



How to Make \$1,000 in Dividends Every Month

Description

Dividends are a great way for investors to supplement their income. And if you've got enough saved up, dividends could be a big part of your total income as you can earn a lot more than just a couple hundred dollars. A good-yielding stock combined with some strong savings can result in you earning \$1,000 in dividends on a monthly basis.

When selecting a dividend stock, it's always important to consider the company itself and how you expect it will perform over the long term. If a stock is in a struggling industry like oil and gas where the future might be questionable, relying on a dividend could be a bit risky. Not only could the company have to [cut its dividend](#) if things get worse, but the stock price might also struggle, and you could end up using your dividend income to offset the decline in capital.

That's why I'm a big fan of real estate investment trusts (REITs), since the underlying assets are likely to rise in value over the long term. REITs are also attractive investment opportunities because the stocks normally pay a monthly dividend, giving you lots of recurring cash flow to add to your portfolio. One stock that especially looks attractive today is **American Hotel Income Properties REIT** ([TSX:HOT.UN](#)).

The stock provides not only a high yield, but a great growth opportunity for investors as well. By investing in hotel real estate properties in the U.S., investors can benefit from a strong tourism industry as well as rising property values in key parts of the country. The company has generated phenomenal [growth](#) over the years with sales more than tripling since 2014. Last year, American Hotel's revenues were up more than 11%.

The one area of concern is that the company hasn't shown progress on its bottom line. However, with interest expenses taking a big chunk out of American Hotel's income, if the federal government decides to cut interest rates, it could definitely help the company keep more of its operating income. Overall, American Hotel has a lot of promise and many opportunities for long-term growth. Although the stock has declined 18% in the past year, the one benefit of that is that has pushed its dividend yield up.

American Hotel now pays investors a whopping 12.6%. The company has been paying investors US\$0.054 every month for multiple years, but with the share price noticeably lower, the yield is now a lot higher. It's an opportunity for investors to get a high payout for a stock that could see better times ahead.

Bottom line

To earn \$1,000 in dividends every month, investors would need to buy around \$95,000 worth of shares in American Hotel.

Given the possible payouts, that's not a big investment for the amount of cash flow that the stock could provide. Although there's certainly some risk given the high payout percentage, the stock still looks like a good buy, and the yield could very well shrink, as all it takes is a good quarter to send the share price soaring.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HOT.UN (American Hotel Income Properties REIT LP)

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