



Make \$500 of Passive Income a Month With This Reliable REIT

Description

According to the Global Property Guide website, the average gross rental yield in Canada in January was 3.95%. This means the net rental yield is even lower after accounting for taxes, maintenance, and other costs.

Besides, rental properties don't deliver [truly passive income](#), because landlords are responsible for maintenance and chasing down tenants if they fail to pay the rent.

Brookfield Property Partners ([TSX:BPY.UN](#))(NASDAQ:BPY) offers many more benefits on top of getting you a truly passive income.

Passive income yielding more than 6%

As of writing, Brookfield Property offers a whopping yield of 6.28%, which is nearly 60% greater than what you'd earn from a rental property in Canada.

Additionally, an investment in Brookfield Property stock earns you a truly passive-income stream. You do not have to negotiate with tenants for a higher rent every year. The competent management team at Brookfield Property has guided to increase the cash distribution by 5-8% per year.

So, you can sit back and watch the passive income roll in and increase over time. Assuming a 5% increase every year, you'll reach a yield on cost of 8% in year five and 10.2% by year 10. So, in 10 years, you'll be earning a return of 10% on your original investment from the passive income alone!



Globally diversified across multiple asset classes

Brookfield Property is a much more diversified investment than owning a few rental properties.

It has 142 premium office properties in gateway cities around the world, including New York, London, Toronto, Los Angeles, Houston, Sydney, Washington, D.C., and Berlin, and 124 quality retail properties throughout the U.S.

This core office and retail portfolio makes up about 80% of the company's balance sheet, is characterized by high occupancy rates with expected meaningful rent increases for lease renewals, and provides stable cash flow to support the REIT's dividend.

Brookfield Property has the remainder of its balance sheet in opportunistic investments. In this portfolio, it invests in a wide range of investments, including multifamily, logistics, hospitality, triple net lease, self-storage, student housing, office, retail, and manufactured housing assets, with the aim for high returns of 18-20%.

How to make \$500 per month

To make \$500 of [passive income](#) per month from this reliable REIT, investors only need to invest less than \$100,000. What a steal! To be exact, as of writing, the stock trades at \$28.37 per share, and investors need to invest \$99,209.89 for 3,497 units. This is based on the stock's annual payout of US\$1.32 per unit and using a more conservative foreign exchange of US\$1 to CAD\$1.30.

Investor takeaway

With Brookfield Property, investors are not only getting a passive income that's yielding more than 6%; they're also getting a proven management team with a value investor mindset that will not hesitate to book profits and recycle capital when the appropriate opportunities arise, as well as a portfolio of largely quality commercial real estate assets that are normally not accessible by retail investors.

That's why Brookfield Property has been able to increase its cash distribution to unitholders with a big margin of safety, as is evidenced by a 2018 payout ratio of 85%, which was improved to about 60%

after accounting for capital gains from asset sales.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

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

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