

This 10.5% Dividend Stock Is About to Break Out

Description

At US\$12.65 (CAD\$16.78) per share at writing, **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY) is about to retest the US\$13 resistance in June.

Coincidentally, that's also where its 50-day simple moving average on its weekly chart stands. Therefore, if it breaks above the US\$13 level, it's going to head higher — possibly towards US\$16 for 26% upside in the near term.

Reopening economy driving recovery in the dividend stock

What drove the 15% recovery of the value stock in the past three months was the reopening of the U.S. economy. Apparently, despite a 9.5% year-over-year GDP decline in the U.S., retail sales actually climbed 2.6%. This suggests that consumers still have a strong desire to spend.

Brookfield Property has 42% of its capital invested in its retail portfolio, which primarily consists of more than 120 million square feet in 122 best-in-class malls in the United States. As you probably know, enclosed malls were the hardest hit within the retail sector during the economic lockdowns.

Physical retail is staying

Brookfield Property revealed that retail sales in physical stores will continue to make up the bulk of total retail sales. From 2016 to 2019, U.S. physical retail sales went from 83% of total retail sales to 79%. Importantly, these sales climbed by 2% per year.

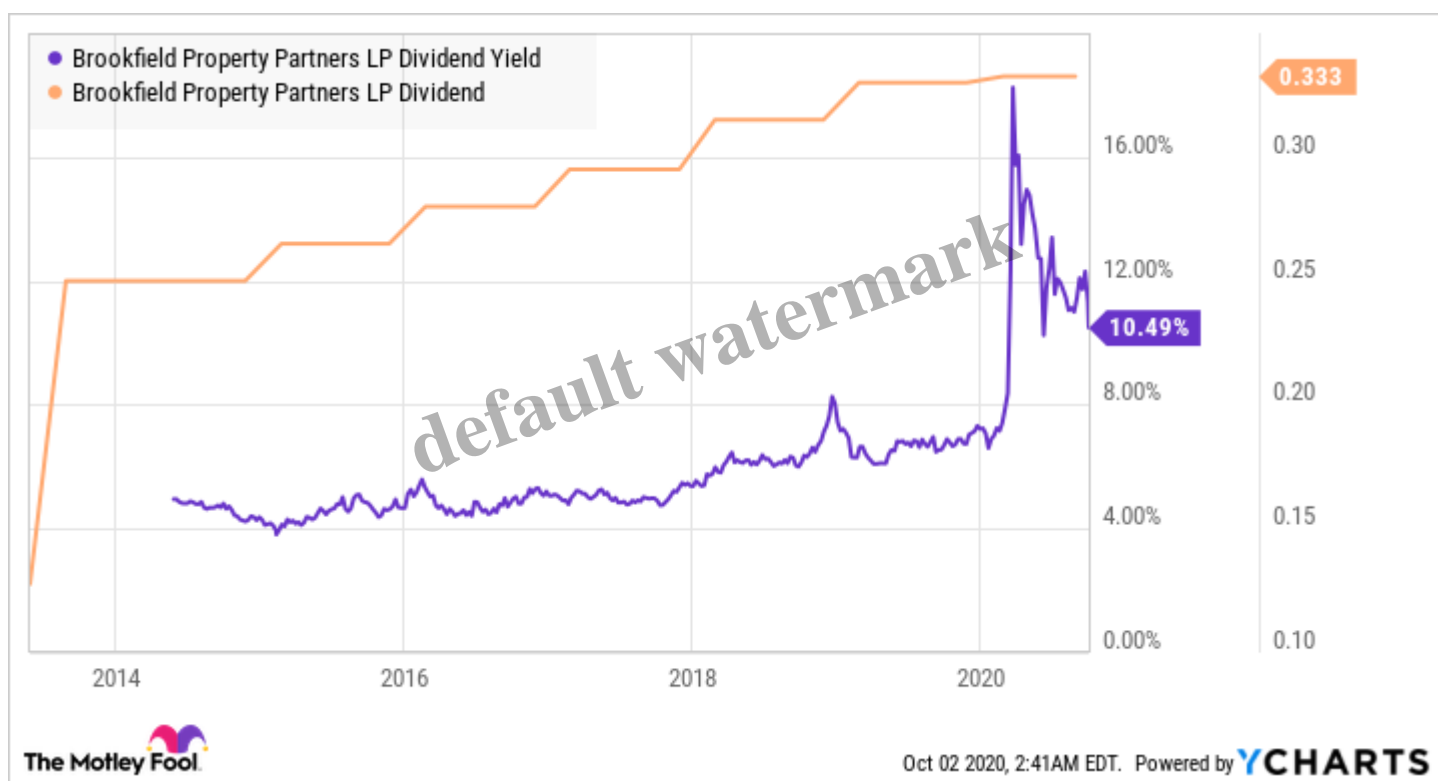
The U.S. Census Bureau data showed that the U.S. retail sales dropped during the economic shutdown but rebounded swiftly after physical stores reopened. This further suggests that physical stores still play a relevant role in retail sales.

Undervalued stock with incredible dividend and total returns

Brookfield Property stock is depressed due to its retail portfolio. At writing, it still trades at a whopping discount of 30% from the pre-pandemic levels.

Investors should note that BPY's rent collection remains above 90% for the rest of its portfolio that consists of resilient office, logistics, and multifamily assets.

The stock is pressured so much that it still yields 10.5% after meaningful share price recovery. When the pandemic comes to pass, there's a good chance BPY will rise to pre-pandemic levels for 42% upside. In the meantime, shareholders can collect its rich dividend.



BPY Dividend data by YCharts. BPY stock's dividend and yield history.

The Foolish takeaway

[Brookfield Property stock](#) will rise or fall in the near term depending on tightening or loosening of economic reopenings or temporary closings. Another economic shutdown can occur if there's a need for it. That's the near-term risk that investors have to take.

Consequently, investors are better to be prepared to hold the stock for a longer term of at least three years for things to normalize. Meanwhile, collect nice passive income from the real estate stock.

If the stock sells off due to another economic shutdown, investors should see it as a fabulous opportunity to accumulate shares, as the company has ample liquidity to stay afloat. In fact, it even has

excess cash to [buy back shares](#) at the current low levels.

Personally, I see myself holding shares of the stock for decades to come, as population growth will be a key driver that allows BPY to create value for shareholders in the long run.

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