



Earn Growing Monthly Income From These Dividend Stocks

Description

If you have your eyes on the changing interest rate environment, then you should start considering to buy dividend stocks that are [rate sensitive](#) — in other words, stocks that outperform when central banks pause or cut the borrowing costs.

In this space, some of the top names are real estate investment trusts (REITs). When rates fall, these real estate companies make more money as their cost of borrowing decline. If you like investing in real estate, REITs offer an easy and cost-effective way to achieve that goal and earn growing monthly income from their profit distribution.

REITs are run by professional managers who know how to manage real estate assets and get the best returns. The second benefit is that Canada's tax laws favour REITs, which must distribute at least 90% of their taxable income as dividends to shareholders.

Once you have decided to invest in REITs, the next challenge is to pick the right ones. I always recommend that new investors should stick with the top players that have dominant positions in their markets.

Two REITs with stable outlook

With this perspective in mind, I like [RioCan REIT \(TSX:REI.UN\)](#), and **Allied Properties** ([TSX:AP.UN](#)), two large-cap REITs that could provide steady monthly income without you getting into the hassle of managing properties.

RioCan is Canada's largest REIT, managing large retail properties across Canada with some of the biggest retail names as its clients. RioCan is in the midst of transformation, focusing on Canada's largest retail markets and exiting some small cities where returns are low.

Allied Properties focuses on office space in Canada's biggest cities. It transforms light industrial structures into modern office facilities, featuring high ceilings, natural light, brick, and hardwood floors. Office spaces in Toronto and Montreal account for more than half of its portfolio.

So far this year, both REITs have outperformed the benchmark index, with RioCan rising 12% and Allied producing 23% gains. RioCan pays \$0.12 a share monthly dividend, while Allied distributes \$0.133 a share payout.

Even with their gains this year, their dividend yields are still attractive, and investors should take note of them.

Bottom line

By investing in REITs, you can diversify your income portfolio and earn growing monthly income. When interest rates fall, investing in REITs become more lucrative.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:AP.UN (Allied Properties Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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