

Investors: Don't Miss Out on This \$4 Trillion Opportunity

Description

The difference between millennials and baby boomers can be striking.

Baby boomers did very well living traditional lives. They went to work for the same employer for decades, collecting a generous salary, as well as being able to count on defined benefit pensions when it was time to retire. They bought cheap real estate that appreciated in value smartly. And their investments performed well.

Millennials are graduating into a far different world. Employees are less loyal than ever, knowing a company will axe them the minute times get tough. Most employees outside of government know they have little hope of getting a pension. Real estate is through the roof, especially in Canada's main cities. And after the 2008-09 stock market crash, many don't trust equities.

YOLO has become the generation's rallying cry. The acronym—which stands for You Only Live Once—is used to justify spending today, without worrying about the future. But instead of spending on cars, houses, and other expensive goods, millennials are spending on experiences.

Eating out, partying, and travel are the mainstays on the **Facebook**, **Twitter**, and Instagram feeds of our youth, with travel being a main theme. The only thing worse—at least from the perspective of curmudgeonly older folks—are the many selfies that seem to accompany these adventures.

This trend might not be something many of us agree with, but it's here to stay. If anything, it might even be gaining momentum, especially as loaded baby boomers start to enjoy their retirement years as healthy as ever. They'll spend on experiences as well.

According to the World Travel and Tourism Council, global spending on travel is about to take off, increasing from an estimated US\$8 trillion in 2015 to US\$12 trillion by 2025. This increase of US\$4 trillion is more than the gross domestic product of Germany, the United Kingdom, France or Canada.

That's a lot of extra traveling.

Canadian investors can cash in on this trend without leaving home with the following investments.

Westjet

There are a few reasons to like **Westjet Airlines Ltd.** (TSX:WJA) over **Air Canada** ([TSX:AC](#)), even though the latter has a far greater worldwide reach.

Firstly, Westjet's lower cost business model ensures it can fly cheaper than Air Canada can. That's a good thing to have on your side in the airline business. Secondly, Westjet has no unions, and tends to have good relations with its staff. Air Canada's relationship with its staff has traditionally been more strained.

And finally, the company is doing a nice job growing revenue from sources that aren't simply butts in seats. As an example, it rolled out WiFi to its fleet earlier this year (for a fee, of course) and collects millions per year from checked baggage.

Bombardier

Bombardier Inc. ([TSX:BBD.B](#)) is a troubled company that could finally be starting to turn things around.

The maker of trains and planes has finally started delivering CSeries jets to customers, and rumors are swirling the company is close to getting another big order. It is getting its bloated balance sheet under control, and if it runs into financial issues again, Ottawa appears ready to inject some capital into the company.

The nice thing about investing in a company like Bombardier over an airline is the business of making planes tends to be solidly profitable; the business of flying them, much less so.

Holloway

Holloway Lodging Corporation (TSX:HLC) is a small-cap owner and operator of 36 hotels, spanning more than 4,000 rooms. The company focuses on hotels in smaller markets rather than large cities.

Compared to its peers, Holloway is a good value. Its enterprise value per room and its price-to-free cash flow ratios are both substantially lower than its two biggest Canadian competitors. Additionally, Holloway has **Clarke Inc.**, a renowned Canadian value investing firm, as its largest shareholder.

The company also pays an attractive dividend of 2.8%, a nice prize for long-term investors.

Conclusion

In a world where economic growth is barely inching forward, a mega-trend like the increase in worldwide travel spending is something worthy of investor attention. Whether investors look at opportunities inside of Canada or outside of the country, it's a trend many just can afford to ignore.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:BBD.B (Bombardier)

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Author
nelsonpsmith

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