2 Resilient Real Estate Stocks to Buy in a Turbulent Market

Description

The Canadian housing market as a whole is falling quite rapidly. Both the home prices and the sales numbers are going down at a rapid pace, especially in markets like Toronto. However, its impact is not yet visible in the real estate sector of the TSX, which is currently being influenced more by the stock market's recovery than the housing market's decline.

The **TSX Capped Real Estate Index** is up 10% from its lowest point in 2022, which is higher than the TSX index's 7% recovery over the same period.

However, when the momentum created by a bullish market fades out, residential real estate stocks may feel the weight of a declining market segment. Some commercial real estate stocks and companies with diversified international exposure may prove more resilient in such an environment.

A storage space company

StorageVault Canada (TSX:SVI) focuses on a specific commercial real estate market segment — i.e., storage spaces. This has been the company's focus since its inception, and it hasn't shifted yet. Instead of focusing on other commercial real estate assets, the company has strived for a leadership position in this niche segment. Its current portfolio includes 203 locations with over 100,594 storage units.

Eight out of the seven brands under the StorageVault Canada banner are dedicated to flexible storage solutions or fixed storage spaces. The remaining company operates in the Information Management Service space, which includes storing physical data/files.

The stock comes with fantastic growth potential. Its price has grown about 185% in the last five years. And even though it's a Dividend Aristocrat, growth is its chief attractive factor, as the yield is mostly relatively low (it's 0.17% right now).

As a commercial real estate company with a leadership position in a niche space, StorageVault Canada seems resilient enough to handle the turbulent real estate market in Canada, which is shaky mainly due to the residential segment.

A commercial real estate services company

Colliers International Group (TSX:CIGI)(NASDAQ:CIGI) is another commercial real estate stock that might be a smart pick in the current housing market. The company offers its clients a wide array of services and has a decent international presence. It started in Australia but later moved its headquarters to Toronto. It operates in 63 countries, but the bulk of its business is in the U.S.

This makes it even safer than a commercial real estate company that primarily operates in Canada, as it adds a geographic barrier to the market segment barrier against the housing crash.

Colliers is also a decent growth stock and returned about 148% to its investors in the last five years through price appreciation alone. It pays dividends, but the yield is usually relatively low.

Foolish takeaway

If you are interested in real estate investing right now solely due to the sector's recovery, and you are considering riding this wave for as long as the market stays bullish, you may feel a much wider range of real estate stocks.

But if you are looking for stocks that may have the best chance of surviving the potential real estate sector fall if the housing crash blows out of proportion, the two companies are smart picks.

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