



## Brookfield Property Partners LP Is an Income Investor's Dream Stock

### Description

Although real estate sometimes experiences serious drops in value, for the most part it is considered one of the best investments that an individual can make. But the problem with investing in real estate is that it requires a large upfront investment and work to maintain the property, find tenants, and other hassles.

One way around this is by investing in companies that invest in real estate for you. One such company is **Brookfield Property Partners LP** ([TSX:BPY.UN](#))(NYSE:BPY). It was launched in 2013 as a spin-off from **Brookfield Asset Management Inc.**

The company develops, invests in, and owns a vast array of real estate assets in many of the largest countries in the world, including the United States, India, China, Brazil, Canada, the United Kingdom, and Australia. In particular, it has exposure to commercial, residential, retail, industrial, self-storage, and various other interests.

On the commercial side, it owns 149 office properties with approximately 101 million square feet of office space around the world. Through its 34% position in **General Growth Properties Inc.**, the second-largest mall operator in the United States, it has exposure to 125 million square feet in the United States. And it also has 53 million square feet in industrial space in North America and Europe, which should continue to grow as another four million square feet come online.

Its portfolio is further split into two types of investments. There's the core portfolio, which has the 125 million square feet of retail space and 101 million square feet of office space, which account for 83% of the total portfolio. The company expects growth for investors of 12-15%. Then there are various investments in self-storage, student housing, hospitality, and other sectors, which Brookfield calls its opportunistic investments, which the company hopes will achieve growth of 20% for investors.

All of these investments have allowed the company to experience tremendous growth in its funds from operations. In the second quarter, it earned \$0.35/share, which was up a staggering 25% year over year. And frankly, so long as the company continues to make smart investments in its diversified portfolio, I expect this growth to continue.

So what does this mean for investors?

On the income side, the company pays a very lucrative 4.9% yield, which comes out to US\$0.28 per quarter. Management has said that it will increase the dividend from 5-8% a year, which should come from the 8-11% in yearly FFO growth the company expects. Because of the 25% growth it has already experienced, the dividend-payout ratio was cut from 94% to 80%. This makes it more secure, ensuring that the dividend will always go out.

But management has also been buying back shares, which helps reduce how much money has to be paid out in dividends. It bought US\$7.5 million worth of shares in the second quarter and, if growth continues, I expect this to continue until share prices reach parity with the value of its assets.

All in all, investing in Brookfield Property will give you exposure to high-quality real estate in all categories and in all regions of the world. And with a 4.9% yield, it's a great income play. I recommend buying.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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

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