TFSA 2020 Limit Revealed: 2 Super Stocks You Can Buy With $6,000

Description

Yes, the cat's out of the bag. Come 2020, the TFSA limit is $6,000, which matches the 2019 limit. In case you're eligible since 2009 but haven't contributed, the total contribution room available to you is $69,500. And remember that the contribution room accumulates beginning in the year in which you turned 18 years old.

For existing and new contributors, there are superb investment choices to ramp up your TFSA. The real estate sector offers two established real estate investment trusts (REIT). **RioCan** (TSX:REI.UN) and **Automotive Properties** (TSX:APR.UN) have bright outlooks next year.

Aggressive redevelopment

RioCan, one of Canada's largest REIT, started out focusing mostly on retail properties. But the strategy is changing as it's beginning to convert many of the owned 225 retail properties into mixed-use properties.

This $8.79 billion REIT is now in the early stages of an aggressive redevelopment program. Beginning in January 2020, you can be part of RioCan's thrust into the lucrative mixed-use rental property markets.

Plan to use 50% of your new TFSA limit to purchase $3,000 worth of RioCan shares (current price is $27.68 per share). As an investor, you can partake of the 5.28% dividend offer.

Riocan's largest and ambitious project is The Well. You can find the project development in downtown Toronto. Upon completion, this property will house 1.1 million square feet of office space, 500,000 square feet of retail and food services as well as 1,800 residential units.

There are more in RioCan's development pipeline that will potentially add 27.4 million square feet to its portfolio. About 50% of the proposed projects have zoning approvals.

Specialty REIT

When it comes to growth, Automotive Properties carries a multitude of potentials. If you're after real growth, the shares of this $491 million specialty REIT are yours to own. For $12.36 per share at writing, you entitle yourself to a juicy 6.57% dividend.

Automotive Properties acquires car dealership real estate and rents it out to tenant-operators under long-term agreements. The term of the contracts is usually 10 years or longer with built-in rent escalation clauses. Dealers sign up because it's more economical than buying real estate properties and then constructing.

Since the time of its IPO in 2015, Automotive Properties has grown its portfolio to 61 dealerships, with 2.3 million square feet of leasable area. The growth potential is evident. Auto dealers can expand and accelerate growth through this REIT.

Similarly, Automotive Properties gets the first crack whenever Canada's largest group of car dealerships, Dilawri Group, puts up dealerships for sale. As more properties become available, Automotive Properties will buy them to expand its portfolio. The trend in the next decade is that big operators will buy more dealerships.

Automotive Properties' balance sheet is improving, with a corresponding reduction of its debt-to-assets ratio (down to 50%). The dividend payout ratio is also down to 84.8% of annual funds from operations (AFFO).

Instant windfall

RioCan and Automotive are exceptional dividend plays for TFSA investors. You can equally earmark your 2020 TFSA contribution limit to both ($3,000 each) to earn an annual windfall of $355.50 without much hassle.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/27
Date Created
2019/12/10
Author
cliew