



This Top Stock Yielding 6% Plus Yield Is on Sale

Description

Seeking to build a regularly recurring passive income stream and build wealth fast?

Look no further than globally diversified [real estate investment trust](#) (REIT) **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY). It owns a diversified portfolio of real estate focused on office and retail properties along with a range of speculative commercial properties, including hospitality, light industrial and multi-family residential properties.

What makes Brookfield Property particularly attractive is that its real estate portfolio includes [global](#) [marque properties](#) such as Brookfield Place New York, Principal Place London, Woodlands Mall Houston and Fashion Show Mall Las Vegas. Those core office and retail properties provide the partnership with a stable source of cash flow and are responsible for generating around 70% of its revenue.

Brookfield Property uses its speculative portfolio of properties as a means of enhancing cash flow through a capital recycling strategy aimed at opportunistically acquiring undervalued assets, developing them and then selling them at a considerable profit. By the end of the first quarter 2019, these earning composed roughly 30% of the trust's revenue.

For that period, Brookfield Property reported a healthy increase in revenue and net operating income (NOI) that popped by 34% and 38% year over year, respectively.

As a result, company funds from operations (FFO) shot up by 14% to US\$307 million, or US\$0.29 per unit on a diluted basis despite net income declining by worrisome 30% year over year to US\$703 million, or US\$0.32 per unit diluted. However, that didn't occur because of issues with Brookfield Property's operations, but rather due to accounting changes related to the incorporation of **Brookfield Global Real Estate Special Opportunities Inc.** into the business.

What makes Brookfield Property an ideal investment for building wealth is its steadily growing distribution, which it has hiked for the last six years straight to be yielding a very juicy 6.8%. That yield is significantly higher than traditional income producing investments such as bonds, being four-times greater than the Canadian government 10-year bond yield and guaranteed investment certificates.

That tasty yield appears to be quite safe and sustainable when it is considered that it has a payout ratio of 94% of diluted trailing 12-month FFO. The likelihood of additional annual distribution increases is high because of Brookfield Property's quality assets and steadily growing FFO.

The quality of the trust's core office and retail properties ensure that they remain in high demand and has been a key reason why Brookfield Property has not suffered because of the retail apocalypse, which has challenged the very survival of other retail REITs.

Brookfield Property offers investors a distribution reinvestment plan (DRIP), which allows unitholders to reinvest distributions to acquire additional units with no trading fees or service charges and allows investors to access the power of compounding, thus accelerating the pace at which they can create wealth while not incurring any additional brokerage costs.

While these are compelling reasons to own Brookfield Property, the fact that it is trading at a deep discount of \$10 per unit to the analysts' average net-asset-value (NAV) of \$35.50 makes now the time to buy.

Foolish takeaway

Not only does this indicate that there is considerable upside available to investors, but it is rare to find a REIT of such high-quality trading at a significant discount to its NAV. Brookfield Property is a must-own stock for investors seeking to accelerate wealth creation by investing in a relatively low volatile asset class and significant capital growth.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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