



Can't Afford a House? Wait for a Housing Crash in 2021

Description

Home ownership is a milestone that many Canadians might want to achieve in their lives. Owning the property you live in can provide you with a certain sense of security that you cannot enjoy while living in a rented home or apartment.

Unfortunately, the cost of home ownership has been soaring for several years. Many people can't find it affordable to buy a home due to the astronomical housing prices throughout Canada.

If you are dead set on buying a house, you might be in for some hopeful news. Experts have been predicting a housing market crash for 2021 that could make buying a home a more affordable affair.

Various experts predict a housing market crash

2020 saw the onset of the pandemic, and experts who had forecast a housing crash for several years believe that it might finally materialize. However, the [housing market kept chugging along](#). An increasing number of experts are joining in the calls from various experts who predicted a housing market crash in 2020.

Fitch predicted a 5% decline in housing prices throughout Canada in 2021. The Canada Mortgage and Housing Corporation (CMHC) also forecasted a decline. **National Bank of Canada** predicted that housing prices will come down by more than 5% across Canada. There are chances that the decline could be far worse, depending on how the situation plays out.

Several possible reasons for the correction

Multiple reasons could contribute to a housing market crash in Canada during 2021. Fewer than normal people have been selling their homes while the demand has remained strong. Since the supply could not meet demand, housing prices naturally went higher. If some of the regular supply comes back and more people start listing their homes, we could see prices go down, provided that the demand does not increase.

Mortgage deferrals eased the financial burden on many Canadians during the pandemic. The expiration of deferrals might have sparked a supply shock because Canadians might prefer selling their homes to becoming loan defaulters. Fortunately for homeowners, the low interest rate and government aid have allowed them to refrain from defaulting on their mortgage loans.

Unemployment rates are lower than they were in 2020. However, the 8.6% unemployment rate in Canada during December 2021 is still alarmingly high. Once the government stimulus funds end, unemployed Canadians might have a more challenging time finding ways to pay off debt.

The result could be a housing market overload as people might look to sell their homes. With Canadians who might need the money, selling for a lower price could be a better option than defaulting on their loans.

A safer way to invest in real estate

Suppose that a housing market crash happens. In that case, housing might become more affordable than the current rates. If you want to buy a home to live in, I would recommend waiting for a crash to get a better deal on a home. If you are considering buying a home to own it as an asset, I would advise a better way to invest in real estate: Real Estate Investment Trusts (REITs).

REITs like **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) are excellent defensive assets that you can consider investing in to benefit from the real estate sector. NorthWest does not rely on the housing market movements for its revenue. It can continue generating income regardless of what happens to housing prices.

The defensive healthcare REIT pays its shareholders monthly payouts at a juicy 6.50% dividend yield. NorthWest generates most of its revenue through healthcare tenants renting its properties in Canada and Europe. Healthcare is publicly funded in both regions, virtually guaranteeing strong cash flows. The result is a defensive stock that can continue providing you [reliable payouts](#) without the hassles of being a landlord.

Foolish takeaway

If you are planning on purchasing a home, waiting for a housing crash could make it more affordable for you. Investing in REITs can be a better way to invest in real estate if you want to purchase real estate as an income source. NorthWest Healthcare REIT could be an excellent asset to consider for this purpose.

CATEGORY

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2. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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