



## Housing Crash: Is a Boom on the Way?

### Description

The pandemic has hit practically every industry hard. But even before the pandemic, economists warned Canadians that the housing crash was coming. Pent-up demand in several urban centres made housing prices soar through the roof. A correction was inevitable.

The pandemic pushed things into high gear. Many feared that housing would sink as no one would be able to sell or buy a home. However, it looks like almost the reverse happened. While the number of people wanting to sell homes shrunk, this only increased the demand for houses in large urban centres. Now, housing analysts believe that the second half of this year should be quite strong for real estate.

However, there are two things to keep in mind before going all in on a real estate boom.

### Who's missing?

We do have one major problem standing in the way of a full real estate recovery. Many people buying these expensive homes and apartments are hoping to rent them out. A major factor driving real estate is immigration. With the pandemic continuing on, many people aren't looking to immigrate to Canada or any other country anytime soon.

If another wave of the pandemic hits Canada, immigration will be pushed back even more. So until immigration gets a boost, it's likely that real estate will continue to soften.

### Not just jobs

If you don't have a job, you can't buy a house. People are still struggling to make ends meet as the pandemic continues. Even though the economy is in recovery mode, again a new wave of the pandemic means everything is shut down on a dime. Even with wage subsidies, employment benefits, everyone is still on edge. Even those who could go back to work are hoping to stay on benefits out of fear that a new wave could strike at any moment.

If and when the new wave does strike, that means more pressure on finances. More pressure on finances, means more pressure on the housing market. So again, until the pandemic subsides I really don't expect any type of stable recovery in real estate.

## Is all real estate bad?

Right now, we are likely looking at a recovery in the housing market because people believe that the pandemic is almost over. Spoiler alert: it's not. Once people realize this once new waves arrive, it's very likely that the housing market could still crash.

So does that mean you shouldn't invest in real estate? [Absolutely not](#). Right now, it's a great time to buy a real estate investment trusts (REITs). They're cheap because of the economic downturn, but provide a substantial dividend yield in most cases. One strong choice I would consider is **RioCan REIT** ([TSX:REI.UN](#)).

The REIT is the largest in Canada, offering a huge [dividend yield](#) of 9.44% as of writing. This dividend and the share price increasing are both safe bets once the pandemic subsides. This is because the company invests in large brand names, but doesn't put more than 10% in any one company. Its diversified portfolio means investors can look to see strength from the stock for years to come.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

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