



This Tech Stock Could Be the Next Shopify

Description

It's a pretty rare sight to see any stocks outperform the market these days. Even with a market rally underway, there is still a long way to go for most stocks to see pre-crash prices. However, if you've invested in a tech stock, that could be a different case.

Before the crash, most analysts believed that a tech stock company would see investors flee as the markets fell. These stocks tend to be last in, first out as luxury items in portfolios. However, it seems that as the market continues to move up and down, tech stocks have continued to do well overall.

While there are some obvious ones out there, one tech stock that hasn't had a lot of talk is **Real Matters** ([TSX:REAL](#)). Let's look at why this stock could be the next to soar.

A different tech stock

There has been a lot of focus on the e-commerce industry these days, and rightly so. But another area that a tech stock company can do well is providing other fairly essential services. This is where Real Matters comes in. The company provides appraisal services to the mortgage lending industry and insurance inspection in both the United States and Canada.

Now, granted, the tech company probably isn't hanging its hat on the Canadian market right now. A housing crisis is still likely moving ahead. That's why Real Matters is instead looking to the United States for growth opportunities.

The company has received record-breaking orders for every part of its business and continues to perform well. But Real Matters believes there is still more to be made. As the government slashes the federal rate again and again, the low interest rate environment provides a growth opportunity. Many people will be refinancing their mortgages in the current scenario.

Earnings growth

During the last few quarters the tech stock has already seen [rapid growth](#). Net income increased US\$9 million during the first quarter between this year and last. The company expected growth of US\$13 billion in its industry for the year, so it expects huge growth this year, despite being in a niche industry.

Its second quarter proved this point. The U.S. mortgage market has been robust, with appraisal and title revenues hitting record heights. The tech stock saw an incredible year-over-year increase of US\$14.6 million compared to US\$2.8 million at the same time last year. The company purchased a million of its shares and still increased its cash balance to US\$89.1 million from US\$80.9 million as of Dec. 31, 2019.

Of course, all this could change with the pandemic, but management continues to be optimistic. Real Matters management estimates at least 14.5 million mortgage holders will refinance 30-year mortgage rates at such low interest rates.

“While we continue to monitor the near-term impact COVID-19 is having on the U.S. mortgage market, we believe that the lower interest rate environment, which we entered into prior to this pandemic, has created a significant long-term opportunity for us,” said CEO Jason Smith.

Bottom line

Real Matters has already performed better than many of its peers. The tech stock has hit [52-week highs](#), growing 83% year to date, and 267% in just a year's time. Should the strong performance in the United States continue, the stock should continue to hit record highs at a record rate.

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