This 8% Dividend Stock Is Perfect for Your 2021 Rebound Portfolio

Description

A once-in-a-century crisis should create some truly unique opportunities for investors. One such opportunity is Canada's largest commercial real estate landlord: **Brookfield Property Partners** (TSX:BPY.U)(NASDAQ:BPY). The stock is beaten down, and the outlook is far from certain. But I believe investors need to take a closer look at this lucrative dividend stock.

Commercial property

Commercial real estate has been caught in the eye of the storm this year. Restaurants, malls, offices and exhibition centers have been completely abandoned. Small businesses have been declaring bankruptcy at a record pace, which means commercial landlords have had to deal with higher vacancy and lower rents.

That's been terrible for most commercial real estate investment trusts (REITs). However, this distress is a great opportunity for the largest player in the market to acquire more assets. Brookfield has leveraged its scale and position as the world's largest commercial real estate firm to grow even larger.

This year, it's launched a new billion-dollar fund to acquire properties in Europe, settled on plans to list an office REIT in India, and borrowed capital at record-low interest rates. In other words, Brookfield could come out of this crisis stronger than before. Meanwhile, it offers investors a stable and lucrative dividend.

Dividend stock

With an 8% dividend yield, Brookfield Property is starting to look like one of the most attractive dividend stocks in Canada. The company is expected to pay out over $575 million in dividends over the next year. Meanwhile, it has $1.8 billion in cash and cash equivalents on its books and roughly $1.4 billion in operating cash flow.

In short, the company can sustain its dividend for several years, even in this distressed environment. And this distressed environment isn’t perpetual.

Gradual recovery

With at least two effective vaccines on the horizon, society can expect to eventually climb back to normalcy. As more people get inoculated, foot traffic in malls, restaurants and offices could bounce back.

Even if occupancy isn’t at pre-crisis levels, Brookfield has cemented some great deals this year. Its funding is cheaper now that interest rates are lower. Meanwhile, I assume the properties it is purchasing now are severely discounted. That mitigates the risk for shareholders over the long term.

Bottom line

It’s safe to assume you and your family won’t be visiting malls or watching live events this winter. With viral cases on the rise across North American and Europe, there’s a good chance we could see another tight lockdown of the global economy. That’s likely to impact small- and mid-sized commercial landlords.

However, large-scale landlords lie Brookfield Property can swoop in and take advantage of the distressed environment. The company has already raised billions in fresh capital from banks and institutional investors. It has enough firepower to buy offices, malls and retail locations across the world. It also has enough resources to sustain its dividend for several years.

When the economy recovers, Brookfield could be a prime beneficiary. The stock is still trading below book value, which is an incredible opportunity for contrarian investors seeking high-grade dividend stocks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/30
Date Created
2020/11/19
Author
vraisinghani