



Should You Invest in Real Estate Stocks Right Now?

Description

Canadian real estate proved to be one of the most dependable investments in the decade that followed the 2007-2008 financial crisis. Investors were able to gorge on cheap credit due to historically low interest rates. Moreover, low supply and surging demand continued to prop up home prices. Not even the COVID-19 pandemic was able to topple Canada's housing market. However, inflation soared in 2022 in the wake of historic public spending during a generational health crisis. This spurred the Bank of Canada (BoC) to pursue the most aggressive rate-tightening policy in decades. Predictably, Canadian real estate and [real estate stocks](#) have taken a hit.

Today, I want to discuss whether you should look to snatch up real estate stocks in the middle of December. Let's jump in.

Where is Canada's real estate sector headed in the new year?

Canada housing prices have broadly experienced a 10-15% price correction since February 2022. Some experts are still predicting that this [correction](#) will deepen to 20-25%. That retrenchment will be a tough pill to swallow for some recent home buyers. However, if this comes to pass then prices will return to their mid-2021 levels. That is still solid growth for this young decade.

Royal Bank recently predicted that home prices will bottom around the spring of 2023. Meanwhile, there are some positive signals when we look at recent data. Home resales climbed 1.3% month over month in October. Notable local markets that posted a month-over-month increase included Victoria, Vancouver, Hamilton, and Halifax.

The Canada housing market is not out of this storm yet, but there is light on the horizon, as we near the end of 2022.

Should you buy the dip in this alternative lender?

Top alternative lenders like **EQB** ([TSX:EQB](#)) and **Home Capital Group** saw very strong growth over

the course of Canada's real estate boom. It was recently announced that Home Capital was set to be acquired by Smith Financial for \$1.7 billion.

EQB stock has plunged 16% in 2022 as of close on December 12. Shares of this real estate stock have been pushed into negative territory in the year-over-year period. The company has continued to deliver strong earnings in the face of challenging market conditions. Moreover, this stock possesses a very favourable [price-to-earnings \(P/E\) ratio of 6.9](#).

This real estate stock offers huge income

Bridgemark Real Estate ([TSX:BRE](#)) is a Toronto-based company that provides various services to residential real estate brokers and REALTORS in Canada. Shares of this real estate stock have plunged 21% in 2022. This stock possesses an attractive P/E ratio of 9.5. Better yet, it offers a [monthly dividend](#) of \$0.113 per share. That represents a monster 10% yield.

One more tech-focused real estate stock to consider today

Altus Group ([TSX:AIF](#)) is the last real estate stock I'd consider snatching up in the middle of December. This Toronto-based company provides software, data solutions, and independent advisory services to the commercial real estate industry in Canada, the United States, and around the world. Its shares have dropped 27% so far this year.

In the third quarter of 2022, Altus Group posted revenue growth of 17% to \$177 million. Meanwhile, adjusted earnings per share increased 7.7% to \$0.42. Investors who want a better picture of a company's profitability may want to utilize EBITDA, which stands for earnings before interest, taxes, depreciation, and amortization. This company delivered consolidated adjusted EBITDA growth of 34% to \$32.9 million in the third quarter of fiscal 2022.

This tech real estate stock is trading in more favourable value territory compared to its industry peers. It is also on track for strong earnings growth going forward. I'm looking to snatch up Altus Group stock on the dip in this rough patch for the real estate space.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AIF (Altus Group Limited)
2. TSX:BRE (Bridgemark Real Estate Services Inc.)
3. TSX:EQB (EQB)

PARTNER-FEEDS

1. Business Insider
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