



## Investors: Should You Buy Bitcoin or Real Estate?

### Description

Bitcoin is surging again. Last week, BTC was priced at \$9,200. Today, it's above US\$11,000. Enthusiasts believe the move above US\$10,000 is a major bullish signal, portending another massive run.

What's fueled this sudden rise? There are countless factors, but massive fiscal stimulus is certainly a tailwind.

### Hitting new highs

"Governments worldwide have already spent over \$8 trillion to help economies cope with the coronavirus pandemic," [reported](#) Decrypt. "Experts believe that such massive cash injections could have negative long-term consequences. Combined with the upcoming halving, this creates advantageous conditions for Bitcoin."

One of Bitcoin's major advantages is that it has a pre-determined inflation rate, one that falls over time. Eventually, no more BTC will be created. If adoption continues higher, the ultimate effect is *deflationary*.

Fiat money like the U.S. and Canadian dollar possess no such advantage. Due to the unprecedented fiscal stimulus programs to combat the coronavirus challenge, there could be heavy long-term inflation to come, or at least decreased confidence in nation-backed currencies, which only drives value to cryptocurrencies like Bitcoin.

But there's another way to protect your capital from rampant inflation: real estate.

### Diversify with real estate

Real estate is a more popular inflation hedge, as it's been around for thousands of years. As the saying goes, it's the only thing they're not making more of. And due to the COVID-19 crisis, many property stocks are trading at crazy valuations.

Consider **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY). This company owns dozens of irreplaceable assets. Locations include First Canadian Place in Toronto, Canary Wharf in London, Potsdamer Platz in Berlin, and Brookfield Place in New York City.

Despite owning these crown jewels, shares trade at a 70% *discount* to book value.

In some ways, this discount is warranted. Around 80% of Brookfield's portfolio is classified as office or retail. Work-from-home setups are hindering demand of physical office space. Meanwhile, rolling shutdowns and lower consumer spending are hitting physical retail locations.

In a decade, however, these properties will likely regain their former values. By investing now, you can *triple* your money. Plus, because real estate is a fantastic inflation hedge, you can mitigate the [damage](#) from multi-trillion-dollar stimulus packages.

## Property or Bitcoin?

If you're looking to protect your dollars from inflation, both real estate and Bitcoin can do the trick.

"This is a fantastic fundamental hedge and store of value against autocratic regimes and banking infrastructure that we know is corrosive to how the world needs to work properly," said Chamath Palihapitiya, the head of Social Capital. "You cannot have central banks infinitely printing currency." He thinks everyone should invest 1% of their net worth in the cryptocurrency.

Of course, Bitcoin is still a speculative bet when compared to the tried-and-true hedge of owning real estate. But if you truly want to insulate your portfolio from long-tail risks, consider investing in *both*.

If you're looking for maximum upside, however, Bitcoin is certainly the way to go. Just don't think that stocks can't keep up. Some small-cap tech stocks have even more potential.

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rvanzo

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