



The 4 Best Retail Stocks to Buy Now

Description

The retail sector is a competitive one, and the industry as a whole isn't growing fast. But that doesn't mean you should avoid this sector entirely — there are some retail stocks that are growing faster than the average stock because they have a competitive advantage over their competitors.

In my opinion, the four best retail stocks to buy now are **Aritzia Inc.** ([TSX:ATZ](#)), **Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)), **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)), and **Dollarama Inc.** ([TSX:DOL](#)). Those companies will all have earnings growth in the double digits and higher than the TSX over the next five years.

Let's have a look at these stocks to see what make them stand out from the competition.

Aritzia Inc.

Aritzia shares had trouble gaining ground during the first year of the company's IPO — they plunged 27.5% in 2017, but they have soared 40% year to date. Despite the intense competition that exists in the retail sector, Aritzia proved in its last quarter that it is able to stay ahead of the market.

The fashion retailer is growing and expanding fast by opening new stores and developing e-commerce. Its revenue is expected to grow by 13.3% for the current fiscal year and by 12.5% next year. Earnings are expected to grow at an average annual rate of 15.1% over the next five years.

Aritzia stands out from other clothing retailers by giving customers a [unique shopping experience](#).

Canada Goose Holdings Inc.

Canada Goose Holdings is a success story that is not about to end. Shares have soared 228% over one year and are up almost 100% year to date.

While this company is selling luxury parkas that can cost over \$1,000, it is able to keep attracting customers and making strong revenue and profit. The quality of Canada Goose's products is renowned, and its brand is highly valued.

The high-end retailer is growing and expanding fast globally. Its revenue is expected to grow by 26.1% for the current fiscal year and by 21.6% next year. Earnings are expected to grow at an average annual rate of 27% over the next five years.

Canadian Tire Corporation Limited

Canadian Tire is a retailer that sells all kinds of things — from tires to kitchenware to seasonal furniture. The stock has jumped 23.8% over one year and is up 7.3% year to date.

Canadian Tire keeps expanding its business and announced recently that it will acquire the company that owns and operates the Helly Hansen brands, a world leader in sportswear and workwear.

The retailer's revenue is expected to grow by 4.3% for the current fiscal year and by 2.7% next year. Since Canadian Tire is a more mature company than Aritzia and Canada Goose, its sales are growing slower, but Canadian Tire still manages to increase its earnings at a strong rate. Indeed, earnings are expected to grow at an average annual rate of 13.2% over the next five years.

The company also pays a dividend that is increasing fast, as shown by the five-year dividend-growth rate of 20.8%. The current dividend yield is 1.8%.

Dollarama Inc.

I think no list of the best retail stocks would be complete without Dollarama. This retailer sells items for very low prices — the maximum price tag is \$4 — and yet, it is making strong profit every quarter. Dollarama is always trying to find strategies to lower its costs and is [expanding fast](#). The company plans to have about 1,700 stores opened in Canada by 2027.

The dollar store chain's revenue is expected to grow by 10.9% for the current fiscal year and by 7.7% next year. Earnings are expected to grow at an average annual rate of 14.4% over the next five years.

Dollarama pays a dividend that is hiked frequently and fast, as shown by its five-year dividend-growth rate of 16.9%. The stock has soared 22% over one year but is down 5.6% year to date.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)

2. TSX:ATZ (Aritzia Inc.)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:DOL (Dollarama Inc.)
5. TSX:GOOS (Canada Goose)

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