



3 Safe Dividend Stocks to Buy With Yields Above 5%

Description

Dividend stocks can be some of the best and most reliable long-term stocks to buy, but not every dividend stock should be considered safe.

There are many businesses that could be under pressure in this environment, so while we want to buy stocks that offer attractive passive income, it's crucial to ensure that these stocks can continue to earn a profit and return capital to shareholders through thick and thin.

One red flag when looking at dividend stocks is a sky-high [dividend yield](#). Usually, the higher the dividend yield, the better for passive-income seekers, but sometimes dividend yields that are too high can be a sign that the stock is at risk, and the dividend may need to be trimmed.

In today's environment, though, after many stocks have lost value, yields across the market have been rising. So, now there are several safe and reliable stocks to buy that offer impressive yields of 5% or even more.

Therefore, if you're looking to buy safe and reliable dividend stocks today but also want to increase your passive income as much as possible, here are three of the best to consider for your portfolio.

A top utility stock offering a 6.1% yield

There's no question that utility stocks are safe and reliable businesses to buy for the [long haul](#), but they're also stocks that are consistently increasing their dividend payments.

Many utility stocks have the majority of their operations regulated by governments. This allows their revenue and cash flow to be highly predictable, which is why they are some of the most reliable investments you can make.

And after interest rates were increased once again this month, forcing bond yields higher, many utility stocks have pulled back in recent weeks, allowing their yields to rise as well.

One of the most attractive utility stocks to consider is **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). The company has a diversified portfolio of utility businesses that operate in several states south of the border. In addition, Algonquin offers different services throughout its jurisdictions, including electricity, gas, and water utilities.

Another reason it's an excellent investment today is that roughly 30% of its business comes from its green energy-generating segment, which is also highly defensive in addition to having tonnes of long-term growth potential.

So, after Algonquin's recent pullback, the stock is now offering a dividend yield of more than 6.1%, and has quickly become one of the best safe dividend stocks you can buy.

Two safe dividend stocks to buy in the real estate sector

Real estate is another industry where you can find some of the best dividend stocks to buy as safe long-term investments. Companies that have strong balance sheets, high-quality tenants and high-in-demand properties can be great investments. Plus, real estate companies are constantly bringing in tonnes of cash flow.

However, although there are tonnes of real estate stocks you can consider, two of the best to buy are **Choice Properties REIT** ([TSX:CHP.UN](#)) and **First Capital REIT** ([TSX:FCR.UN](#)).

Choice is one of the best dividend stocks to buy if you're looking for a safe investment due to its high-quality properties and relationship with **Loblaws**. This has made it one of the most reliable retail REITs with high-quality, grocery-anchored properties.

In addition, though, Choice has also been expanding into industrial real estate and has a massive pipeline of growth, particularly in the high-potential Greater Toronto Area (GTA) region.

So, after falling by over 20% from its highs and seeing its yield rise to 5.9%, Choice has quickly become one of the best REITs to buy now.

First Capital is another high-quality REIT that has several similarities to Choice. It, too, is a mixed-use REIT that owns several high-quality and well-located properties, particularly in the GTA.

However, due to the impacts of the pandemic, First Capital was forced to trim its distribution temporarily. However, while that may be a sign that the stock has more risk in the past, just this month, management elected to increase the distribution back to pre-pandemic levels.

This is a sign of confidence for investors and has brought First Capital's yield to an impressive 5.9%. So, if you're looking for safe dividend stocks to buy in this environment, high-quality real estate stocks can be excellent investments.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
4. TSX:FCR.UN (First Capital Real Estate Investment Trust)

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Date

2025/07/21

Date Created

2022/09/29

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