2 Highly Dependable REITs for Canadian Dividend Investors

Description

Dividend investing is one of the best ways to grow your money over the long run. Often, these stocks are well established if they are returning money to shareholders, which is why many Canadian dividend stocks are high-quality REITs.

Furthermore, many of these stocks can often be a lot more stable than their non-dividend-paying peers. Earning dividend income while your stocks appreciate helps to stabilize and minimize the risk that your capital won't grow.

The fastest-growing stocks, for example, almost never pay a dividend, and if they do, it's only a small portion of their funds. Because as soon as a stock starts to pay out more money, it has less to invest in for future growth.

So, while a dividend stock will usually offer less capital gains potential, investors can lock in returns on their investment from the dividend. For this reason, you may not only want to own dividend stocks.

Nevertheless, they are still some of the most important investments for your portfolio. So, if you're looking for a highly dependable dividend stock to buy today, here are two of the best REITs in Canada.

A top retail REIT for passive income

Retail REITs were some of the hardest hit by the pandemic. One stock that was extremely resilient, though, and showed what an excellent long-term investment it could be, was **CT REIT** (TSX:CRT.UN).

One of the reasons CT REIT is so robust, and such a highly dependable stock for dividend investors, is due to its relationship with **Canadian Tire**. The massive retail stock owns roughly 70% of CT REIT. In addition, Canadian Tire makes up more than 90% of its occupancy.

That could be seen as a risk by some investors, with the REIT having so much exposure to one company. But through the pandemic, it was actually a significant benefit. As I mentioned before, CT REIT was one of the top performers through the pandemic and far less impacted than many of its peers.

The fact that it had so much exposure to Canadian Tire is what allowed it to continue collecting almost all its rents and not see a major decrease to its occupancy rate.

Not only is Canadian Tire an incredible company and one of the most popular retail brands in Canada, but it was also one of the best performers through the pandemic itself.

And now, going forward, as the economy continues to improve, the REIT is shifting its focus back toward growth, which is why it’s such an excellent stock for dividend investors to buy today.

Currently, CT REIT yields a little over 4.5% and has a payout ratio of roughly 75%, showing the dividend is in good shape. So, if you’re looking for a high-quality and dependable REIT to buy now, CT REIT is a top choice for dividend investors.

A top residential REIT for Canadian dividend investors

In addition to CT REIT, another high-quality stock for dividend investors is **Canadian Apartment Properties REIT** (TSX:CAR.UN).

CAPREIT is an excellent long-term investment and a great way to gain exposure to the highly popular residential real estate sector.

The fund is the largest residential real estate REIT in Canada with over 65,000 suites and sites in its portfolio. What’s so attractive about CAPREIT is its constant ability to grow unitholder value.

The fund is constantly acquiring new properties to expand its portfolio and lately has been taking advantage of record-low interest rates. So far, year to date, CAPREIT has spent over $800 million acquiring more than 2,800 suites.

This consistent expansion of its portfolio is what leads to impressive long-term growth for both the units and the dividend. Over the last three years, in addition to its net asset value growing by almost 50%, its dividend, which currently yields 2.4%, has also been increased by over 13%.

So, if you’re a dividend investor looking for a dependable REIT that you can buy and hold long term, CAPREIT is one of the best there is.

CATEGORY

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