



5 Reasons to Love This Real Estate Empire

Description

Many people buy real estate to earn passive income and expect price appreciation over time. You don't need to search for quality real estate anymore. You can get it all at **Brookfield Property Partners LP** ([TSX:BPY.UN](https://www.brookfieldproperty.com/TSX:BPY.UN))(NYSE:BPY).

Here are some reasons to love the company.

Diversified, quality portfolio

Brookfield Property has US\$66 billion worth of quality property assets. It has 80% of its portfolio in core office and retail properties, which generate stable cash flows with steady price appreciation. This portfolio targets returns of 10-12%.

The core office portfolio has a high occupancy of 92% and an average lease term of a little over eight years. This portfolio earns 50% of its net operating income from the United States, 18% from the United Kingdom, 16% from Australia, and 14% from Canada.

The core retail business consists of the 34% fully diluted interest in **General Growth Properties**, which is invested in Class A malls in the U.S. and has a high occupancy of 95%.

The real estate company also has 20% of its assets in opportunistic investments, which are expected to deliver higher returns of 18-20%. These properties include multifamily, industrial, hospitality, triple net lease, and self-storage assets.

office building
office building type unknown

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Capital recycling

Brookfield Property doesn't just sit idly and wait for rental income to roll in. It patiently waits for the opportunities to sell mature, stabilized properties to reinvest into other areas.

For example, from its opportunistic portfolio it sold 31 multifamily assets, which doubled in value over a four-year holding period.

It's also not shy in selling core properties when it sees better opportunities elsewhere. In the third quarter, it sold three malls in its core retail business.

In fact, Brookfield Property aims to surface \$2 billion of net equity from asset sales this year. And it plans to sell more mature assets next year, including core office properties in New York City, Washington, DC, and London.

Some of the proceeds are already being reinvested into the company's active development pipeline and new acquisitions.

Units are significantly undervalued

You'd be pleased to know that you can buy Brookfield Property's units at a great discount from its IFRS value per unit of roughly US\$29.75. To be exact, the units trade at a 26% discount at US\$22 per unit.

Big dividend that's expected to grow

Brookfield Property offers a juicy 5.1% yield, which is 1.8 times bigger than the yield offered by the market.

But that's not all.

The company should be on schedule to hike its distribution per unit by 5-8% within the first three months in the new year.

Classic buy-and-hold investment

Brookfield Property is a quality investment, which can be bought at a good valuation and held for a very long time. Not only is the company priced at a discount of 26%, but it also compensates unitholders with a fat yield of 5.1% to start with.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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