2 Top Dividend Stocks Yielding More Than 6%

Description

Investors who are looking to lock in juicy dividend yields after the past six months of losses in income-producing stocks have some appealing opportunities in Canada's real estate market.

Since last summer, Canada's real estate investment trusts (REITs) have been under pressure, as the Bank of Canada began to raise interest rates. The rising borrowing cost is a bad development for real estate companies that borrow heavily to fund their expansion.

That rate-tightening cycle, however, seems to have run its course, as the Bank of Canada officials signaled recently that they're in no rush to raise rates when the economy is showing signs of weakness, and the trade-related uncertainties in North America are slowing down business investments.

For income-seeking investors who like real estate, here are top REITs that have the potential to produce higher capital gains with a steady stream of dividend income.

Choice Properties

Choice Properties Real Est Invstmnt Trst (TSX:CHP.UN) is a good value play, especially after the company announced its merger last month with **Canadian REIT** in a $3.9 billion transaction.

This move, subject to the regulatory approvals, will create Canada's largest REIT with more than 750 properties across the country. The new entity will be backed by one of the nation's strongest business groups — the Weston family.

The family controls the **Loblaw** food business and other retail operations, including Shoppers Drug Mart and the Joe Fresh fashion chain, through its holdings in **George Weston Ltd**. After the merger, the combined companies plan to develop about 60 properties for mixed-use development, including 48 from Choice.

Trading at $11.60 and yielding 6.38%, Choice REIT is a reliable dividend stock, distributing $0.062 a share payout monthly. This payout has grown ~5% each year over the past three years. The time looks right for income investors to buy this REIT, as the company is becoming more aggressive to generate growth.

RioCan

RioCan Real Estate Investment Trust (TSX:REI.UN) is another good stock to get exposure to Canadian real estate market. RioCan owns, manages, and develops retail-focused properties in the country's prime markets.

This REIT also has consistent history of rewarding investors with growing dividends. The company has been paying dividends for the past 23 years. During that period, RioCan has raised its annual distribution 17 times.

RioCan stock has been under pressure for the past six months, since the company announced its business transformation to cope with the challenges of a changing retail environment. The biggest threat to the company's cash flows is coming from e-commerce, which may cut demand for retail space.

But RioCan is transforming its business fast to face this challenge. In the latest move, the company announced its new residential brand, RioCan Living, to take advantage of swelling demand for mixed-use properties. Under the RioCan Living brand, the company plans to turn selected existing retail shopping centres into vibrant, mixed-use communities.

Trading at $23.61 at the time of writing, RioCan shares yields more than 6%, translating into a $0.12-a-share monthly dividend.

The bottom line

Getting some exposure to Canada's robust real estate market is not a bad idea when some REITs are trading in oversold territory. These two stocks look attractive with their solid growth plans.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn

2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/24
Date Created
2018/03/26
Author
hanwar