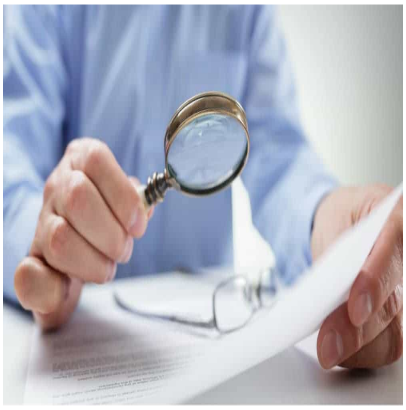

Market Crash 2020: 2 Dividend Stocks Worth Buying Right Now

Description

Dividend stocks are falling out of favour with many investors of late, as cuts and suspensions are all the talk these days. Companies are looking for ways to keep cash during this market crash and the easiest option for many is to make changes to their distribution policies. However, for real estate investment trusts (REITs), which have to pay out 90% of their earnings, there isn't the same level of risk for investors.

There will be the risk that tenants may go out of business and rents won't be paid, which will impact a REIT's bottom line, but those are long-term risks. And the government would do its best to ensure that scenario doesn't play out. But either way, it's still too early to tell how crippling the coronavirus will be on the economy. That's why REITs may still offer attractive revenue streams for investors looking for recurring income.

One REIT to start with is **RioCan Real Estate Investment Trust** (TSX:REI.UN). The stock is trading at around $15 per share. With annual dividend payments of $1.44 per year, investors are earning an impressive 9.5% in dividend income. A big reason for that, however, is because shares of the REIT have gone over a cliff. During the first three months of the year, RioCan stock plummeted by more than 44%. That's even worse than the TSX, which fell by just 23% during that time.

At first glance, it looks to be a massive overreaction by the markets. RioCan has posted a profit in each of the past 10 quarters. Its profit margin also hasn't fallen below 40% in any of those periods, and it's climbed above 70% twice. RioCan is a stable stock, and there's an opportunity for investors to take advantage of a great dividend as well as an undervalued share price.

H&R Real Estate Investment Trust (TSX:HR.UN) is another solid REIT that investors can put into their portfolios today. The REIT pays $1.38 per share every year to its unitholders. Currently, that means investors will earn an annual dividend yield of around 17%. It's an astronomical payout, and one that's spiked as a result of the stock's recent selloff. Shares of H&R were down 60% during the first three months of the year, as the market crash sent the stock into the abyss.

HR is a bit of a riskier REIT than RioCan, as its earnings have been a lot more volatile; the company has even recorded a loss in one of its four most recent quarters. And only twice during the past five quarters has its profit margin been above 25%.

As a result, there's definitely more risk that its payouts may decline in the future, certainly more than RioCan. However, the market crash has led to an overblown selloff of H&R, and it makes it all the more likely that the REIT will recover from this. The company has a diverse portfolio of properties that span more than 41 million square feet, and they include office, retail, industrial, and retail locations.

The government is helping businesses and individuals amid this market crash and coronavirus pandemic. And while it may seem that the sky is falling for REITs, it's a gross overreaction. H&R trades at only seven times its earnings, and it's trading at about one-third of its book value. The stock could be a steal of a deal.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HR.UN (H&R Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2020/04/10
Author
djagielski