3 Great Canadian Dividend Stocks to Buy in 2021

Description

Canadian dividend stocks suffered in 2020. Yet 2021 could be a year of ultimate vindication for long-suffering Canadian dividend stockholders. Firstly, commodity prices have started to recover and stabilize. Generally, a number of higher-yielding TSX stocks operate in the energy industry. An energy commodity recovery will be favourable for cash flows and investor sentiment.

Secondly, with interest rates at historic lows, income-yielding stocks like REITs, utilities, and pipelines are able to refinance assets and garner incredible yield spreads.

Thirdly, historically low interest rates also mean traditional bond investors must allocate larger dollars to equities to garner any real income yield. We are already seeing a strong move towards quality Canadian dividend stocks. I think income stocks are a great place to be as the year goes on.

Brookfield Infrastructure: A must-own Canadian dividend stock

Brookfield Infrastructure Partners (TSX:BIP.UN)(NYSE:BIP) has already had a fairly strong recovery out of the pandemic market crash. In fact, the stock is only about 10% away from its all-time highs set in early 2020. I like this stock due to its large diversified play on infrastructure assets. It's boring stuff that society needs.

By stuff I mean, contracted/regulated, cash flowing cell towers, data centres, toll roads, power lines, LNG terminals, and ports. Out of the pandemic, BIP will likely see strong volume demand for its assets as well as opportunity for expansion and organic growth initiatives. Today, this Canadian dividend stock pays a nice 3.65% dividend yield. Management expects that dividend to grow 6-9% a year for a very long time, so lock in now and enjoy the road to endless income growth!

Enbridge: An ultimate value play

Enbridge (TSX:ENB)(NYSE:ENB) is the value play on this Canadian dividend stock list. Yes, as is obvious through recent events (Joe Biden quashed the Keystone XL pipeline), pipelines are not a popular asset right now. Enbridge’s sky-high 7.5% dividend yield reflects some of this negative sentiment.

Yet, the reality is, we need pipelines to function as a society. We likely need them for longer than most are willing to admit. Its pipeline networks are simply irreplaceable. This gives Enbridge a near monopoly on its assets and very stable, toll-like income off its assets.

Fortunately, Enbridge is now investing heavily into energy opportunities of the future. This includes a large development pipeline focused on natural gas, hydrogen, and renewable power. I believe oil love could return to the market in 2021, and I think this is one Canadian dividend stock that could see some upside.

WPT Industrial: A Canadian dividend stock with zero exposure to Canada

Another great Canadian dividend stock which, oddly enough, has zero operations in Canada, is **WPT Industrial REIT** (TSX:WIR.U). It operates a large portfolio of distribution and logistics properties located 100% in the United States. If anything, the pandemic has cemented that North Americans love e-commerce. This is presenting a great opportunity for WPT.

It has been acquiring and developing some high-quality properties for tenants like **FedEx**, Ikea, and **Amazon**. 2021 is setting up to be another good year of strong rental rate growth, as well as fund flow accretion. Compared to its U.S. industrial peers, this Canadian dividend stock trades at a meaningful discount. It yields an attractive 5% dividend and has been seeing strong stock momentum. Buy it soon, though; I have a hunch that this discount stock will get bought out by a larger player (a pension fund, asset manager, or larger REIT) before the year end.

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:ENB (Enbridge Inc.)

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