



## Brookfield Property Partners LP: The Only Commercial Property Investment You Need

### Description

**Brookfield Property Partners LP** ([TSX:BPY.UN](#))(NYSE:BPY) owns, develops, and operates a portfolio of quality commercial real estate properties around the world.

Trading at \$31.50 per share on the Toronto Stock Exchange, it offers a yield of 4.5% based on today's foreign exchange rate. Assuming a more conservative exchange rate of US\$1 to CAD\$1.20, it still offers a yield of more than 4.2%.

This yield is 44.8% higher than the 2.9% yield of **iShares S&P/TSX 60 Index Fund** ([TSX:XIU](#)), which is representative of the Canadian market.

Half of the company's general manager's invested capital is in Brookfield Property. So, management's interest is aligned with shareholders'.

### The business

At the end of March, Brookfield Property owned 153 premium office properties totaling more than 100 million square feet in gateway cities such as New York, London, Toronto, Los Angeles, Sydney, and Berlin. This core office portfolio's occupancy rate was 92%.

It also owned 128 best-in-class retail properties totaling more than 125 million square feet across the U.S. This core retail portfolios occupancy rate was 95.2%.

These two portfolios make up roughly 85% of Brookfield Property's balance sheet. What about the rest? The 15% is in opportunistic investments that target capital appreciation and total returns of 20%. These investments include mispriced properties or properties with significant value-added opportunities.

### Why investors should own it

Brookfield Property's goal is to be the leading global owner and operator of high-quality real estate properties. For shareholders, this translates to an attractive total return and a decent yield. Moreover,

this distribution should continue to grow every year.

In fact, Brookfield Property targets long-term returns of 12-15% and an annual distribution growth of 5-8%.

According to its May presentation, based on its International Financial Reporting Standards (IFRS) value, the company was worth US\$30.1 per share. At about US\$24.50 per share today, the company is discounted by more than 18% despite its recent rally.

This is not a bad metric to use for valuing the company because in its first-quarter newsletter to unitholders, Brookfield Property said that it recently sold some assets at prices that were on average “22% higher than their IFRS carrying value.”

Based on the fair value price of US\$30.1 per share, we’re assuming no premiums on Brookfield Property’s high-quality assets.

The company believes its share price should be trading higher to reflect the underlying value of its assets. This is good news for investors because they can buy the quality shares at a discount today.

## Conclusion

If you’re a conservative investor looking to add real estate investment for income, income growth, and capital appreciation, consider Brookfield Property’s quality shares.

The company targets long-term returns of 12-15% and an annual distribution growth of 5-8%. Most importantly, its shares are trading at roughly 18% below its IFRS value.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)

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