



This REIT Stock Is a Screaming Buy Right Now

Description

There are homes in certain major Canadian cities (e.g., Vancouver and Toronto) that are selling for super-high prices and that are way over the budgets of Canadians who earn an average salary there.

Then there are real estate investment trusts (REITs) that are [screaming buys](#) right now. **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY) is a prime example.

Big income and stable income growth

Great REITs should have the characteristics of a juicy and safe current yield and stable growth that supports a growing cash distribution. BPY stock has both.

BPY stock offers a yield of nearly 7% as of writing. The [big yield](#) is supported by a payout ratio of about 67% when cash flow generation and asset sales are accounted for. Company funds from operations organic growth of 7-9% will help support management's targeted cash distribution growth of 5-8% *every year*.



Why BPY is a great value

You'll notice that BPY has underperformed its big-yield sibling companies, **Brookfield Infrastructure** and **Brookfield Renewable**. Since they began trading on their own (2009 for BIP and 2006 for BEP), they have delivered total rates of return of about +21% and +10%, respectively.

BPY has delivered about 7.5% per year since 2013. In the same period, since 2013, BIP and BEP have delivered +18% and +12%, respectively.

They're indeed in different spaces, as clearly described by their names. However, the sibling companies have also been trading for longer periods. What's important to note is that all three companies are managed and operated by the same management company, which has large stakes in each business.

Additionally, management aims for *long-term* total returns of 12-15% per year for all three companies. Since BPY has underperformed so far, it's poised to outperform in the long haul.

Besides, real estate is meant for long-term investment anyway. After all, their great value comes from the income, income growth, and long-term price appreciation they provide.

BPY currently trades at discounts of 34% from its book value and 30% from its net asset value, which gives ample room for upside from multiples expansion alone.

Great portfolio of prized properties and incredible management

It used to be impossible for regular investors to gain access to commercial properties because they cost so much! The advent of REITs gave retail investors easy access to these lucrative investments.

With BPY, investors aren't just getting a great portfolio of assets but also a top-notch management team who are experts in what they do.

BPY has a global portfolio of best-in-class properties that are primarily office or retail assets, making up 85% of its balance sheet. The remaining 15% is in opportunistic investments for greater total returns of 18-20%.

Investor takeaway

BPY is a screaming buy. It trades at a steep discount of about 30%, offers a 7% yield, and organic growth that supports cash distribution growth of 5-8% per year.

CATEGORY

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

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

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

Date

2025/08/23

Date Created

2019/09/01

Author

kayng

default watermark

default watermark