



5 Strong Reasons to Own Brookfield Property Partners LP

Description

You can rely on **Brookfield Property Partners LP** ([TSX:BPY.UN](#))(NYSE:BPY) for safe income of a nearly 5% yield. It's also a decent investment for total returns.

Quality portfolio

Brookfield Property has total assets of US\$66 billion around the globe. Its core office and retail assets make up 80% of its total portfolio. Its core office portfolio has a high occupancy of 92% and an average lease term of 8.3 years. Its core retail portfolio has a high occupancy of 95% and consists of Class A malls in the U.S. The core portfolio generates stable cash flows that support its juicy distribution.

Brookfield Property's opportunistic portfolio of multifamily, industrial, hospitality, triple net lease, and self-storage assets make up 20% of its total portfolio. Overall the company targets long-term returns of 12-15%.

Little impact from Brexit

Brookfield Property's core office portfolio earns 18% of its net operating income from the United Kingdom. However, the company is unconcerned about the Brexit because the U.K. is expected to remain an essential centre of commerce in the world.

The company has 98% of its U.K. assets leased to high-credit-quality tenants. These assets have an average remaining lease term of 12 years. Additionally, Brookfield Property only has 5% of its equity exposed to the British pound.

Little exposure to the energy market

The energy market downturn has had little impact on Brookfield Property because only 6% of its total assets are exposed to that market.

Further, the company has 91% of its assets leased to high-credit-quality tenants. These assets have an average remaining lease term of 7.4 years. Brookfield Property's current development in this market

is already 81% pre-leased, which indicates the quality of its assets.

Value investor

Brookfield Property is a value-oriented and counter-cyclical investor, which invests across different geographies and asset types. It looks for opportunities in distressed assets and capital-deprived markets with a focus on quality.

It sells stabilized assets and recycles the capital in better opportunities. Year-to-date the company has sold about US\$2.2 billion worth of mature assets, which had an average cap rate of less than 4.2%.

Juicy distribution

Brookfield Property pays a U.S. dollar–denominated distribution. It yields 4.9% based on the current foreign exchange rate between the U.S. dollar and the Canadian dollar. Based on its earnings growth estimates, the company expects to hike its distribution by 5-8% per year.

Conclusion

Based on Brookfield Property's nearly 5% yield and guidance to grow its distribution by 5-8% per year, an investment today can expect to return roughly 10-13% per year. On top of that, the units are discounted by about 20% from its book value and IFRS value.

Brookfield Property's discounted valuation and the five reasons above make the company a compelling long-term investment for safe income and decent total returns.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

Category

1. Dividend Stocks
2. Investing

Date

2025/08/16

Date Created

2016/10/04

Author

kayng

default watermark