



Top Monthly Dividend Stocks in Canada

Description

Finding reliable monthly dividend stocks can be challenging. This is why most income investors start with Canadian [Dividend Aristocrats](#). These are stocks that have raised dividends for at least five consecutive years. Thanks to their commitment to the dividend, they are among the best income stocks on the TSX Index.

As of writing, there are approximately 82 Dividend Aristocrats; of those, only 13 pay out monthly dividends. This means that those looking for growing monthly income have limited choices.

Unfortunately, these monthly dividend stocks haven't exactly been star performers. Only one is in the black in 2020, and two others are tracking in line with the TSX Index. The rest? They are all down by more than double digits.

	YTD Gain/Loss	Yield	DG Streak	Sector
Granite REIT (TSX:GRU.UN)	7.37%	4.07%	Nine years	Real Estate
InterRent REIT (TSX:IIP.UN)	-7.86%	2.15%	Eight years	Real Estate
Canadian Apartment REIT (TSX:CAR.UN)	-8.98%	2.83%	Eight years	Real Estate

A top-performing REIT

As you can see, the top-performing Aristocrats that pay out a monthly dividend are REITs. This is not all that surprising as seven of the 13 monthly dividend stocks are REITs. What is surprising, however, is that Granite REIT is in [positive territory](#) for the year. This makes it a clear outlier.

The S&P/TSX Real Estate Index is down by approximately 21% this year. As such, Granite's strong performance is quite impressive. Granite's outperformance is due in large part to its asset base. The company generates the majority of revenue from logistics and distribution warehouses and multipurpose buildings, which are split fairly evenly among Canadian, Austrian, and U.S. locations.

As of writing, Granite offers investors a respectable yield (4.07%) and is on the verge of achieving a decade's worth of dividend growth. Over the company's streak, it has grown the dividend by a mid-single-digit average.

The best of the rest

Granite is the lone monthly payer among Aristocrats, which is in positive territory this year. Every other monthly dividend-paying Aristocrat is in negative territory. Of those, only two are in the single digits — InterRent and Canadian Apartment.

These two companies are tracking each other (and the TSX Index) quite closely. This is not all that surprising when one considers both are focused on residential properties. This subset of REITs is doing better than most during this pandemic. Through the months of March, April, and May, residential REITs have collectively managed to collect a higher percentage of monthly rents than most REITs.

InterRent has an eight-year dividend-growth streak and has averaged high single-digit growth over its streak. Unfortunately, the company's 2.15% yield is less attractive and well below the industry average.

For its part, Canadian Apartment REIT also has an eight-year dividend-growth streak. Although the company's yield (2.83%) is slightly better, it remains below the average. Likewise, this monthly dividend stock has only grown the dividend by low single digits over its streak.

Are these monthly dividend stocks buys today?

Dividend-growth investors looking for stable monthly dividend stocks don't have much to choose from. That being said, Granite REIT seems best positioned to continue its outperformance. It offers a decent blend of income and growth. Likewise, it operates in an industry that should do well regardless of economic conditions. The demand for warehousing and logistics is strong and will remain strong, even in the event of a second economic shutdown.

As for our two residential REITs, they make for solid defensive positions. Despite high unemployment rates, the Feds have not been shy in pumping an unprecedented amount of stimulus into the economy. This includes cash in pocket. Although their yields aren't as attractive, they have both delivered consistent returns.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
2. TSX:GRT.UN (Granite Real Estate Investment Trust)
3. TSX:IIP.UN (InterRent Real Estate Investment Trust)

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