61% of Canadians Say Housing Prices Will Only Go Up

Description

The Canadian housing market had had a stunning rally during a year when many analysts and experts expected it to decline miserably. Homes selling in major metropolitan areas around Canada are seeing people trying to outbid each other to acquire properties. Some cases of bidding have been so extreme that even detached homes are going for hundreds of thousands above the asking price.

Most Canadians believe that housing prices will only go up in the future. I will discuss consumer sentiment, what economists are thinking, and how you can protect yourself from the housing market bubble.

Canadians expect housing prices to go up

The **Royal Bank of Canada** recently conducted a survey regarding what Canadians think will happen in the housing market. The poll found that 61% of Canadians agree that home values will only keep increasing in the immediate future. In areas like British Columbia and Ontario, the percentage of people is even higher at 72% and 70%, respectively.

The poll found that over a third of Canadians under 40 have given up on the idea of becoming homeowners amid the expensive market. RBC found that 36% of respondents agreed that they are giving up on ownership.

Economists are getting nervous

The Canadian housing market is sparking interest from the international community. It comes as no surprise that economists are getting nervous due to the resilient growth in housing prices. Royal Bank economist, Robert Hogue, said that the market was powered by strong demand and low inventories. These factors are unlikely to change in the near term.

Government intervention seems like the only possible way to keep the housing market from burning too hot and crumbling under its own weight. The Bank of Canada has shown little interest in pursuing policies that could disrupt the phenomenal growth in the real estate segment.

A housing market decline has been on the cards for a long time, but policymakers have made it clear that they are in no rush to make major interventions that could curb this alarming growth. Housing prices may balloon as the year goes on, increasing the potential losses if a decline occurs.

Protect yourself from the housing bubble

NorthWest Healthcare REIT (TSX:NWH.UN) is a classic defensive Real Estate Investment Trust (REIT) pick that you can consider in the real estate sector. The REIT is trading for $13.10 per share at writing, and it sports a juicy 6.11% dividend yield at its current valuation – all with a payout ratio of less than 45%.

The REIT has an impressive portfolio of over 180 properties primarily rented by healthcare providers in Canada and Europe. The company's focus on healthcare properties allows it to generate substantial and virtually guaranteed rental income. Healthcare in Canada and Europe is publicly funded, which means that the governments in both regions practically guarantee the hospitals' ability to pay rent.

Foolish takeaway

With housing prices soaring higher every month, buying a house as an investment might no longer seem like an accessible method to capitalize on returns from the real estate sector. Investing in a REIT like NorthWest Healthcare could provide you with a more accessible way to take advantage of the real estate sector. Additionally, it could be a viable alternative to buying a home and getting quicker returns through its reliable dividend payouts.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

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

Category

1. Dividend Stocks

2. Investing

Date
2025/07/02
Date Created
2021/04/19
Author
adamothman