Looking for Dividend Growth? Try This Real Estate Stud

Description

It's been a wild start to the week with two interesting trends occuring almost at odds with each other: cannabis stocks are up, while almost every other asset class is down.

At first, this seems contrary to common sense, which would suggest that in times of economic stress, risky assets fare poorly. However, what seems to be happening could be a widening of the gap between growth and dividend investment.

Finding the right mix of growth and dividends is elusive

Looking south of the border, the culprit is fairly obvious: the worsening trade war between Canada's two biggest trade partners.

With a global trend in interest rate cuts that will give the markets less room to maneuvre if the broad economic slowdown continues, additional weight on the markets is dismaying. The stock markets have responded as one might expect, with North American stock exchanges slumping — except bold investors are still ploughing money into TSX pot stocks.

A possible way to find that mix of growth and dividends might be real estate investment, but not just any real estate. **Brookfield Property Partners** (TSX:BPY)(NASDAQ:BPY) represents the best-quality Canadian REITs out there, with a chunky dividend yield and some fairly assured growth on the way.

Investors don't just get access to properties — the classic "landlord investment"; they also get access to some of the best asset management in the world.

Getting defensive is the order of the day

The stock is a suitable play for value investors, with the current yield current up over 7%. This means that investors buying at today's knocked-down prices don't just get a greater passive-income yield on their investment, but the upside potential is also greater. This makes the stock suitable not only for a dividend stock portfolio built around world-class properties, but also for the general capital gains investor.

While real estate is, of course, not free from risk itself, the globally diversified spread of Brookfield Property’s asset portfolio lends stability to a long-term investment and makes it suitable for a TFSA or retirement savings plan.

Spread across retail, office space, and the world of entertainment, this REIT may not be as classically defensive as an apartment REIT, though its mix of low volatility and high quality make it a win.

Commited to increasing its dividend by 5-8% a year, an investment in Brookfield Property will continue to grow as its funds from operations continue to rise steadily. As an investor’s rewards from holding this low-maintenance stock compound, the strategy of reinvesting some of that income back into the same company could make a patient investor considerably better off after a few years.

The bottom line

While Brookfield Property doesn’t exhibit the high upward momentum of a pot stock, nor, strictly speaking, the classically defensive qualities of an apartment REIT, its mix of top-tier assets, world-class asset management, and a suitably high dividend yield make for a low-risk play for considerable long-term benefits.

In short, the stock is a classic dividend stud worthy of a low-mainteneance, passive-income portfolio.

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