Passive Income: The 3 Best Stocks to Buy This December

Description

Passive income is a great way to supplement returns when the stock market becomes volatile. Well, with rising COVID-19 omicron cases, volatility is back, and it may be here for a while. In fact, there are lots of reasons for the stock market to get volatile (inflation, rising interest rates, conflicts in Ukraine, etc.).

One way to ensure consistent returns is by finding passive income in dividend-paying stocks. When the market dips, you still get to collect monthly or quarterly dividend cheques. Here are three top dividend stocks to buy for December and beyond.

A top real estate stock for passive income

During inflationary environments real estate tends to do well. That is certainly the case for **BSR REIT** (TSX:HOM.U). It operates a high-quality, multi-family apartment portfolio in the U.S. sunbelt states. For the past few years, the REIT has been positioning its portfolio in some of the top American municipalities for population growth and economic strength.

Consequently, elevated apartment demand in these regions has been fuelling double-digit rental rate growth. Secular apartment demand should support years of organic cash flow growth from its properties. Likewise, this REIT has a great balance sheet with lots of liquidity to deploy into acquisitions.

Today, at US$17 per share, this stock pays a monthly distribution of US$0.0417 per unit. That is a yield equal to around 3%. For passive income and solid asset growth, BSR is a great stock to own now and for the long-run.

The highest yielding passive income stock on the TSX

For a passive income stock with a higher dividend yield, **Enbridge** (TSX:ENB)(NYSE:ENB) is a good bet. Its stock is down about 5% over this month. Today, it is paying a 7.15% dividend yield. That is equal to an $0.86 per share dividend every quarter.

Enbridge has a diverse portfolio of pipelines, gas utilities, storage and export terminals, processing facilities and even renewable power assets. In fact, it is becoming an energy company for now and the greener future. Its assets generally capture reliable, consistent cash flows.

This should help support mid-single digit dividend growth for several years to come. For an attractive dividend and some moderate upside, this is a good stock to own.

A top energy dividend-growth stock

Commodities like oil tend to perform well during inflationary environments like we are currently experiencing. So for a direct play on energy, passive income investors won't find any better stock than **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ).

Over the past few days, it has pulled back by over 5%. Currently, it pays a nice 4.5% dividend. While CNQ is not the cheapest oil stock, it has one of the most reliable dividends in the sector. In fact, it is one of the only energy stocks that maintained and raised its dividend through the 2020 oil crash.

It has great long-life assets that support a very low-cost of energy production. With oil over US$70, it is producing a lot of free cash flow. This stability has supported very strong dividend growth. Since 2012, it has grown its dividend by an 18% compounded annual growth rate (CAGR). Considering the world is experiencing an energy crisis, CNQ should be a solid passive income stock to buy for 2022 and beyond.

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3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:ENB (Enbridge Inc.)
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