



Want to Buy a House? You Could Get an 18% Discount!

Description

The onset of the novel coronavirus and the ensuing pandemic led to a nosedive for global stock markets. COVID-19 also devastated the **Toronto Stock Exchange** in its wake, and millions of people lost their jobs amid the government-mandated lockdown. Among the several concerns, this has raised in terms of health and finances.

However, there could be a bright side for investors who want to gain access to the lucrative real estate sector in Canada.

[According to the Canada Mortgage and Housing Corporation](#) (CMHC), we might see a sharp decline in housing prices soon. The industry giant believes that the 18% downturn in housing prices might cause prices to fail to recover to pre-pandemic values until 2022.

While this may be a source of worry for many, it's an excellent opportunity to take advantage of the housing sector. Today I will discuss two ways you can leverage the imminent decline in housing.

Housing at a discount

Perhaps the best thing that could happen for investors interested in the housing sector is getting the chance to purchase houses on a discount. As the buying power for many Canadians declines, so too will demand. Whenever the demand for any commodity decreases, the value drops lower. The few who can buy will get a massive discount

The values of residential properties in major Canadian metropolitan cities like Toronto and Vancouver have been considerably high for several years leading up to the pandemic.

While there may be new listings for housing sales, not many will have the buying power to match the supply. Property owners could therefore agree to a lower selling price to get something off their assets.

For investors who would previously be unable to buy houses due to the high entry barrier, the 18% discount could be a golden opportunity if CMHC's prediction is true.

Discounted REITs

Not all investors have the funds to leverage discounted prices in housing. Even at an 18% decline, the upfront investment can be too much for many to consider. That doesn't mean you can't benefit from the decline in housing prices, however.

If there *is* indeed a decline, it can result in a sell-off frenzy among investors with a vested interest in the market segment. When investors begin dumping their shares, it results in a drastic decline in stock prices, opening up the opportunity for others to buy high-quality stocks at a discount.

If you lack the capital to purchase a house in a discounted market but still want to leverage the market's movement due to the decline, you can consider buying shares of Real Estate Investment Trusts (REITs).

REITs give you exposure to the housing market without having to own property — and you get a lower barrier to entry to take advantage of movements within the industry. As REITs continue to struggle amid the crisis, a REIT like **Artis REIT** ([TSX:AX.UN](#)) could be trading at a discount right now.

Artis peaked early in March 2020 as it climbed higher than \$13 per share. The stock saw a substantial decline due to the pandemic and subsequent frenzy in the lockdown to decline by almost 60%. At writing, the stock has recovered by almost 40% from its March low.

This REIT has nothing to do with the residential real estate segment, yet it suffered amid the frenzy because investors panicked and sold their shares without consideration. The trust owns a diversified portfolio of industrial, office, and retail real estate across Canada and the U.S. While it's seen a few troubling years, the company was on track to retain a firmer position.

Artis performed well during 2019. Despite its recent recovery, the stock is still far below its pre-pandemic peak. If you want to leverage the volatile market-beating down high-quality REITs, it could be a valuable addition to your portfolio.

Foolish takeaway

If you are interested in buying a house in Canada, waiting for the decline predicted by the CMHC to get that discount can open up the perfect opportunity.

REITs like Artis could be excellent assets to consider for those who want to benefit from the decline in REITs due to the downturn.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

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

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Author

adamothonman

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