3 Real Estate Stocks to Track as the Market Tumbles

**Description**

The real estate sector in Canada is going through a rough phase right now. From a slowdown in buying activity to massive price drops expected in the coming months, there are quite a few triggers ready to topple the real estate market in Canada.



And its impact will not remain isolated to the real estate assets. Associated businesses like residential REITs, real estate service companies, and other real estate businesses might also feel burnt.

However, not all these businesses will suffer the same way or even at the same time. And if you plan on buying real estate stocks at discounted prices, keeping an eye on different types of real estate stocks might help you buy them at the perfect discounted price.

## A residential REIT

**Interrent REIT** (TSX:IIP.UN), with its focus on multi-family properties, is one of the few residential REITs in Canada, especially of this size. And it's currently quite heavily discounted. The stock's decline started way before the regulators in Canada began to take harsh measures to counteract the negative impact of inflation and reining in the rampaging housing market.

The stock has fallen over 35%, and the dividend yield has only jumped to about 2.85%. However, the discount is still worth buying, as the company is also quite heavily undervalued, and its capital-appreciation potential in a healthy bull market is quite decent. We have yet to see how far it falls along with the rest of the real estate market, but chances are that it has gone through the worst phase already.

## A property management and essential services company

**FirstService** (TSX:FSV)(NASDAQ:FSV) is a giant in the property management industry. It has one of the largest portfolios of properties under management in North America and is also considered a leader in the virtual services space. The stock has mostly gone up since its inception, and the pace was only expedited after the pandemic.

The rapid post-pandemic growth triggered a correction, and so the stock, despite its residential focus, has been falling way before the current pressure on the market segment. In fact, it has started a slow journey towards recovery, which is a different pattern than most of the real estate sector is experiencing right now.

FirstService is also a generous Dividend Aristocrat and grower, but it's the capital-appreciation potential of the company that attracts most investors. And if you can buy it at an even steeper discount than the one it's currently offering, the return potential might be proportionally phenomenal.

## A commercial real estate services company

If you are looking to track perhaps the least impact of the current real estate headwinds in Canada, **Colliers International Group** (TSX:CIGI)(NASDAQ:CIGI) might be an interesting stock to track.

Not only does it focus primarily on commercial properties instead of the more distressed residential sector in Canada, but it also has an international reach, even though the bulk of the income/revenue comes from its domestic and U.S. operations.

Colliers also cast a wider service net. And even though it *is* discounted (about 25%), it seems more like the inevitable correction that came after a powerful growth phase post-pandemic rather than the market reacting to negative housing catalysts. The stock may fall further, giving you a chance to grab this powerful grower at a better discount.



## Foolish takeaway

From tangible assets to stocks and funds, real estate investing in Canada can be considered a dynamic and, currently, a slightly risky endeavour right now. The momentum that propped up the market too high still hasn't fully waned yet. And it's too soon to see how long the real estate market will take to make a full recovery.

**CATEGORY**

1. Dividend Stocks
2. Investing

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3. TSX:FSV (FirstService Corporation)
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