StorageVault Canada Inc.: A Red-Hot Growth Stock Riding Major Secular Tailwinds

Description

StorageVault Canada Inc. (TSXV:SVI) is arguably the best Canadian stock that's not listed on the TSX. The stock is riding major secular tailwinds that'll likely continue to send propel shares higher, as the company's market cap quickly approaches the $1 billion mark.

If you're an investor who's looking to spice up your portfolio with a high-growth small-cap stock, then StorageVault is one of your best bets, and if you can scoop up the stock before it graduates from the venture exchange to the TSX, you could probably get in on more near-term gains before StorageVault becomes a household name, like **Spin Master Corp.** (TSX:TOY), another relatively unknown small-cap stock I recommended last year, which is making a name for itself as one of the top performers on the TSX.

Since my buy recommendation, shares of StorageVault Canada have jumped ~7.5%. That's not a bad return, so why hasn't anybody been talking about this high flyer? Not only is it one of the best momentum plays available to Canadian investors, but it's a simple, easy-to-understand business that's fairly predictable with a promising long-term growth trajectory.

It's not a mystery that small-cap names like StorageVault are riskier than your blue-chip behemoths, but that doesn't mean you should shun small-cap stocks altogether, since they can offer your portfolio a superior amount of growth compared to any mega-cap stock. In addition, the average safe investor wouldn't dare set foot in the venture exchange, because it's full of penny stocks, value traps, extremely speculative names, and other destroyers of wealth.

Sure, the TSX venture exchange is a pretty scary place to buy stocks, but with StorageVault, I think investors should make an exception, especially since I think a move to the TSX is imminent over the next year. Once that happens, the stock will receive more coverage, and it's likely that many growth-hungry investors will hit the buy button on a stock they could have bought much sooner if it wasn't for their fear of the venture exchange.

Strong secular tailwinds

In a previous piece, I'd highlighted management's four D's — secular tailwinds for many years to come. Death, divorce, downsizing, and dislocation are the events that will continue to drive up demand for self-storage units over time.

As urban areas become more densely populated, more people will need to downsize their living spaces, and that means some of their stuff is going to need to be stored. Take Vancouver as an example; real estate prices are off the charts, and to many millennials, home ownership is a distant concept.

That means these millennials will be forced to distant suburban locations like Surrey and have to deal with a painful daily commute to work. Or these millennials may choose to downsize and move downtown to much smaller shoe-box apartments, where they'll save time and money, but due to the much smaller size of their new living space, they can't bring all their stuff with them. That's where self-storage units come in. Not only do these folks need to pay rent for themselves, but they'll also need to pay rent for their stuff.

The self-storage industry is experiencing a boom, and I think smart investors would be wise to initiate a position today, as the company continues to make acquisitions to solidify its portfolio of "real estate for stuff."

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