



## Market Rally: How to Turn \$1,000 Into \$3,000

### Description

The market rally is in full swing, but there's still time to profit. In fact, one **TSX** gives you an [opportunity](#) to triple your money over time. A \$1,000 investment could become \$3,000.

To be sure, this is not a get-rich-quick scheme. Only patient investors stand a chance to [profit](#). But if you're willing to buy-and-hold, this should be an excellent opportunity.

Want to profit from the market rally? Here's how.

### Invest in cheap real estate

We still haven't seen a reduction in residential home prices, but this is a *lagging* indicator. Throughout the rest of 2020, economic challenges and rising unemployment should force down the values of everyday houses. A *leading* indicator of this is the commercial and office space, which has already seen a rapid reduction in valuations.

Just take a look at **Brookfield Property Partners L.P.** ([TSX:BPY.UN](#))(NASDAQ:BPY). When the coronavirus pandemic began, shares quickly lost 50% of their value. Despite the recent market rally, shares remain close to their pandemic lows. What's going on?

There are two big concerns when it comes to real estate investing.

The first is a classic supply-demand dilemma. Nearly every company has instituted social distancing measures, which usually means fewer workers at the office or less traffic at the store.

Long term, many businesses may make their cost savings permanent by shifting to a remote workforce. That would reduce office space demand. Thousands of commercial businesses will likely go bankrupt before the end of 2020, driving down rents here as well. A short-term market rally likely isn't enough to stem the tide.

The second concern is financing. Real estate operators must have access to capital in order to survive

a lean year. Property is full of leverage, reducing liquidity, making it likely that some major owners will go bankrupt, flooding the industry with more supply.

## Ride the market rally

With all of these challenges, why would anybody jump into real estate stocks? Most property businesses will face a challenging year. Some won't survive. But those that do could *benefit* long term. One of those beneficiaries is Brookfield Property.

As noted, BPY stock hasn't benefited from the recent market rally. Shares still trade at historic lows. Today, the stock is priced at just 28% of its book value. That's a steal! The company owns world-class properties like First Canadian Place in Toronto, Brookfield Place in New York City, Canary Wharf in London, and Potsdamer Platz in Berlin.

Buying Brookfield stock is like purchasing those properties at a 72% discount. The stock price could triple and shares would *still* trade at a discount to book value. If the market rally is sustained, we could see a rapid compression in the discount.

Before the crash occurred, Brookfield Property was selling assets for *more* than their stated book value, so in normal conditions, we know that the balance sheet isn't overly optimistic. When conditions normalize, expect the discounted valuation to disappear.

With plenty of liquidity and access to billions in capital from its parent company, Brookfield Property will have no trouble outlasting the current pandemic. Expect the stock to be volatile, but if you want to triple your money by buying cheap, this is your best bet.

It's one of the only stocks still trading at a crazy valuation following the market rally.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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