



## 2 Stocks to Buy During a Housing Market Crash

### Description

For years, analysts have warned us that a Canadian housing market crash is on the way. In the last decade, housing prices have soared to new heights. Therefore, it's only a matter of time before a market correction happens.

Now, the first sign that a housing market crash is coming is the economic crisis we currently face. Of course, no one could have predicted the COVID-19 pandemic, but it sent stocks collapsing around the world. However, now a market rebound seems to be underway.

The fear was that many would default on their loans, including mortgages. As Canadians lost income, the first problem would be to pay off debts such as mortgages. Canadians could even struggle so much with debt that they're forced to sell houses they can't afford. This would flood the market with houses, bringing the housing market to a halt.

However, the Canadian government has done as much as it can to make sure Canadians don't have as much of a problem with loans. Of course, you can't fix everything, but there are some solutions. Banks in particular have been given money from the government to extend loans and mortgage payments. Yet there will still likely be a housing crash, so here are two stocks to buy up if and when that happens.

### Choice REIT

What you should do as an investor is look into solid real estate investment trusts (REITs) that should come out strong after a housing market crash. As soon as it looks like these stocks have bottomed out, I would buy up stocks like **Choice Properties REIT** ([TSX:CHP.UN](https://www.tsx.com/stocks/CHP)), knowing they'll bounce back soon enough.

What Choice has going for it right now is its investment in grocery store chains. Grocery stores are pretty much the only area of the markets doing well during this pandemic. Choice has been lucky to have **Loblaw**, Canada's largest grocery store, in its portfolio. During a housing crisis, this stock should still dip. However, Choice will have no problem bouncing back, as the company has Loblaw to support

it. Then, it has invested in building condos and office buildings above these existing Loblaw locations. This reduces costs and will bring in significant revenue, as Choice can charge higher rates above a store like Loblaw.

Choice recently reported a fairly [stable occupancy rate](#), with \$79 million in cash and \$1.2 billion in excess liquidity during its earnings report. On top of this, the company has a solid 6.13% dividend yield for investors.

## RioCan REIT

Similar to Choice, RioCan also has a diversified set of properties. In this case, the REIT manages a portfolio of shopping centres across Canada. These centres include residential, groceries, urban retail, and others within its 230 properties across the country. What this mix of properties means is when one area of the properties goes down, this slew of others can pick up the slack.

But don't kid yourself. The company has already been hit hard by the pandemic, collecting a fraction of what it normally would in rent, as people [defer payments](#). The government is there to help a bit, but revenue will most certainly decline. Its these types of situations that could lead to a housing crisis. Yet it's also what would create an opportunity.

Again, RioCan is diverse, so it will come out of any housing crisis on top. Its latest earnings report wasn't ideal, but it wasn't bad either. Net income was down from \$194.5 million to \$102.8 million year over year, but total annualized revenue was up for both the six major markets and the Greater Toronto Area. In the meantime, you still have the company's 9.47% dividend yield.

## Bottom line

While things could get worse before it gets better for housing, a housing market crash doesn't mean the end of the world. With some planning, you can pick up these great REITs on the cheap, with killer dividends. Then watch as both REITs rebound quickly thanks to the diverse portfolio of properties.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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