



This Is 1 of the Best Stocks to Generate Huge Income From

Description

A CBRE report revealed that the first-quarter capitalization rates for different types of apartments in Canada ranged from 3.96% to 5.13%. Capitalization rates, or cap rates, indicate the potential returns investment properties can deliver (after expenses) based on the income they are expected to generate.

Getting passive income from your rental properties is great. However, it's not entirely passive, unless you hire someone else to manage the properties for you.

Right now, you can [get truly passive income](#) and a much bigger yield of about 6.6% by investing in **Brookfield Property Partners LP** ([TSX:BPY.UN](#))(NASDAQ:BPY). Here are more reasons to own the stock today.



BPY stock is trading at its cheapest levels since it was spun off

Brookfield Property is trading near its multi-year lows since it was spun off from **Brookfield Asset Management**, its general partner and management, which still owns a big stake of about 69% in the limited partnership.

BPY being listed allows investors to buy the commercial property arm of Brookfield Asset Management, a top-notch global alternative asset manager, when BPY is trading cheaply (like it is now!), where that would have been impossible before the spin-off.

Currently, Brookfield Property is trading at about a 30% discount from its net asset value of roughly US\$29 per unit.

BPY stock is a fabulous passive-income investment

Since 2014, Brookfield Property has increased its funds from operations (FFO) per unit by about 9%, which has supported distribution growth per unit of about 6% in the period.

The company is working on about 10 million square feet of development projects, which will help it to grow along with same-store growth and reinvestment of capital from mature assets into higher-return opportunities.

Going forward, Brookfield Property expects to increase its FFO per unit by 8-11% per year to support distribution growth per unit of 5-8% per year.

Brookfield Property is much more diversified

Over the years, Brookfield Property has amassed a global portfolio of high-quality office and retail assets. Along with its partners from Brookfield Asset Management, it has about US\$159 billion of real estate assets under management.

Brookfield Property also has about 20% of its portfolio in opportunistic investments, which target higher returns than its core office and retail portfolio.

Investor takeaway

By investing in Brookfield Property, you'll be investing with one of the smartest alternative asset managers in the world. It's important to point out that since BPY stock was spun off, this is the highest yield it has offered; this further supports the fact that the stock may be [a great bargain](#).

CATEGORY

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2. Investing

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