



1 High-Yield Dividend REIT Stock Is All You Need to Get Rich

Description

The basic fundamental of stock investing is to make money. By buying low and selling high, you realize a profit from the price appreciation. This rule, however, applies to investors looking for instant gains in the short term. But if [your primary goal is to get rich](#), you need a high-yield dividend stock that you can hold for a long time.

Dividend investing begins with the search for a company that pays a high dividend and is capable of sustaining it or perhaps increasing the payments in the future. The more shares you buy, the more money will flow into your bank account or retirement savings. Over time, you can be extremely wealthy.

“Hot” stock to get rich

One of the highest dividend payers on the TSX today is **American Hotel Income Properties** ([TSX:HOT.UN](#)), or AHIP. The appeal of this \$496.12 million real estate investment trust (REIT) is none other than its 13.19% dividend yield.

Since you're putting your capital at risk, you shouldn't decide to purchase AHIP solely based on the dividend. You need to learn and understand the business first.

AHIP actively engages in growing a portfolio of premium-branded, select-service hotels in the larger secondary markets in the U.S. Its long-term objectives are to build a track record of successful investments and to generate stable and growing cash distributions from its diversified hotel portfolio.

To further enhance the value of its portfolio in the U.S., AHIP continues to grow its asset base. An accretive acquisition and targeted value-added capital-expenditure programs are in place. These programs aim to exploit strategic development opportunities and make necessary improvements to the properties.

AHIP's growing profile is starting to attract many investors. In the Q3 2019 earnings report, net income fell to \$2.1 million from \$4.2 million in Q3 2018. Management said the final stages of AHIP's major hotel renovation program happened during the most recent quarter.

Moving forward, AHIP would be selling its Economy Lodging portfolio and fully concentrate on the premium-branded hotel portfolio, which best fits its long-term strategy to expand and drive growth.

Making your first million

If AHIP achieves success in all its business objectives and can sustain paying the high dividend, this REIT stock alone can potentially make you rich.

Let's make some assumptions to see how you can build wealth from AHIP. The price today is \$6.41 per share, and your 2019 TFSA contribution limit of \$6,000 can buy 936 shares of AHIP. For purchasing this REIT stock, you will be paid \$791.40 annually, or \$65.95 monthly.

Assume further that you have savings of \$63,500, which is equivalent to the TFSA cumulative limit. In a year, you will have a windfall of \$8,375.65, or \$697.97 monthly.

If AHIP lives up to the promise of [rewarding investors with high returns](#), your \$63,500 TFSA balance could grow to as much as \$756,719.50 in 20 years, or a 1,192% return on investment. You'll be a certified millionaire if your investment in AHIP is \$100,000.

Keep your fingers crossed

AHIP is a perfect choice if your primary goal is to become rich. This REIT stock can single-handedly provide you with a million or more in savings. Let's hope it continues with its winning niche play longer than it should.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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Date

2025/07/06

Date Created

2019/11/18

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