



This Top TSX Dividend Stock Is at All-Time Highs: Is It Done?

Description

Investors looking at diversifying their portfolios may have looked to add some real estate exposure this past year. Indeed, those seeking a top-notch [dividend stock](#) have gravitated toward real estate investment trusts such as **Canadian Apartment REIT** (TSX:CAR.U). As it turns out, such a move has proven to be a good one.

Indeed, CAP REIT is now trading near all-time highs at the time of writing. That said, this is a REIT that has typically always [traded at a premium](#) to its peers. Accordingly, those seeking dividend income alone are not necessarily the ones buying this stock.

After all, given the rapid rise, this dividend stock has seen in recent months, the [current yield](#) on CAP REIT sits at 2.2% right now.

That said, there are reasons why I think this REIT is one of the best among its peers. Let's dive in.

Strong revenue growth outlook for this dividend stock

CAP REIT's core business model is one I think is worth taking a look at. This REIT is focused on the residential segment of the real estate market, namely apartments. This is also Canada's largest REIT, providing a level of diversification that's hard to come by in this sector.

Accordingly, investors buying into CAP REIT are gaining exposure to more than 65,000 apartment units in Canada and parts of Europe combined. This dividend stock provides income streams that are both highly diversified as well as extremely stable.

Accordingly, this is a stock that many investors look to as a bond proxy, rather than equity, in this environment. Given where bond yields are today, it's perhaps unsurprising to see CAP REIT trade where it does now.

Accordingly, there's some risk to this stock. Should bond yields rise, the relative attractiveness of proxies such as CAP REIT could be diminished.

That said, the overall revenue outlook for this company remains strong. I think this REIT is one of the most stable in terms of liquidity and has a manageable payout ratio relative to the amount the company is spending to expand its portfolio. Hence, this is a dividend stock with excellent growth potential. Such plays are hard to find in the market, hence this REIT's premium position in the market.

Bottom line

Residential REITs are among the stocks I look at in the real estate space. Indeed, finding quality is just as important as finding a REIT with a diversified scale. The upside CAP REIT provides is that it ticks all the boxes.

Sure, this dividend stock carries a lower yield than many of its counterparts for good reason: this REIT is also one of the best options for those seeking growth.

Accordingly, CAP REIT will remain on my watch list, and I'll consider buying on dips moving forward.

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