CT REIT Is the ONLY Dividend Stock You Need

Description

Canadians may have thought that they were through the worst of this year. Unfortunately, it looks like we all may need to buckle up for further financial turmoil. If you thought 2020 was bad, it may not be until 2024 that things really smooth out. It's no wonder then that many investors have flocked to dividend stocks like **CT REIT** (TSX:CRT.UN).

Dividend stocks provide investors with steady income, even during the economic downturn. However, not all dividend stocks are created equal. Some have cut dividends thanks to the poor economic situation, and many could continue cuts with waves of COVID-19 continuing to sweep through the world.

That's why if there's one stock you should consider right now, it's CT REIT.

The crash

While other companies ditched dividends during the crash, CT REIT has remained stable and steady. In fact, during the last seven years, the company has had continuous dividend payouts and increases. Sure, there are other companies that have higher growth rates, but you don't need a high growth rate if the yield is already high.

In fact, CT REIT currently has a dividend yield of 5.77% as of writing. Many worried the dividend would be cut with the crash, as the company was forced to close many of its retail locations during the virus outbreak. However, CT REIT quickly rebounded.

Canadian Tire, CT REIT's tenant, became one of the first large stores to offer curbside pickup, whereas before this was unavailable. Online sales also increased during this time. In fact, revenue increased during the last quarter by 2.9% compared to last year.

Now, CT REIT has turned a problem into an opportunity. If things continue like this, we could see even better numbers than the last few years.

What numbers, you ask?

The company's rental agreements are signed on for several decades on average, so we already know that the company's financials are solid. Even amid the pandemic, rental payments remained incredibly high at 98.5%. With businesses opening again, there's no reason that shouldn't soar past 99% yet again.

Right now, shares are right smack dab in the middle of 52-week lows and highs at about $14 per share. It's still down about 10% since the beginning of the year, making it still with enough time to buy a great discount — especially ahead of another market crash, as economists predict.

Meanwhile, there are a lot of great signs that this company will continue to do well. Year over year, CT REIT has had a 37% increase in earnings per share. Analysts also predict a year-over-year increase in sales of 3% through to 2022. That's not amazing but also not a loss.

Bottom line

If you're looking for dividend income, all this is to say that this company is one of the most stable out there. It depends on a Canadian institution that, frankly, isn't going anywhere. Rental agreements remain steady, and therefore so will dividends. So, today if you were to put half of your Tax-Free Savings Account (TFSA) contribution room towards CT REIT, that would bring in $1,985 per year in dividend income.

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alegatewolfe