years of Dividend Growth

Description

Investing in dividend-growth stocks is one of the most powerful and time-proven strategies to build wealth. With this in mind, let's take a closer look at two companies that have raised their annual dividends for over a decade, so you can determine if you should add one of them to your portfolio today.

Plaza Retail REIT

Plaza Retail REIT ([TSX:PLZ.UN](#)) is one of Canada's largest owners, managers, and developers of retail real estate. Its portfolio currently consists of 298 properties located across eight provinces that total approximately 7.8 million square feet.

Plaza currently pays a monthly distribution of \$0.0225 per unit, representing \$0.27 per unit on an annualized basis, which gives its stock an abundant 5.3% yield at today's levels.

Confirming the safety of this 5.3% yield is as easy as checking Plaza's cash flow provided in its most recent earnings release. In its fiscal year ended on December 31, 2016, its adjusted funds from operations (AFFO) totaled \$32.22 million (\$0.328 per unit), and its distributions totaled just \$25.62 million (\$0.26 per unit), resulting in a conservative 79.5% payout ratio.

A high and safe yield is great, but distribution growth is what really matters, and Plaza has shown a strong dedication to doing just that. It has raised its annual distribution for 13 consecutive years, the second-longest active streak for a REIT in Canada, and its 3.8% hike that took effect in January has it positioned for 2017 to mark the 14th consecutive year with an increase.

I think investors can continue to rely on Plaza for distribution growth in the years ahead as well. I think its consistently strong AFFO growth, including its 6.7% year-over-year increase to \$0.318 per unit in 2015 and its 3.1% year-over-year increase to \$0.328 per unit in 2016, will allow its streak of annual distribution increases to continue for another five years at least.

Ritchie Bros. Auctioneers

Ritchie Bros. Auctioneers ([TSX:RBA](#))([NYSE:RBA](#)), or RB for short, is the world's largest industrial auctioneer and one of its largest sellers of used equipment for the construction, transportation, agriculture, energy, mining, and forestry industries. It currently operates 45 auction sites in 19 countries around the world.

RB currently pays a quarterly dividend of US\$0.17 per share, representing US\$0.68 per share on an annualized basis, and this gives its stock a yield of about 2% today.

It may not seem completely necessary to confirm the safety of a 2% yield, but I think investors should always do so anyways to be absolutely sure, and you can do this with RB by checking its dividend payments as a percentage of its net earnings. In its fiscal year ended on December 31, 2016, its adjusted net earnings totaled US\$123.3 million (US\$1.15 per share), and its dividend payments totaled just US\$70.5 million (US\$0.66 per share), resulting in a 57.2% payout ratio, which is within its target range of 55-60%.

RB may lack yield, but it more than makes up for it in terms of dividend growth. It has raised its annual dividend payment each of the last 13 years, and its 6.3% hike in August has it on pace for 2017 to mark the 14th consecutive year with an increase.

As mentioned previously, RB has a target dividend-payout range of 55-60% of its net earnings, so I think its continued growth, including its 21.5% year-over-year increase to an adjusted US\$1.13 per share in 2015 and its 1.8% year-over-year increase to an adjusted US\$1.15 per share in 2016, and its ongoing acquisition activity, including its US\$758.5 million acquisition of IronPlanet which is expected to close in the first half of the year and immediately be accretive to its earnings, will allow its streak of annual dividend increases to continue in 2018 and beyond.

Which should you buy today?

Plaza Retail REIT and Ritchie Bros. Auctioneers both represent fantastic long-term dividend-growth opportunities, so take a closer look at each and strongly consider adding at least one of them to your portfolio today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RBA (Ritchie Bros. Auctioneers)
2. TSX:PLZ.UN (Plaza Retail REIT)
3. TSX:RBA (Ritchie Bros. Auctioneers)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/06/30

Date Created

2017/03/02

Author

jsolitro

default watermark

default watermark