Dividend Investors: Grab This 11% Yield

Description

Dividend investors are ready to take advantage of the recent market crash. Despite a small rally in recent weeks, many dividend stocks are still on sale. One company in particular sports an 11% yield, despite owning a world-class portfolio of property.

If you want to gain exposure to wide variety of global real estate assets and reap the associated cash dividends, take a close look at **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY). This will likely be a limited-time buying opportunity.

Dividend investors rejoice

Owning property is a terrific choice for income investors. Most properties have rent-paying tenants. This results in a regular stream of income that can be used to pay dividends. As long as the properties remain leased, a steady flow of cash will be directed to the pockets of dividend investors.

Of course, not all property is created equal. Just look at the housing market in Canada. Today, there are clear bubbles in metropolitan areas like Toronto and Vancouver. Rural land in Manitoba, for comparison, hasn't experienced as much of a rise in value.

Rising values mean higher rents. So, if you want to benefit the most as a dividend investor, own real estate that will rise in value over the long term. That requires these properties to be in places of high demand. Brookfield Property *specializes* in this type of investing.

For example, it owns First Canadian Place in Toronto, Brookfield Place in New York City, Canary Wharf in London, Potsdamer Platz in Berlin, and the Fashion Show building in Las Vegas. All of these are world-class assets in high-density areas that should see increased demand and visitation for decades to come.

Now is the time

Due to the recent market correction, Brookfield Property stock now offers an 11% yield. Dividend investors need to take notice.

Despite owning an incredible portfolio of properties, this stock now trades at just 30% of its book value. Even assuming that its real estate is worth *half* of its stated value, this stock would still be a bargain. Over the last five years, Brookfield shares have traded at an average valuation of more than twice the current multiple.

The only way the current valuation would make sense is if its portfolio has a permanently impaired value. Recent sales suggest that this isn't true. In recent months, the company has raised more than $2 billion through asset sales, most of which fetched prices *above* their book value.

Dividend investors should take pause. Perhaps the enticing 11% yield is cut this year to preserve cash given uncertainty in the market. But what won't go away is the long-term value of Brookfield's holdings. Despite volatility over the next 12 months, this stock should prove a winning bet over the next decade and beyond. That will result in sizable dividends but also capital appreciation.

Uncertainty creates the best bargains. You just need to have the courage and patience to capitalize. For buy-and-hold dividend investors, it doesn't get much better than this.

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