



## Buy Alert: This High-Quality REIT Is Now Selling for 75% Off

### Description

As investors navigate today's horrific bear market, one thought seems to dominate all others: there are so many bargains out there.

I know I'm like a kid in a candy store. I'm trying to accumulate as much capital as possible, putting it to work in obviously [undervalued stocks](#). The attempt is to only focus on what I view as high-quality names, but as any experienced investor can tell you, that's easier said than done — especially during periods of huge economic uncertainty, as we're experiencing today.

Today, I'd like to profile a high-quality REIT that offers terrific properties, a strong main shareholder, and a history of creating value. Let's take a closer look at the compelling value offered by **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY).

### The skinny

One of the biggest things that makes Brookfield Property Partners a high-quality REIT is the company's excellent portfolio.

Its assets include office, retail, and various other kinds of properties around the world. Its office portfolio boasts excellent buildings in the downtown cores of cities like London, Toronto, New York, and Berlin. The retail portfolio consists mainly of top-end shopping centres in the United States. And the other part of the portfolio has distressed assets like unloved office buildings, self-storage facilities, residential property, and various mixed-use buildings.

Yes, I'm the first to admit COVID-19 has exposed some cracks in this high-quality REIT. Offices around the world have been shut down. So have retail stores. And both look unlikely to open up again anytime soon. A stagnant economy lasting just a few months may do irreversible damage to the U.S. retail sector.

With this in mind, it's not surprising the stock is down approximately 65% from its 52-week high.

## The value proposition

This high-quality REIT is trading at an absolute bargain-basement price. If you believe the world will return to normal in the next six months or so, shares are a screaming buy today.

Let's first look at the price compared to the net asset value. Brookfield Property Partners has maintained its net asset value around US\$30 per unit, a price that translates to approximately \$40 per unit in local Canadian currency. Shares, meanwhile, trade just north of \$10 on the Toronto Stock Exchange.

That's right. This high-quality REIT trades at a whopping 75% off its net asset value. That's a fantastic bargain.

Management is doing something about the gap, too. The company is buying back shares as aggressively as its balance sheet will allow. For instance, on March 11, the company repurchased more than 875,000 shares. More than 700,000 shares were repurchased on March 13. A million shares were bought back from March 16-17, too.

The parent company is also gobbling up what it views as undervalued shares. **Brookfield Asset Management** purchased some seven million shares during the latter part of March.

The company is also dirt cheap on a trailing earnings perspective. It earned US\$1.57 per share in funds from operations in 2019. That translates into \$2.20 per share in Canadian dollars. In other words, this high-quality REIT trades at less than five times trailing earnings.

And we can't forget about the [dividend yield](#). The stock pays a 16.8% dividend. No, that's not a typo.

## The bottom line on this high-quality REIT

I'm the first to admit the future looks pretty murky, and this uncertainty could easily impact Brookfield Property Partners — especially in the near term, as many of its tenants seek rent relief.

But over the long term, I continue to like this asset. It has a great portfolio of office properties. It's retail locations will bounce back, too. And management has done a terrific job creating shareholder value over the life of the company.

And you can't beat the largest shareholder. Brookfield Asset Management has some of the best minds in the business.

I'd take a good look at adding this high-quality REIT to my portfolio today if I had excess cash available to invest.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

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

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