



Can't Buy a House? Buy This Real Estate Stock Instead

Description

Real estate has gone from red-hot to white-hot in Canada. House prices are skyrocketing as the Bank of Canada continues to keep rates near historic lows. With inflation picking up and rates expected to rise, home buyers are frantically trying to lock-in mortgages at these record low rates. In so doing, bidding wars are taking shape all over the country. In Canada's biggest cities, this effect is even more pronounced.

Accordingly, many young investors are increasingly getting priced out of the market.

But don't worry. For those still looking to get access to this red-hot real estate sector without buying a house, there happen to be a number of great stocks to buy in the real estate sector today. Among these, **Real Matters** ([TSX:REAL](#)) provides [excellent leverage](#) to this red-hot sector. Here's why.

Recent earnings echo how hot this sector is

Real Matters provides software solutions aimed at real estate agents. Its cash flows have absolutely taken off of late amid burgeoning activity in Canada's real estate sector.

The company's most recent quarterly results showed just how much of an impact this activity has had for Real Matters. The company posted net revenue growth of approximately 30% and EBITDA margins of 41%. In any sector, that's good. For a real estate-related business, those margins are sky-high.

The company's growth has been accelerated by the addition of incremental revenue from a new top-tier client in the Title business.

That said, some analysts do believe some near-term pressure could take hold. If interest rates rise, this white-hot sector could cool substantially. I mean, it's hard to make an argument to the contrary. Canada's real estate sector must be near its peak. How much higher real estate prices can go from here remains a hot topic for many Canadians.

That said, we've been talking about peak real estate price in Canada for a long time. The market

continues to chug along at a very nice clip. Until the market cools, Real Matters will continue to do well.

Additionally, Real Matters is still growing its market share in the Appraisal and Title businesses. As transaction volumes pick up, these businesses should continue to do well. For those bullish on the long-term trajectory of the Canadian real estate sector continuing, this is a great pick.

Bottom line

What's interesting about Real Matters' stock price is that although this stock has taken off somewhat of late, it still remains approximately 50% below its record high. Thus, there's some valuation expansion likely to take place if investors see Canada's red-hot housing market continuing for some time.

Of course, some level of pessimism with respect to things continuing as they are is being priced-in today. That's understandable. Whether or not the housing sector in Canada can continue at this torrid pace will continue to be a topic of discussion.

However, for investors looking for real estate exposure, this company's growth rate and margins make it a top choice right now.

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