



This 1 REIT Stock Will Help You Grow Your Wealth and Retire Early

Description

Owning property is one of the best methods to ensure better financial security as you reach your retirement age. Historically, property prices climb higher, becoming an incredibly profitable investment.

The major problem today is that property prices are at incredible highs. Purchasing property is becoming an unrealistic way to achieve financial security for early retirement. The possibility of a housing market bubble bursting also makes it a risky process for would-be property owners.

Purchasing the stock of real estate investment trusts (REITs) presents a more accessible way to gain exposure to the real estate sector. Owning shares of REITs can also save you from the hassles that come with owning physical property.

REITs can also present you with a better value for your investment than property due to a better risk-to-reward ratio. If you are looking to become wealthier and retire early, investing in REITs is a better opportunity than trying to purchase properties.

I am going to discuss some of the reasons why adding REITs could help you retire early and a stock that could help you on your way.

Risk protection

Purchasing property requires significant capital for investment. There is the possibility of [borrowing money](#) that can help you to purchase properties, but you might not be able to accumulate enough for a diverse portfolio. With the capital you have, you can likely achieve a concentrated portfolio, which entails a lot of risks.

Owning physical property also involves several costs like repairs, extended void periods, and several other expenses. Ultimately, the expenditure to maintain the property reduces the overall return on your investments.

REITs, however, are a more straightforward investment. Purchasing REITs gives you exposure to a

more significant number of properties. A REIT can have offices, residential properties, retail properties, and industrial properties in its portfolio. Diversity reduces the overall risk in case of a housing market crash.

Additionally, purchasing REIT stocks does not entail additional costs for maintaining properties in the company's portfolio.

Phenomenal returns

Investing in the right REITs can also allow you to get a higher return on investments than through directly owning property in the short and long term. REITs are required to disburse payments to shareholders to reward investors for the shares they own. Besides dividend payouts, REITs are also trading at lower valuations due to several geopolitical and economic factors.

There is a possibility for a higher return on investments through capital gains. Highly qualified professionals manage REIT portfolios; therefore, REITs are capable of identifying potential market segments for growth better than a private investor can. REITs also have the capital to invest in those properties. An individual investor cannot have similar opportunities.

The result is the chance to achieve [short-term returns through dividends](#) and long-term returns through capital gains of the stock.

A chance to retire early

Keeping these factors in mind, REITs ultimately present you the opportunity to retire wealthy and early, provided you invest in shares of the right companies. Among REITs, **Brookfield Property Partners (TSX:BPY.UN)**(NASDAQ:BPY) seems like the ideal stock to consider.

Trading for \$25.70 per share at writing, the stock has a dividend yield of 6.52%. The stock's U.S. dollar-denominated cash distribution and depressed share price is also contributing to its high dividend yield.

The company's portfolio consists of assets in supply-constrained markets. Its office and retail properties account for more than 85% of its cash flow. The rest of its portfolio consists of opportunistic investments that offer significant value-added opportunities for the REIT.

As a result, the company can target significant growth, insulation against a housing market crash, and fantastic dividend payouts for shareholders.

Foolish takeaway

If you want to retire early, investing in healthy REITs like Brookfield Property Partners can help you achieve your goals. A stock like Brookfield offers you stable cash flow in the short term through its dividends. Its long-term prospects are fantastic due to its diversified portfolio consisting of reliable assets. I think converting some of your holdings to this stock and storing it in your TFSA could be an excellent way to gain exposure to the real estate market and retire early.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
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