

Attention Income Lovers: This Stock Has Paid 289 Consecutive Dividends

Description

Many dividend investors like to look backwards, choosing stocks with a demonstrated history of rewarding shareholders.

The logic is as simple as it is powerful. A company with a long dividend history wants nothing more than to continue the status quo. Its management knows a dividend cut will send thousands of investors to the exits. Nothing is worse than a jaded investor; they'll sell first and ask questions later.

Most stocks with long dividend histories don't get anywhere close to cutting the payout. These companies are the cream of the crop and conservatively managed so they avoid that exact fate.

Let's take a closer look at one of Canada's top dividend payers, a REIT that has paid nearly 300 consecutive dividends. You won't see many long-term track records much better than that.

Enter RioCan

RioCan Real Estate Investment Trust ([TSX:REI.UN](#)) has long been considered one of Canada's finest REITs.

It's easy to see why. The company is a true powerhouse, owning 250 properties spanning some 40 million square feet of gross leasable area. After expanding through much of the country and into the United States, RioCan has a new focus on limiting its locations to Canada's six largest markets.

Demographic data says this is a smart move. Metropolitan cities like Toronto and Montreal are experiencing strong growth with further increases expected in the future. Immigrants have historically chosen to live in larger centers, and there continues to be a steady stream of existing Canadians moving from sleepy towns and small cities to the exciting big metropolis.

The company's specific focus these days is Toronto. Approximately 45% of rental income comes from Canada's largest metropolitan area, with plans to increase that percentage even higher.

Growth potential

RioCan is sitting on some very valuable land, some of which isn't being utilized properly.

A typical RioCan development might be a strip mall or a reasonably large outdoor mall, all one story with a good amount of parking.

There's massive potential to redevelop these low-density properties into something much more ambitious. Current projects tend to follow the same theme, with retail space on the bottom floors and either office space or apartments above. Much of the parking gets moved underground to maximize space.

The Well, a development project in Toronto, is the perfect example of the future of RioCan. When completed, this downtown property will feature 500,000 square feet of retail space, 1.1 million square feet of office space, and some 1,800 apartments. It will be close to public transportation and offer above-ground walkways between the buildings.

Investors don't have to worry about RioCan being able to pay for all this, either. It has one of the best balance sheets in the sector with a debt-to-assets ratio of just 42%.

The dividend

RioCan has paid a monthly dividend since 1997 and paid a quarterly dividend before that. It hasn't missed a single payment.

The company has also exhibited good dividend growth over time. In 2000, it paid \$1.07 per share in annual dividends. That number increased to \$1.32 per share by 2007 and then to \$1.44 per share today.

Yes, that does pale in comparison to some of Canada's top dividend growers, but it's an excellent track record for a company that pays such a high payout. The yield today stands at 5.7%, an excellent rate when compared to other fixed income options.

Investors don't have to worry about the payout being cut, either. RioCan has brought down its payout ratio from 85% to under 80% of adjusted funds from operations, which is a safe level.

Dividend growth should accelerate again once these new developments start producing income.

The bottom line

RioCan is one of Canada's finest stocks. It owns great real estate, has a plan to grow the business by more than 50% over the next decade, and pays investors a fantastic dividend. I'm confident investors who buy today can count on an additional 289 consecutive dividend payments... and then some.

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Author

nelsonpsmith

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