



These 2 Dividend Stocks Pay Over 7% and Don't Have High Payout Ratios

Description

Dream Global REIT (TSX:DRG.UN), as the name suggests, is a real estate investment trust (REIT), but what sets it apart is that it owns and manages property in Germany and Austria.

The company's portfolio includes 169 properties totaling almost 13 million square feet. The stock can help provide you with a unique opportunity to invest in real estate outside the country and is an easy way to diversify your portfolio. This investment would allow you to remove risk related to the North American economy.

Dream Global currently pays a dividend of \$0.80 per share, which currently returns a yield of 7.3%. You may be thinking that such a dividend cannot be sustainable, but the company's cash payout ratio for Q1 was 84.4%.

REITs are known to offer higher payouts, and at 84%, it does not suggest any imminent danger of the dividend disappearing anytime soon.

The one knock on the company could be that it is not very old, and its dividend-paying history goes back to only early 2014. But if Dream Global can grow and increase its sales and profitability, then there should not be a reason to worry.

The company has shown growth as its occupancy rate improved for the ninth consecutive quarter, and it currently sits at over 90%. In the first quarter of 2017, Dream Global also added almost 200,000 square feet in new leases.

And last month, the company announced it had secured a lease renewal with Deutsche Post, which includes 70 properties that total over 2.5 million square feet and gives Dream Global a retention rate of 90%.

Dream Global may be a young company, but it is showing promise so far, and with a strong monthly dividend, high occupancy rate, and an overall good German economy, the risk involved is minimal.

Just Energy Group Inc. (TSX:JE)(NYSE:JE) is an energy supplier which operates in Canada, the

U.S., and Europe. The company offers electric, natural gas, green, and solar power to its residential and commercial customers. In the residential market, it is the third-largest such retailer in North America. In the U.S., it is the 11th-largest commercial supplier.

Just Energy pays dividends quarterly that total \$0.50 per share per year, which, at the current stock price, yields a return of over 7.6%.

Although that's an even higher yield than Dream Global's, Just Energy's payout ratio was only 60% of its funds from operations for the last fiscal year.

Similarly to Dream Global, the company does not have a long track record of paying dividends (only since 2011), but it too has not been traded publicly for a long time (going back to only 2007).

However, the low payout ratio suggests this should not be a big concern at this point in time, and dividends could even increase if the company continues to grow.

Although Just Energy did not have a great fiscal year, with a decline in sales and funds from operations of 8%, the company did see an increase in its operating income by 20%. In addition, for the past three years, operating income has grown by an average of 30% year over year.

Another way to increase sales is through expansion, and Just Energy is working on that as well, as it expects to enter a new European market in the near term. With a strong dividend and many growth opportunities, Just Energy makes for a good long-term investment.

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Date

2025/08/14

Date Created

2017/07/14

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