1 REIT You Can Buy That's a Passive-Income Machine

Description

It is no secret that COVID-19 and all its effects have made 2020 a year we would like to forget as quickly as possible. Hopefully, the pandemic will subside soon, and life can return to a relative level of normalcy as we knew it. As devastating as the situation has been since the year began, there is a slight upside to the stock markets amid the chaos and confusion.

There are more deals available at attractive prices for investors than there were before the pandemic. There are parts of the stock market that have become quite expensive after the rebound. Tech sector operators are soaring at unimaginable heights, utilities are doing well, and consumer staples have held their ground.

COVID-19 might have destroyed your revenue sources, but it has opened up doors to generating more income. Real estate investment trusts like **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY) have moved on from March 2020 lows but can provide you with excellent value for money.

Real estate

The real estate sector has been one of the most confusing industries throughout the pandemic. REITs were battered when everybody was forced to stay at home a few months ago. Several major REITs fell more than 50% and are still struggling to recover. However, actual residential real estate prices keep hitting remarkable highs.

There is a disparity between real estate value and companies that own a portfolio of various real estate assets. Property prices keep increasing, and REITs like Brookfield keep declining. Why is this happening?

The dichotomy

Prices for real estate are increasing rapidly in real time due to the relatively low prices. The low interest rate environment encourages many people to make the brave decision to pour more money into the sector. But REITs like Brookfield Property Partners are depending on earnings and future growth.

REITs rely on income through tenants that pay their rents. The economy is not very strong, and if it continues to remain weak, only the most resilient real estate stocks can survive. Luckily, Brookfield announced the good news that rents are picking back up. As lockdowns subside, people are returning to work and earning money to pay rent again.

Brookfield Property Partners

Brookfield Property Partners seems like an ideal investment during this time. The global giant might have its hands-on properties in some of the worst-hit sectors of the economy. However, it has the kind of capital to help it weather the storm. At writing, Brookfield Property Partners is trading for $14.20 per share. It has a juicy 8.87% dividend yield that might seem alarming but could be a decent revenue source if you park it in your Tax-Free Savings Account (TFSA).

It is among the highest yielding in the REIT sector. While such a high distribution yield should generally worry investors, Brookfield Property Partners has the kind of deep pockets to keep the money flowing. Investing in the stock right now and holding onto its shares could provide substantial passive income in your portfolio.

Foolish takeaway

A decent dividend income portfolio in your TFSA requires a healthy mixture of reliable dividend-paying companies. It will help if you focus on including safe and non-cyclical investments from the utility sector. However, it is companies like Brookfield that can offer you a higher yield to boost your income. I think Brookfield Property Partners could be a vital passive-income machine in your TFSA portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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1. Business Insider
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