



Don't Miss Out on This Real Estate Opportunity

Description

Housing prices may be too expensive for your budget, especially if you live in cities such as Toronto or Vancouver. However, it doesn't mean you have to miss out on lucrative real estate investments.

In fact, **Brookfield Property Partners LP** ([TSX:BPY.UN](#)) ([NYSE:BPY](#)) may be a better long-term investment for you.

First, you don't need to spend time managing properties or screening tenants to earn income. If you buy units in Brookfield Property, you can expect to receive cash distributions every three months.

Second, Brookfield invests in quality commercial properties internationally, which people don't normally have access to.

The business

Brookfield Property owns a core portfolio of office and retail properties that make up about 83% of its balance sheet. The company targets total returns of 10-12% for these assets.

It has 149 premier office assets totaling 101 million square feet in gateway cities such as New York, London, Toronto, Los Angeles, Sydney, and Berlin. It also has 9.5 million square feet of development projects that will contribute to future growth.

Brookfield Property's core retail portfolio consists of 128 best-in-class assets totaling 125 million square feet across the United States. They are owned through Brookfield Property's 34% fully diluted interest in **General Growth Properties**, which is the second-largest mall owner in the U.S.

Brookfield Property also has opportunistic investments that make up about 17% of its balance sheet. It targets total returns of 18-20% for this portfolio. These investments include multifamily, industrial, hospitality, triple net lease, self-storage, and student housing assets.

Benefits

Since **Brookfield Asset Management** is the general partner and manager (and owns 62%) of Brookfield Property, unitholders can be sure management's interests are aligned with unitholders'.

Brookfield Property is a value investor at heart. Since the company invests internationally, it can look for the best opportunities to invest in at any time.

The company is not shy in recycling capital for higher returns. For example, in the second quarter Brookfield Property sold or contracted to sell \$1.82 billion worth of properties that had sub-par cap rates.

Conclusion

Brookfield Property's Q2 funds from operations (FFO) were 25% higher than in the same period the previous year, implying a payout ratio of 80% for the quarter, which aligns with the company's target. So, Brookfield Property should have no problem maintaining its quarterly distribution per unit of \$0.28 for the rest of the year.

The company yields 4.6%, but it plans to grow its distribution by 5-8% per year based on an expected FFO per unit growth of 8-11% per year.

Value investors would be happy to know that its units are discounted by 19% from its IFRS value. So, income investors and total-return investors should consider the units today and on further dips.

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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