TFSA Investors: 2 Top TSX Stocks to Buy for 2020 That Yield up to 6.89%

Description

Investing in these turbulent times can be tricky, and it can feel a lot safer to put your money into a basic checking account at the local bank, earning 0% interest.

A lot of investors find comfort in the fact that while they may not be earning a lot of interest in return for holding their scratch in these checking accounts, they also aren't losing their shirts based on the vagaries of the U.S.-China trade deal or the latest tweet from an influential global political figure.

In my opinion, a very low-risk, high-reward way to invest if you are worried about losing your capital is by buying high-quality, blue-chip real estate stocks that are backed by the underlying "real asset," the buildings and the land, especially if they happen to be located in global hot spots like Toronto, New York, and London.

With that in mind, I strongly recommend that smart investors take a hard look at these two rock-solid, long-term buys that pay steady and growing dividends.

U.S. "sunbelt" real estate growth

H&R Real Estate Investment Trust (TSX:HR.UN) is the best way to play the significant growth in the "sunbelt" of the U.S. from Florida to Texas and in between. H&R is the only large-cap Canadian REIT that has a strong and growing U.S. rental real estate business, especially since **RioCan REIT** high-tailed out of there a few years ago.

H&R is focused on new developments as well as acquiring existing buildings in Texas, Florida, and California — all areas with excellent long-term rental fundamentals, underpinned by good and predictable weather, which tends to attract people from the U.S. but also Canada and Europe.

A perfect example of that strategy is its development project, River Landing: an urban in-fill mixed-use development site in Miami, FL, which represents its largest development project currently.

River Landing has 1,000 feet of waterfront on the Miami River, two miles from downtown Miami with about 346,000 square feet of retail space, 136,000 square feet of office space and 528 residential rental units. Construction is currently underway with occupancy scheduled to commence in the second quarter of 2020.

H&R has had a rough few weeks, going from a stock price of $22.5 to the near 52-week-low levels of $21, which has pushed up the dividend yield to slightly above 6.5%. At this price and dividend level, the REIT is a rock-solid, long-term play.

Global top-quality real estate

My regular readers know that I am a massive fan of **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY). In my humble opinion, this stock is simply the best way on earth to profit from global real estate. Brookfield investors can count on the company to buy and sell only “Class A” buildings in top-rated locations around the world.

The company’s investment objective is to generate attractive long-term returns on equity of 12-15% based on stable cash flows, asset appreciation, and annual distribution growth of 5-8%.

The company has been a long-term serial grower of dividends, and its share units are currently trading at a discount to its net asset value, which makes it a deep-value, high-dividend play.

Brookfield had an annual dividend of US$1 in 2014, which has grown to a monster US$1.33 in 2019 in the span of five short years and now represents a 6.89% yield in Canadian dollar terms on a share price of $25.5.

The company’s 33% growth in dividends from 2014 to 2019 is repeatable and reliable for the next several decades. What is more impressive is that this dividend growth equates to a 5.9% annual increase, which is within the company’s desired 5-8% range.

This shows that the company has a good long-term line of sight to its earnings and cash flow growth and can actually be trusted to keep its word to shareholders.

Brookfield also continues to be shareholder friendly in other ways by returning capital to shareholders through repurchasing and canceling its own shares on the open market. This results in greater earnings per share and cash flow per share, all else being equal.

Key investor takeaway

While it can be stomach-churning to see stock price volatility, I urge long-term investors to tune out the day-to-day movements and focus on these two high-quality stocks for the long term to benefit from a phenomenal 2020 passive-income stream.

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1. Dividend Stocks
2. Investing

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2. TSX:HR.UN (H&R Real Estate Investment Trust)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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