



## Will Your Home's Value Plummet in 2020?

### Description

Real estate stocks are plummeting. Just take a look at **Brookfield Property Partners LP**. This company owns some of the most valuable properties in the world, yet shares have fallen by 50% since the bear market began. That begs the question: What will happen to your home's value?

Canada is dealing with a double-whammy: the coronavirus [pandemic](#) and an oil market [collapse](#). Each of these challenges will impact different regions of the country. If you live in Vancouver, your home's value will be exposed to different pressures than a rural house in Manitoba.

How will you be affected? Let's find out.

### Things could get ugly

The biggest near-term headwind is the coronavirus pandemic.

Last week, Trudeau revealed the worst jobs report in Canadian history. The economy lost roughly 1,000,000 jobs in March alone. In total, more than three million Canadians have lost their jobs or seen their hours reduced since the downturn began.

No region has been spared. According to *CityNews*, "Job losses were felt across all provinces, with the largest in Ontario, Quebec, British Columbia, and Alberta. Ontario shed 403,000 jobs, Quebec lost 264,000, B.C. saw a drop of 132,000, and Alberta lost 117,000 compared to just one month earlier."

These jobs losses will be compounded by other negative aspects of the economy.

Canadian debt levels have been on the rise for years. Housing costs, meanwhile, were growing out of control compared to wage growth. Research shows that roughly half of all Canadians are living paycheck to paycheck. One in four reports an "overwhelming" debt load. And those statistics are from *before* the pandemic hit.

Put simply: The bear market will cause housing demand to fall off a cliff. The need for cash should

cause market supply to ramp considerably as people look to downsize and unlock home equity. The direct impact on your home's value should be clear.

The oil crash, meanwhile, will add another long-term challenge, especially for homeowners in energy-rich provinces like Alberta and Saskatchewan.

Canada has some of the highest cost oil production in the world. Many mega-projects have breakeven prices of US\$40 per barrel or more. Right now, they're racking up *gigantic* losses. The energy sector accounts for 10% of Canada's economy and contributes billions of dollars to the government in taxes.

If oil prices remain depressed, many of these projects could shut down permanently, which will lead to thousands to additional job losses. Right now, it's only a matter of time. Large swaths of Canada could be stuck with a large housing supply, yet few buyers.

Analysts have been calling for the Canadian housing market to pop for years. Cities like Toronto and Vancouver should see steep pricing declines due to the coronavirus. Oil-rich regions, meanwhile, could see their values permanently impaired by the energy crisis.

## Does your home's value matter?

If you can afford your monthly payment, or own your home outright, does it really matter what your home's value is? Very often, the answer is *no*. If you're not looking to sell during the downturn, you've theoretically lost nothing.

Your focus should be on buying cheap stocks. The market crash has created dozens of once-in-a-lifetime opportunities. As an illiquid asset, it can be difficult to bet on your home's value. If you're not looking to move, it's unnecessary.

Stock prices, meanwhile, change by the minute. Today's bargain prices won't last long. Rather than worrying about your home's value, it makes more sense to shore up cash to take advantage of stock market deals.

Getting your financial house in order is important, but buying low is what creates fortunes. The recent market dip has created some of the best entry points in history.

### CATEGORY

1. Coronavirus
2. Investing

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

### Category

1. Coronavirus
2. Investing

**Date**

2025/08/26

**Date Created**

2020/04/18

**Author**

rvanzo

default watermark

default watermark