Bill Ackman Recently Shed Light on His Vision of Malls in the Future: Here's How You Can Profit

Description

Bill Ackman has had some great hits over his investment career, but he's had a great deal of misses as well. He's an aggressive investor who isn't afraid to go all-in on an idea he believes in, which is quite respectable, even if it doesn't end up working out in the end. Despite Ackman's recent troubles, I think investors could certainly learn a thing or two from the activist investor once referred to as "Baby Buffett."

In a recent televised interview with CNBC, Bill Ackman shed some light on a topic that has been a major worry for many investors of traditional brick-and-mortar retailers. Ackman is very optimistic about the future of shopping malls, despite many pundits' concerns over the "death of the shopping mall" as an effect of the weakness across the entire retail industry, which some believe may get worse.

Ackman was asked whether or not malls will exist five years, and, without hesitation, he said "yes." However, he noted remarkable changes that would happen to malls over the next 10 years from now.

"[Malls are] going to have different tenants, in five and 10 years from now," said Ackman. "Think about what a mall is. A mall is 100 acres at the intersection of the two most important highways in a particular community … It's going to be more food and entertainment and innovative concepts."

Ackman then went on to express his distaste for "big-box department stores," claiming that the general public doesn't want to shop there anymore. Instead, they're looking for innovative new places to "hang out."

Sure, Ackman probably isn't the best trend forecaster of late, but I think he's right on the money about the future of shopping malls. In many previous pieces, I've claimed the fears over the "death of the shopping mall" were overblown, and that significant value exists on the TSX because of such fears.

Sure, many more non-adapting retailers will probably go belly-up over the next few years, but they'll just be replaced with higher-quality retailers and innovative establishments that will better address the needs of consumers.

What will the malls look like in 10 years?

Just have a look at SM Mall of Asia, a shopping mall based in the Philippines. It's not just a place to go shopping; it's a place to enjoy great experiences and hang out with friends — something that millennials favour over materialistic things versus the baby boomer generation.

In Mall of Asia, there's an arena, a gigantic IMAX theatre, a science centre, and even a skating rink! Yes, that's right; the Philippines has skating rinks in its malls, unlike your typical Canadian mall!

Of course, there are still retailers operating in these malls, but entertainment and food are the main attractions.

What's a great Canadian stock to play this transition?

Cineplex Inc. (TSX:CGX) is a movie theatre company that's doubling down on general entertainment — a smart move that'll see shares skyrocket above and beyond where they are today. With the trend moving away from traditional retail and into entertainment and food, Cineplex is an incredible way to play this long-term transformation of malls.

In five years, Cineplex could be the firm behind various forms of entertainment that drive traffic into malls. Shares currently have a 4.61% dividend yield, significantly higher than what it normally is. To me, Cineplex is a must-buy for long-term income investors who want to capitalize on a long-term trend. It'll take a while to pan out, but in the meantime, you can collect those bountiful dividend payouts.

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