



## How to Buy World-Class Real Estate at 70% Off

### Description

Many of the greatest fortunes in history were made by investing in real estate.

“90% of all millionaires become so through owning real estate,” said Andrew Carnegie.

“The best investment on Earth is earth,” stressed Louis Glickman.

But you can’t just buy any property. The return on your investment will ultimately be a function of what you pay. You might buy the best property in the world, but if you overpay, you could still lose money.

The best real estate advice is to buy when others are [fearful](#). This is easier said than done.

“The most important quality for an investor is temperament, not intellect,” urged Warren Buffett. “You need a temperament that neither derives great pleasure from being with the crowd or against the crowd.”

Right now, the crowd is decidedly [against](#) real estate. Following the COVID-19 bear market, many property stocks remain well below their previous highs. One company in particular is trading at a 70% discount to book value, even though it owns some of the best land in the world.

If you want to buy world-class real estate at a deep discount, look no further.

### This is your stock

**Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY) is a one-stop shop for property investors. It owns a little bit of everything, including multifamily, self-storage, student housing, hospitality, and manufactured housing. Its biggest areas of focus are retail and office, which each comprise 40% of the portfolio.

I don’t have to tell you that office and retail are hurting right now. Millions of people are working from home, while their employers look for ways to cut costs. Meanwhile, millions of businesses still struggle

with lower consumer spending and difficult social-distancing measures. Some stores haven't opened since March.

Due to the coronavirus pandemic, Brookfield's real estate is under fire. There's zero doubt that rental income will be lower this year. It may remain depressed for another few years. But does that warrant a 70% discount to book value? No way.

The only way Brookfield's portfolio is worth that little is if it's permanently impaired. That means the properties never recover in value, which is doubtful due to their world-class locations and history, or Brookfield itself goes under — a slim possibility given its ample liquidity.

## Should you buy this real estate stock?

Brookfield looks like a fantastic way to double or triple your money simply through a reversion to the mean. Just know that this bet will take a few years to play out. We'll likely need a vaccine before we see sustained price improvement.

But if you have the patience, this is an opportunity too rare to pass up. You're getting incredible real estate assets at a once-in-a-century price. This chance may never come again.

Right now, the stock's dividend still yields more than 10%. Expect that to be cut to preserve cash flow, but understand that this isn't a bearish signal. The firm has plenty of liquidity options at its disposal. All it needs to do is survive until its assets can recover in value. Then we should see the valuation multiple skyrocket.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

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

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