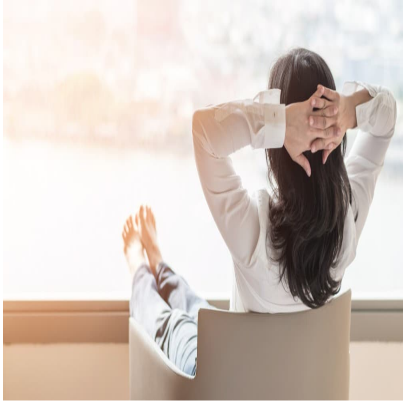

3 Real Estate Stocks That Raised the Dividend in Q1

Description

The dividend growth strategy is growing in popularity as record-low interest rates make bonds and GICs much less attractive. One of the best places to start is the Canadian Dividend Aristocrat list. These are companies which have raised the dividend for at least five consecutive years.

Several retail investors adopt a dividend growth strategy as a means to build strong and sustainable income. Many also depend on dividend companies in retirement and real estate stocks are attractive thanks to their high yields.

Last week, we took a look at the many companies that either cut, or suspended the dividend. Thanks to recency bias, investors may not realize that the first quarter was also a strong one for dividend growth investors.

In the first quarter, 40 Canadian Dividend Aristocrats raised the dividend. Throughout the week, we took a look at several sectors including Energy and Financial. Today, we look at real estate stocks which raised the dividend in the first quarter.

	Old	New	Percentage	Date
FirstService Corporation (TSX:FSV)(NASDAQ:FSV)	$ 0.1500	$ 0.1650	10.00%	02/05/2020
Brookfield Property Partners (TSX:BPY.UN)(NASDAQ:BPY)	$ 0.3300	$ 0.3325	0.76%	02/05/2020
Chartwell Retirement Residences (TSX:CSH.UN)	$ 0.0500	$ 0.0510	2.00%	02/28/2020

A real estate service company

FirstService (TSX:FSV)(NASDAQ:FSV) is a property services company which operates under two segments: FirstService Residential and FirstService Brands. The company earns the majority of revenue from the U.S. and FirstService Residential (property management service).

In early February, the company raised the dividend by 10.00%, which is inline with historical averages. The company only joined the Dividend Aristocrat list this year and the raise will extend its streak to six-years.

Considering the company's low payout ratio (~27%), investors are likely to enjoy double-digit dividend growth for years to come. Just don't expect to generate considerable income as FirstService only yield's 0.68%.

A retirement stock

As the pandemic wreaks havoc in our long-term care and retirement communities, those operating in the industry have felt the brunt of the impact. Case in point, **Chartwell Retirement** (TSX:CSH.UN) lost ~50% of its value at the peak of the pandemic. Despite rebounding, Chartwell's stock price is still down by 27.48% in 2020.

In late February, the company announced a modest 2.00% raise. Much like FirstService, Chartwell is a new Dividend Aristocrat and the raise extends its streak to six years.

Although one might think the low raise was a result of the impending pandemic, it is actually inline with the company's historical average. Despite a low growth rate, a high starting yield (6.07%) makes for an attractive income option.

A best-in-class brand

One of the most respected names in the markets is **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY). The Brookfield family of companies are largely considered to be best-in-class among their peers.

Brookfield Property Partners is a global real estate player which owns and operates a series of office and retail properties.

Brookfield's 0.76% raise was disappointing. The company has a targeted annual dividend growth rate of 5-8% and it clearly missed the mark. Despite the paltry raise, this Dividend Aristocrat still extends its streak to eight years. That is, if it can maintain the dividend through end of year.

At the centre of the company's issues – the company's retail segment. It was a drag before the pandemic, and remains even more so now. In their latest update, the company indicated that only 20% of April retail rents were collected.

Are these Dividend Aristocrats a buy today?

The real estate sector is still in flux. Many companies are still trading at low valuations as uncertainty remains. We are dealing with very high unemployment, and the retail and office property industries may never be the same.

We are seeing an accelerated shift toward online shopping, and many large companies will make work at home permanent, thus reducing the need for office space.

Taking all this into consideration, as a service company FirstService is better insulated and should continue to perform well. Despite the pandemic challenges, Chartwell still operates in an area of high need.

In my opinion, Brookfield is the least attractive despite trading at what looks like very cheap valuations. I also question if the dividend is sustainable at current levels.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:FSV (FirstService Corporation)
2. TSX:BPY.UN (Brookfield Property Partners)
3. TSX:CSH.UN (Chartwell Retirement Residences)
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mlitalien