
# Get Diversified Real Estate With This 1 Stock Purchase

## Description

Investing in real estate is considered one of the greatest ways to build wealth. Many of the world's richest achieved their wealth because of diversified real estate holdings. But it can sometimes feel daunting trying to build a real estate empire on your own.



Fortunately, it's not that hard. If you were to buy **Brookfield Property Partners L.P.** (TSX:BPY.UN )(NYSE:BPY), you'd gain a diversified holding of real estate that includes office, retail, and residential properties. And although there are other opportunities for commercial real estate, there is no company with as much exposure as Brookfield.

Here's what diversification looks like:

First, you have the core office portfolio. Brookfield has assets in most major cities, including London, New York, and Toronto. According to its Q4 fact sheet, it has 147 premier properties that have 100 million square feet. And 93% of the portfolio is leased with an 8.5-year average lease term.

Second is the core retail portfolio. Brookfield has a 33% investment in **General Growth Partners** (GGP), a Class "A" mall operator in the United States. This gives Brookfield big exposure to 125 malls and urban retail properties with a total of 122 million square feet. In total, 96% of the properties are leased.

Brookfield is currently looking to acquire the rest of GGP, but there has been resistance by GGP. Although it is a long shot for the deal to go through, it would be a major win for the company. Despite what some investors believe, physical retail isn't going away, and the types of assets GGP has are super high quality.

The final portfolio is the opportunistic portfolio. This includes 26,200 multifamily units, 20 hospitality properties, 326 triple-net lease assets, 206 self-storage properties, 31 million square feet of industrial space, 29 student-housing properties, 139 office properties, and 45 retail properties.

The company holds these assets, because, despite the fact that they are higher risk, the belief is that the ROI on them will be significantly greater. That's why it includes office and retail properties that are not classified in the core portfolios.

Brookfield makes money from its real estate in two ways. The first is from rent, which the company has done very well with. In 2017, it earned US$1 billion in FFO, whereas in 2016, it earned US$967 million.

The other way it earns money is by selling its real estate, which Brookfield calls “recycling.” It buys real estate when it’s cheap, generates FFO from it as it makes updates and gets it into healthy standing, and then Brookfield sells it. For example, during the fourth quarter, it sold 49% of One Liberty Plaza for US$742 million, earning US$328 million. Brookfield felt that the property had reached its peak.

If you’re looking for a real estate empire, you can try and build it yourself. Or you can trust Brookfield to do it for you. And with a lucrative — and increasing — dividend, I see little reason why investors shouldn’t want to own this company.

**CATEGORY**

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2. Investing

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jaycodon