



1 of the Best High-Yield Dividend Stocks to Buy in 2019

Description

The North American stock markets are trading near their all-time highs, which leaves investors struggling to find a safe place to park their money and earn good returns from.

Thankfully, capital gains aren't the only types of returns available. Getting a good yield on your investment is an excellent way to generate long-term consistent returns.

Here we have undervalued **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY), one of the best [high-yield dividend stocks](#) to buy in 2019.

The core business generates stable returns

Brookfield Property is focused in the United States. It has about 60% of its business in the U.S. About 80% of its balance sheet is in the traditional office and retail sectors, which form its core assets. These assets drive most of its long-term returns.

The opportunistic assets aim for outsized returns

Brookfield Property maintains about 20% of its balance sheet in opportunistic investments that aim for higher returns roughly between the 18-20% range.

These may be distressed assets, which the company acquired at a substantial discount to fair value. These are assets that the company plans to sell some point down the road to capitalize on full valuation when the respective markets have normalized or when its operational expertise improves occupancy.



Where's growth coming from?

In any case, Brookfield Property is a value investor in quality assets. It already operates in Asian geographies, including India, China, Japan, and Korea. Over the next decade, it plans to build out its teams and platform in Asia. So, Asia is certainly a growth area for unitholders to look forward to.

Of course, Brookfield Property is always on the lookout for opportunities in North America, Europe, and emerging markets, in which it already operates.

A secure cash distribution

Brookfield Property's [cash distribution is safe](#) and has increased by about 6% per year on average since 2014. In 2018, Brookfield Property's cash distribution remained sustainable with a payout ratio of about 85%. Accounting for capital gains from asset sales, the payout ratio was improved to about 60%.

Management estimates earnings growth of 7-9% through a number of efforts, including increasing occupancy, completing development projects, and capitalizing on fully valued assets to reinvest for higher returns — a combination leads to an income growth machine with cash distribution per unit growth of 5-8% per year.

As of writing, Brookfield Property offers a 6.6% yield for starters (not the 4.75% yield shown on some finance websites, as Brookfield Property offers a U.S. dollar-denominated distribution, which boosts the yield for Canadian investors).

Investor takeaway

Currently, investors can buy one of the best dividend stocks for a substantial discount. At \$19.92 per unit as of writing, Brookfield Property trades at a +30% discount to its IFRS value.

As a result, here you have a fabulous opportunity for outsized capital gains and to collect a 6.6% yield with the income set to grow year after year for decades and beyond!

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

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