



## 2 Easy Ways to Profit From Falling Housing Prices

### Description

As the COVID-19 pandemic rages on, the global situation is becoming increasingly worse. The Canadian economy has grounded to a halt. Canada's economy relies on three crucial things: oil, jobs, and real estate.

Due to the lockdown, millions of people have lost their jobs. The oil price war created several issues for Canada, and the decline in prices devastated oil stocks. While the latest OPEC deal can improve the overall situation, the drop will have long-lasting consequences on Canada's oil stocks.

The real estate sector is divided into commercial and residential real estate. Commercial real estate like offices, industrial sites, and retail operations have taken massive hits due to the shutdown. Residential properties have also been in trouble due to the lockdown.

Currently, we are witnessing a decline in housing prices. It is expected that the [housing market decline](#) could be severe and last until 2022.

While declining housing prices might create worry for many Canadians, it also opens up opportunities for you. I will discuss two easy ways that can help you profit from a housing market crash.

### Affordable market

What happens when the demand for a certain commodity drops? Its value goes down. The values of properties in major Canadian cities like Vancouver and Toronto have been considerably high over the past several years. With the economic shutdown and mounting job losses, the purchasing power of Canadians is decreasing.

While there may be new listings for houses in the real estate sector, not many new buyers will have the capacity to afford the houses. Property owners will feel inclined to sell at substantial discounts. Investors who have the capital can take advantage of this situation by purchasing residential properties at bargain prices.

The previously high barrier to entry in residential real estate will become lower. Buying real estate at such attractive prices can result in mammoth-like returns in the coming years as the markets begin to recover.

## Beaten-down REITs

Another thing that tends to happen during a housing [market crash](#) is a frenzy of sell-offs due to investors collectively panicking about the situation, creating an ideal opportunity for investors who want to purchase high-quality stocks at a discount.

If you are an investor who lacks the capital to purchase a house, there is still a way you can leverage the falling real estate prices. Consider buying shares of Real Estate Investment Trusts (REITs). REITs give you exposure to the benefits of the real estate market without having to buy properties.

In a housing market crash, the overall real estate sector tends to witness a decline. While the broader stock market has seen a rally in the past month, several Canadian REITs continue to suffer losses.

**Artis Real Estate Investment Trust** ([TSX:AX.UN](#)) is a REIT that is trading at a discount considering its Net Asset Value (NAV). You can leverage it for your benefit during the crash.

From its March 2020 peak, Artis REIT has lost 47.26% of its value. The trust has nothing to do with the residential real estate, but it continues to suffer due to investor panic. It owns a diversified portfolio of retail, office, and industrial real estate across Canada and the U.S. The REIT has had a few troubling years and is shifting direction to improve its situation.

Artis was among the best-performing Canadian REITs in 2019. At writing, it is trading for around half of its NAV of \$15.52 per unit. It could therefore be an ideal time to buy the stock right now. The stock can experience considerable gains over the long run as the market recovers. The REIT is increasing its exposure to the US economy, and its business transformation can further boost its NAV.

The changes it is making can help the REIT increase its Net Operating Income (NOI), and generate better profits for its shareholders as the economy improves.

## Foolish takeaway

Taking advantage of lower housing prices and discounted REITs can help you benefit from the falling housing prices. If you do not have the capital to purchase real estate, Artis could be an excellent REIT to add to your investment portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:AX.UN (Artis Real Estate Investment Trust)

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