



Forget About BCE (TSX:BCE): Buy This Dividend Stock for Passive Income Instead

Description

Many investors love **BCE** for its juicy yield. However, the stable telecom stock has run up in the last year, making it an unattractive investment today. Due to the price appreciation, its yield have also declined effectively 14% from close to 6% 12 months ago to 4.9% now.



BCE data by YCharts. BCE stock's price action in the last 12 months.

For a juicier yield with price appreciation potential, new money should be placed in stocks like **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY).

Brookfield Property is a diversified global [real estate](#) company that owns, operates and develops one of the largest portfolios of office, retail, multifamily, industrial, hospitality, triple net lease, self-storage, student housing, and manufactured housing assets.

BPY's fundamentals have remained intact but its stock price hasn't moved much, such that it currently offers a wonderful but safe yield of 6.7%.

BPY's core business

Brookfield Property has a core business surrounding office, retail, and more recently, multifamily assets. This part of the business makes up 85% of its balance sheet.

For this portfolio, it targets a stabilized occupancy of 95% and expects same-store growth and development projects to lead to a total rate of return of 9% over the next five years.

Simultaneously, with this organic growth, it'll also de-lever the balance sheet from a loan-to-value ratio of 55% to 45%.

Throwing in its continuous capital recycling program to sell mature assets of US\$1-2 billion every year to reinvest into better opportunities, BPY expects the total returns to elevate to 10-12%.



BPY's opportunistic operations

Brookfield Property has about 15% of its balance sheet invested in its opportunistic portfolio. This consists of **Brookfield**-sponsored real estate funds that aim for an opportunistic rate of return of 20% and essentially doubling one's original investment.

With Brookfield as the partner, BPY can go after large acquisitions and rare opportunities with little competition. Moreover, the opportunistic portfolio essentially funds itself, as previous funds mature over time.

Attractive income and total returns

Even in a low-interest rate environment, because of the discounted shares and quality management, operations, and real estate assets, BPY can potentially generate total returns of 11-17% per year over the next five years.

Meanwhile, shareholders can earn an initial yield of 6.7%, which is supported by a recent payout ratio of 87% (after accounting for asset sales from the opportunistic portfolio). Investors can expect cash distribution growth of 5-8% per year, as well.

Foolish takeaway

Investors who already own BCE stock may continue to hold the shares if they wish because the business is doing fine. However, if you're thinking of [investing new money for juicy income](#), you should consider something that's a better value, such as Brookfield Property. Currently, BPY offers greater income and double-digit total returns potential at a discount.

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