



The Only Real Estate Investment You'll Ever Need to Make

Description

If I were to draw up the perfect real estate investment, it would have the following three key characteristics: diversification by property type, geographic diversity, and it would throw off a very generous income stream. While it might sound like I'm dreaming up this real estate investment opportunity, I'm actually describing **Brookfield Property Partners LP** ([TSX:BPY.UN](https://www.brookfieldproperty.com/real-estate-investment))(NYSE: BPY). Because it has everything I could dream of finding in a real estate investment, I think it really is the only real estate investment one would ever need to make.

Diversification upon diversification

For most of us, the only real estate investment we might be able to afford to buy, other than our family home, is a multi-family property in a not-so-nice part of town. While it might throw off decent income, there is a lot of risk involved, such as rental rates in the area dropping, maintenance issues, and not to mention issues with tenants. Further, because it takes a whole lot of money to invest in real estate there's not much one person can do to diversify until they have enough money to go out and buy a second property, which would likely be another multi-family unit in the same neighborhood.

What's great about Brookfield is that by investing in this one company, we get unparalleled diversification across different property classes and across the globe. Just take a look at its portfolio:

- 197 premiere office properties in top North American, Australian and European cities.
- 164 of some of the highest-quality malls in the U.S., Brazil, and China.
- 190 modern industrial properties in North America and Europe.
- 22,000 multi-family units and 11 hotels in North America, Europe, and Australia.

This diversification insulates the company against many of the risks that can impact an investment in real estate, as a downturn in real estate in one market or property type isn't going to sink the company. Further, that diversification gives the company more growth options, as it can look across the world and across real estate asset classes to find needle-moving deals.

Steady supply of income

On top of all that, Brookfield's diversified portfolio throws off a ton of income each year. In fact, at the moment the company yields 4.25%, which is paid quarterly right into an investor's brokerage account. That means no chasing down delinquent tenants each month or going a few months without income when the place isn't rented out.

However, it gets even better. Through a combination of occupancy gains, redevelopment opportunities, and built-in rent escalators, Brookfield expects to grow its income by 8-11% per year. That should yield distribution grow for investors of 5-8% per year, which could be a bit conservative, as it doesn't figure in any acquisitions. Suffice to say, the company's already generous income stream should get better over time without its investors having to put in any sweat.

Investor takeaway

Most of us dream of one day earning passive income from owning real estate. Unfortunately, those dreams might never become a reality due to the fear we might have of buying the wrong property or having to deal with tenants. What's so great about Brookfield Property Partners is that it takes all of those fears away by offering unmatched diversification and a very robust income stream, making it the only real estate investment we'd ever need to own.

CATEGORY

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2. Investing

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