WARNING: Canada’s Housing Market Could Crash in 2020

Description

According to experts worldwide, the Canadian housing market has been a bubble for many since the past several years now. Property prices in most of the significant Canadian cities like Toronto and Vancouver are experiencing price increases at an alarming rate since the 1980s, a period widely acknowledged as a bubble.

Canada’s housing market is the most vulnerable to a significant house price correction, according to *Bloomberg*. The price-income ratio and the price-rent ratio in the housing market right now are well above the long-term averages.

Inevitable crash on the cards

It’s essential to acknowledge the fact that the housing market has become a dangerous bubble. The savings rate has reached an alarming decade-long low in Canada, leaving Canadians more susceptible to the impacts of a price correction in the housing sector.

Further troubling data points like the slowdown in economic growth and consumer spending are also indicators of an inevitable fast-approaching market crash.

Preparing for the worst

On the off chance that the housing market does see a significant price correction; the impact on your wealth and financial security can be catastrophic, unless you take steps to protect yourself.

The 2008 collapse in the U.S. housing market is an example from just over a decade ago, and the world is still reeling from its effects.

Millions of Canadians are under mountains of mortgage debt. They have their equity value tied up inthe real estate sector, so a dip in price can be devastating. You must pay down debt, minimize any unnecessary expenses and boost your savings.

Invest your savings

If you own real estate assets or related investments, a significant correction can have drastic effects on your wealth. There is one way that you can insulate yourself from a significant market correction without losing all your exposure to the real estate market in Canada: Real Estate Investment Trusts (REITs).

Investing your money in stocks like **Canadian Apartment Properties REIT** (TSX:CAR.UN) can help you eliminate the effects of correction on your portfolio without losing touch with Canada's real estate sector.

Canadian Apartment Properties is a massive $9.46 billion company with operations in the domestic housing market as well as the Netherlands. Over the past year, CAR has spent over $1 billion in acquisitions to gain an additional 8,000 suites and Manufactured Housing Community sites in its portfolio.

Canadian Apartment Properties also enjoyed a substantial 176.2% quarterly earnings growth in its last quarter year over year, with a return on equity standing at 22.78%.

The REIT has significant defensive qualities that offer protection to shareholder investments, especially during times of a housing market crash.

Foolish takeaway

Canadian Apartment Properties REIT stocks are trading for $55.84 per share at the time of writing. The company also pays shareholders dividends at a 2.47% yield, distributing payouts every month without fail.

Investing in CAR stocks can be an ideal way to add a measure of security to your investment portfolio while helping you insulate your wealth from the effects of a housing market crash.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider

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