



2 Red-Hot Canadian Gems to Play on the Rise of E-commerce

Description

The rise of e-commerce is a trend that's expected to continue to gain traction over the next few years as more retailers beef up their digital platforms. If you're a growth investor who's looking to capitalize on this long-term tailwind, you may want to consider these two underrated Canadian stocks.

Cargojet Inc. ([TSX:CJT](#))

Ever wonder how your packages can be shipped across the country overnight? Cargojet makes this possible with its fleet of 21 aircrafts that are able to handle payloads of up to 125,000 pounds. The company controls over 90% of the dedicated overnight shipping market in Canada, and as e-commerce continues to gain traction like it has in the U.S., Cargojet will likely continue to be a long-term winner.

Cargojet may not seem like it has a moat, but it has one of the largest [barriers to entry](#) out there for a small-cap stock. Not many up-and-coming firms can afford to purchase a fleet of massive aircrafts capable of carrying such massive loads. These aircrafts cost up to ~US\$190 million each!

To many Canadian firms, the costs of getting into the business are far too high. I suspect the company will continue to increase its market share and width of its moat over the next few years as its fleet size gradually increases to keep up with the demand for expedited shipments as more online shopping options become available to Canadians over the next few years.

The stock has surged ~542% over the last five years. I expect these incredible results to continue next year as the company reaps the rewards from its recent re-fleeting initiatives.

Pure Industrial Real Estate Trust (TSX:AAR.UN)

As e-commerce shipments rise in Canada, [logistics and warehousing will surge](#). Shippers will need a place to store goods ordered online before they arrive at their final destination and that's where PIRET comes in.

CBRE Group Inc. estimates that 1.25 million square feet in logistics space will be needed for every \$1

billion in e-commerce sales. Over the next few years, I believe Canadians will have many more options for online shopping (similar to the e-commerce offerings in the U.S.) That means a huge surge in logistics demand and a lot of warehouse demand. PIRET realizes this and they've been increasing its exposure to e-commerce properties.

The company has surged over 50% over the past two years while paying out a bountiful distribution that currently yields 4.75%.

Bottom line

E-commerce is a rising trend that's here to stay over the next decade. In terms of digital offerings, I believe Canada has a lot more room to run as we catch up to our neighbours south of the border because nobody wants to pay pesky duty fees.

Cargojet and PIRET are two highly underrated top-notch stocks that could give your portfolio a boost today. If you're focused on capital gains and explosive growth, go for Cargojet. If you're an income-focused investor, go with PIRET.

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